As filed with the Securities and Exchange Commission on December 22, 2009

Registration No. 333-162918

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 1
to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Primerica, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	6331	27-1204330
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Primerica, Inc.
3120 Breckinridge Blvd.
Duluth, Georgia 30099
(770) 381-1000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Peter W. Schneider, Esq.
Executive Vice President, General Counsel and Secretary
Primerica, Inc.
3120 Breckinridge Blvd.
Duluth, Georgia 30099
(770) 381-1000
(770) 564-6216 (facsimile)
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

COPIES TO:

Gregory A. Fernicola, Esq. Jeffrey A. Brill, Esq. Skadden, Arps, Slate, Meagher & Flom LLP Four Times Square New York, New York 10036 (212) 735-3000 (212) 735-2000 (facsimile)	Steven E. Fox, Esq. Alan C. Leet, Esq. Rogers & Hardin LLP 229 Peachtree St. N.E. Atlanta, Georgia 30303 (404) 522-4700 (404) 525-2224 (facsimile)	Jeffrey D. Karpf, Esq. Cleary Gottlieb Steen & Hamilton LLP One Liberty Plaza New York, New York 10006 (212) 225-2000 (212) 225-3999 (facsimile)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one)

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

Table of Contents

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

SUBJECT TO COMPLETION, DATED DECEMBER 22, 2009

PRELIMINARY PROSPECTUS

Shares

Primerica, Inc.

Common Stock
$ per share

This is an initial public offering of shares of our common stock. A wholly owned subsidiary of Citigroup Inc. is our sole stockholder and is selling shares of our common stock. We will not receive any of the proceeds from the sale of shares of our common stock being offered hereby. We currently expect the initial public offering price to be between $ and $ per share of common stock.

The selling stockholder has granted the underwriters an option to purchase up to additional shares of common stock to cover over-allotments.

Prior to this offering, there was no public market for our common stock. We intend to apply to have our common stock listed on the New York Stock Exchange, or NYSE, under the symbol " ".

Investing in our common stock involves risks. Please see the section of this prospectus entitled "Risk Factors" beginning on page 13.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds to the selling stockholder (before expenses)	$	$

The underwriters expect to deliver the shares to purchasers on or about , 2010 through the book-entry facilities of The Depository Trust Company.

Citigroup Global Markets Inc. is acting as the sole book-running manager for this offering.

Citi

, 2010

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. None of Primerica, the selling stockholder or the underwriters is making an offer to sell these securities in any jurisdiction where the offer or sale thereof is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

TABLE OF CONTENTS

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

SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully, including the sections entitled "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" and our combined financial statements, the notes to such financial statements and our selected historical combined financial data and pro forma combined financial statements before making an investment decision regarding our common stock. As used in this prospectus, references to "Primerica," "we," "us" and "our" refer to Primerica, Inc., a Delaware corporation, and its consolidated subsidiaries, after giving effect to the transfer to us by Citi of the subsidiaries that comprise our business, and references to "Citi" refer to Citigroup Inc. and its subsidiaries other than Primerica.

Our Company

We are a leading distributor of financial products to middle income households in North America with approximately 100,000 licensed sales representatives. We assist our clients in meeting their needs for term life insurance, which we underwrite, and mutual funds, variable annuities and other financial products, which we distribute primarily on behalf of third parties. We insure more than 4.3 million lives and more than two million clients maintain investment accounts with us. Our distribution model uniquely positions us to reach underserved middle income consumers in a cost-effective manner and has proven itself in both favorable and challenging economic environments. We view this offering as our company's refounding — an opportunity to enhance the entrepreneurial spirit of our organization and to align the interests of our independent sales force and our employees with our future performance.

Our mission is to serve middle income families by helping them make informed financial decisions and providing them with a strategy and means to gain financial independence. Our distribution model is designed to:

Address our clients' financial needs: Our sales representatives use our proprietary financial needs analysis tool and an educational approach to demonstrate how our products can assist clients to provide financial protection for their families, save for their retirement and manage their debt. Typically, our clients are the friends, family members and personal acquaintances of our sales representatives. Meetings are generally held in informal, face-to-face settings, usually in the clients' own homes.

Provide a business opportunity: We provide an entrepreneurial business opportunity for individuals to distribute our financial products. Low entry costs and the ability to begin part-time allow our recruits to supplement their income by starting their own independent businesses without incurring significant start-up costs or leaving their current jobs. Our unique compensation structure, technology, training and back-office processing are designed to enable our sales representatives to successfully grow their independent businesses.

We were the largest provider of individual term life insurance in the United States in 2008 based on the amount of in-force premiums collected, according to LIMRA International, an independent market research organization. In 2008, we issued new term life insurance policies with more than $87 billion of aggregate face value and sold approximately $4.5 billion of investment and savings products.

In connection with this offering, we will enter into coinsurance agreements with affiliates of Citi pursuant to which we will cede the risks and rewards of a significant majority of our term life insurance policies that will be in-force at December 31, 2009. On a pro forma basis, after giving effect to the Transactions described on page 7 of this prospectus, our stockholder's equity would have been $ million as of September 30, 2009.

Our History

We trace our roots to A.L. Williams & Associates, Inc., an insurance agency founded in 1977 to distribute term life insurance as an alternative to cash value life insurance. A.L. Williams popularized the concept of "buy term and invest the difference," reflecting a view that we continue to share today. A.L. Williams grew rapidly from its inception and within a few years became one of the top sellers of individual life insurance in the United States. We have since added several other product lines, including mutual funds, variable annuities, segregated funds and other financial products. Citi acquired our principal operating entities in the late 1980s and remains our parent company today.

Our Clients

Our clients are generally middle income consumers, defined by us to include households with $30,000 to $100,000 of annual income, representing approximately 50% of U.S. households. We believe that we understand the financial needs of this middle income segment well:

- they have inadequate or no life insurance coverage;
- they need help saving for retirement and other personal goals;
- they need to reduce their consumer debt; and
- they prefer to meet face-to-face when considering financial products.

We believe that our educational approach and distribution model best position us to address these needs profitably, which traditional financial services firms have found difficult to accomplish.

Our Distribution Model

The high fixed costs associated with in-house sales personnel and salaried career agents and the smaller-sized sales transactions typical of middle income consumers have forced many other financial services companies to focus on more affluent consumers. Product sales to affluent consumers tend to be larger, generating more sizable commissions for the selling agent, who usually works on a full-time basis. As a result, this segment has become increasingly competitive. Our distribution model — borrowing aspects from franchising, direct sales and traditional insurance agencies — is designed to reach and serve middle income consumers efficiently. Key characteristics of our unique distribution model include:

- **Independent entrepreneurs:** Our sales representatives are independent contractors, building and operating their own businesses. This "business-within-a-business" approach means that our sales representatives are entrepreneurs who take responsibility for selling products, recruiting sales representatives, setting their own schedules and managing and paying the expenses associated with their sales activities, including office rent and administrative overhead.
- **Part-time opportunity:** Our compensation approach accommodates varying degrees of individual sales representative activity, which allows us to use part-time sales representatives and gives us a variable cost structure for product sales. By offering a flexible part-time opportunity, we are able to attract a significant number of recruits who desire to earn supplemental income and generally concentrate on smaller-sized transactions typical of middle income consumers. Virtually all of our sales representatives begin selling our products on a part-time basis, which enables them to hold jobs while exploring an opportunity with us.
- **Incentive to build distribution:** When a sale is made, the selling representative receives a commission, as does the representative who recruited him or her, which we refer to as "override compensation." Override compensation is paid through several levels of the selling representative's recruitment and supervisory organization. This structure motivates existing sales representatives to grow our sales force by providing them with commission income from the sales completed by their recruits.

- **Sales force leadership:** A sales representative who has built a successful organization can achieve the sales designation of a regional vice president, which we refer to as a "RVP," and can earn higher commissions and bonuses. RVPs open and operate offices for their sales organizations and devote their full attention to their Primerica businesses. RVPs also support and monitor the part-time sales representatives on whose sales they earn override commissions in compliance with applicable regulatory requirements. RVPs' efforts to expand their businesses are a primary driver of our success.
- **Motivational culture:** Through our proven system of sales force recognition events and contests, we seek to create a culture that inspires and rewards our sales representatives for their personal success. We believe this motivational environment is a major reason that many sales representatives join and achieve success in our business.

These attributes have enabled us to build a large sales force in North America with approximately 100,000 sales representatives licensed to sell life insurance. Approximately 25,000 of our sales representatives are also licensed to sell mutual funds in North America. In 2008, our sales representatives generated approximately 240,000 newly-issued term life insurance policies and acquired approximately 138,000 new mutual fund clients and 39,000 new variable annuity clients.

Our Segments

While we view the size and productivity of our sales force as the primary drivers of our product sales, historically the majority of our revenue has not been directly correlated to our sales volume in any particular period. Rather, our revenue is principally driven by our in-force book of term life insurance policies, our sale, maintenance and administration of investment and savings products and accounts, and our investment income. The following is a summary description of our segments:

- **Term Life Insurance:** We earn premiums on our in-force book of term life insurance policies, which are underwritten by our three life insurance subsidiaries. The term "in-force book" is commonly used in the insurance industry to refer to the aggregate policies issued by an insurance company that have not lapsed or been settled. Revenues from the receipt of premium payments for any given in-force policy are recognized over the multi-year life of the policy. This segment also includes investment income on the portion of our invested asset portfolio used to meet our required statutory reserve and targeted capital.
- **Investment and Savings Products:** We earn commission and fee revenues from the distribution of mutual funds in the United States and Canada, variable annuities in the United States and segregated funds in Canada and from the associated administrative services we provide. We distribute these products on behalf of third parties, although we underwrite segregated funds in Canada. In the United States, the mutual funds that we distribute are managed by third parties such as Legg Mason, Van Kampen, American Funds and other fund companies. In Canada, we sell Primerica-branded Concert™ mutual funds and the funds of several other third parties. The variable annuities that we distribute are underwritten by MetLife. Revenues associated with these products are comprised of commissions and fees earned at the time of sale, fees based on the asset values of client accounts and recordkeeping and custodial fees charged on a per-account basis.
- **Corporate and Other Distributed Products:** We also earn fees and commissions from the distribution of various third party products, including loans, long-term care insurance, auto insurance, homeowners insurance and prepaid legal services, and from our mail-order student life insurance and short-term disability benefit insurance, which we underwrite through our New York insurance subsidiary. This segment also includes unallocated corporate income and expenses, realized gains and losses and investment income on our invested asset portfolio that is not allocated to Term Life Insurance.

Our Strengths

Proven excellence in building and supporting a large independent financial services sales force. We believe success in serving middle income consumers requires generating and supporting a large distribution system, which we view as one of our core competencies. We have recruited more than 200,000 new sales representatives and assisted more than 35,000 recruits to obtain life insurance licenses in each of the last five calendar years. Approximately 65,000 sales representatives registered to attend our six regional meetings in 2009, and approximately 50,000 sales representatives registered to attend our most recent national convention in 2007. Our RVPs conduct thousands of meetings per month to introduce our business opportunity to new recruits. Over 500 instructors conduct approximately 5,500 classes annually to help our sales representatives obtain all requisite life insurance licenses and fulfill state-mandated licensing requirements. We have excelled at motivating and coordinating a large and geographically diverse, mostly part-time sales force by connecting with them through multiple channels of communication and providing innovative compensation programs and home office support.

Cost-effective access to middle income consumers. We have a proven ability to reach middle income consumers in a cost-effective manner. Our back-office systems, technology and infrastructure are designed to process a relatively high volume of transactions efficiently. Because our part-time sales representatives are supplementing their income, they are willing to pursue smaller-sized transactions typical of middle income clients. Our unique distribution model avoids the higher costs associated with advertising and media channels.

Exclusive distribution. Our sales representatives sell financial products solely for us; therefore, we do not have to "compete for shelf space" with independent agents for the distribution of our products. We, in turn, do not distribute our principal products through alternative channels. This approach garners loyalty from our sales representatives and eliminates competition for home office resources. Having exclusive distribution helps us to price our products appropriately for our clients' needs, establish competitive sales force compensation and maintain our profitability.

Scalable operating platform. We have a compensation and administration system designed to encourage our sales representatives to build their sales organizations, which gives us the capacity to expand our sales force and increase the volume of transactions we process and administer with minimal additional investment.

Conservative financial profile and risk management. We manage our risk profile through conservative product design and selection and other risk-mitigating initiatives. Our life insurance products are generally limited to term life and do not include the guaranteed minimum benefits tied to asset values that have recently caused industry disruption. We further reduce and manage our life insurance risk profile by reinsuring a significant majority of the mortality risk in our newly-issued life insurance products. Furthermore, our invested asset portfolio, after giving pro forma effect to the Transactions described on page 8 of this prospectus, will continue to be comprised primarily of highly liquid, investment grade securities and cash equivalents.

Experienced management team and sales force. We are led by a management team that has extensive experience in our business and a thorough understanding of our unique culture and business model. Our senior executives largely have grown up in the business. Primerica's co-Chief Executive Officers, John Addison and Rick Williams, both joined our company more than 20 years ago and were appointed co-CEOs in late 1999. The 14 members of our senior management team have an average of 23 years of experience at Primerica. Equally important, our more successful sales representatives, who have become influential within our sales organization, also have significant longevity with us. Of our sales representatives, 20,000 have been with us for at least ten years, and 6,500 have been with us for at least 20 years.

Our Strategy

Our strategies are designed to leverage our core strengths to serve the vast and underserved middle income segment. These strategies include:

Align the interests of our company and sales force. Becoming a publicly traded company will allow us to use equity awards to align the interests of our employees and sales representatives with the performance of our company. This will be accomplished by the issuance of Primerica equity awards to certain employees and sales force leaders concurrently with this offering, the implementation of a directed share program in which employees and RVPs will have the opportunity to buy shares of our common stock in this offering, the intended conversion of certain outstanding Citi equity awards held by our employees and sales representatives to Primerica equity awards and the creation of Primerica equity award compensation programs for our employees and sales representatives. These incentives will give us new ways to motivate our sales force.

Grow our sales force. Our strategy to grow our sales force includes:

- *Increasing the number of recruits.* Our existing sales representatives replenish and grow our sales force through recruiting activities that generate a high volume of new recruits. Moreover, the introduction of new recruits to our business provides us with an opportunity for product sales, both to the recruits themselves and to their friends, family members and personal acquaintances. When our co-CEOs were appointed in late 1999, they prioritized recruiting growth. The number of recruits more than doubled to over 202,000 in 2002, the highest annual number since the company's inception up to that time. We have increased this level of recruiting, reaching a record of 235,000 recruits in 2008. We intend to continue to grow recruiting through a number of initiatives launched in recent years, including a reduction in the upfront entry fee charged to new recruits to join our sales force, increased use of our electronic application technology and an expansion of early-stage compensation opportunities for new recruits.
- *Increasing the number of licensed sales representatives.* In recent years, we have launched a series of initiatives designed to increase the number of recruits who obtain life insurance licenses. Working with industry groups, we have been instrumental in enacting licensing reforms to reduce regulatory barriers for applicants and to address licensing disparities across ethnic groups. In addition, we continue to design and improve educational courses, training tools and incentives that are made available to help recruits prepare for state and provincial licensing examinations.
- *Growing the number of RVPs.* We have approximately 4,000 RVPs. The number of RVPs is an important factor in our sales force growth; as RVPs build their individual organizations, they become the primary driver of our sales force recruiting and licensing success. We are currently providing new technology to our sales representatives to enable RVPs to reduce the time spent on administrative responsibilities associated with their sales organizations so they can devote more time to sales and recruiting activities. These improvements, coupled with our new equity award program, will encourage more of our sales representatives to make the commitment to become RVPs.

Increase our use of innovative technology. We expect to continue to invest in technology to make it easier for individuals to join our sales force, complete licensing requirements and build their own businesses. We provide our sales representatives, who are generally most active during nights and weekends outside their own homes and offices, with access to innovative technology, including wireless communication devices and Internet record access, to facilitate "straight-through-processing" of the client information that they collect. We intend to develop new analytical tools to help our sales representatives manage their businesses better and increase efficiency. For example, in cooperation with Morningstar, Inc., a leading provider of independent investment research, we are developing a portfolio management tool to enable our sales representatives to view client investment positions, which is expected to create additional sales opportunities for our investment and savings products.

Enhance our product offerings. We will continue to enhance and refine the basic financial products we offer with features, riders and terms that are most appropriate for the market we serve and our distribution system. We typically select products that we believe are highly valued by middle income families, making it easy for sales representatives to feel confident selling them to individuals with whom they have a personal relationship. Prior product developments have included a 35-year term life insurance policy, new mutual fund families, other protection products and our Primerica DebtWatchers™ product. The enhancement of our product offerings increases our sources of revenue.

Risk Factors

There are a number of risks that you should understand before making an investment decision regarding this offering. These risks are discussed more fully in the section entitled "Risk Factors" following this prospectus summary. These risks include, but are not limited to:

- ***Risks related to our distribution structure, such as:***
    - our potential failure to attract and retain sales representatives;
    - misconduct by our sales representatives, including their failure to comply with applicable laws or protect the confidentiality of our clients' information;
    - challenges to the independent contractor status of our sales representatives; and
    - determinations that laws relating to business opportunities, franchising or pyramid schemes are applicable to us.
- ***Risks related to our insurance business, such as:***
    - our estimates regarding mortality and policy lapse rates may prove to be materially inaccurate;
    - mortality rates may be significantly higher than our estimates due to wars, terrorist attacks, natural or man-made disasters, pandemics or other catastrophic events;
    - we may experience material losses in our invested asset portfolio;
    - ratings downgrades; and
    - the failure of our reinsurers to perform their obligations.
- ***Risks related to our investments and savings products business, such as:***
    - a deterioration of the overall economic environment and savings and investment levels in North America;
    - the failure of our investment and savings products to remain competitive with other investment options or the loss of our relationship with companies that offer mutual fund and variable annuity products; and
    - changes in laws and regulations that could require us to alter our business practices.
- ***Other risks, such as:***
    - the loss of key personnel;
    - the continued decline of our loan business;
    - conflicts of interest resulting from our relationship with Citi; and
    - sales of a large number of shares of common stock by Citi following this offering could depress our stock price.

The Reorganization, the Citi Reinsurance Transactions and the Concurrent Transactions

The reorganization. We were incorporated in Delaware in October 2009 by Citi to serve as a holding company for the life insurance and financial product distribution businesses that our predecessors have operated for more than 30 years. These businesses, which currently are wholly owned indirect subsidiaries of Citigroup Inc., will be transferred to us prior to the completion of this offering in a reorganization pursuant to which we will issue to Citigroup Insurance Holding Corporation, a wholly owned subsidiary of Citigroup Inc., shares of our common stock, which represent all outstanding shares of our capital stock, and a $ million note due on bearing interest at an annual rate of %, which we refer to in this prospectus as the "Citi note." Prior to such reorganization, we will have no material assets or liabilities. Immediately following such reorganization, we will be a holding company, and our primary asset will be the capital stock of our operating subsidiaries, and our primary liability will be the Citi note. We will remain a majority-owned subsidiary of Citi immediately following the completion of its sale of approximately % of our outstanding common stock in this offering. Citi intends to divest its remaining interest in us as soon as is practicable, subject to market and other conditions.

Citi reinsurance transactions. Prior to completion of this offering, we will enter into coinsurance agreements with three affiliates of Citi, which we refer to in this prospectus as the "Citi reinsurance transactions." Under these agreements, we will cede between 80% and 90% of the risks and rewards of our term life insurance policies that will be in-force at December 31, 2009. The Citi reinsurance transactions will reduce the amount of our capital and will result in a substantial reduction in our insurance exposure. We will retain our operating platform and infrastructure and continue to administer all policies subject to these coinsurance agreements.

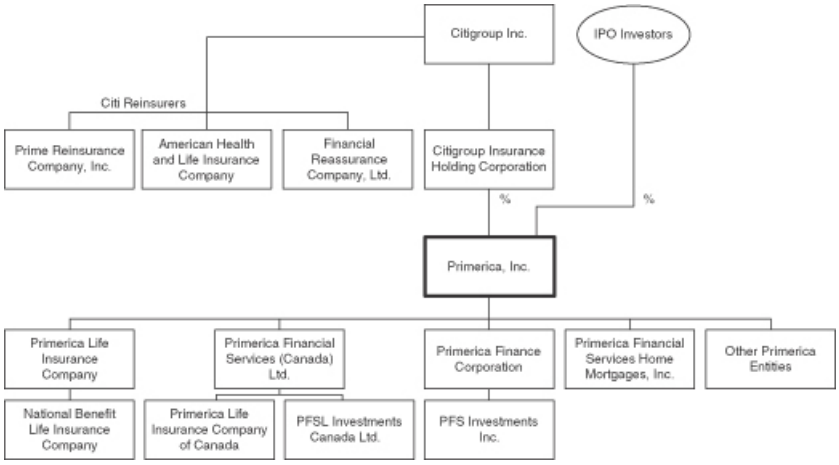
As a result of the Citi reinsurance transactions, the revenues and earnings of our term life insurance segment are expected to initially decline in proportion to the amount of revenues and earnings associated with our existing in-force book of term life insurance policies ceded to Citi. In periods following this offering, as we add new in-force business that will not be ceded to Citi, revenues and earnings of our life insurance segment would be expected to grow from these initial levels. The rate of revenue and earnings growth in periods following the Citi reinsurance transactions would be expected to decelerate with each successive financial period as the size of our in-force book grows and the incremental sales have a reduced marginal effect on the size of the then existing in-force book. For more information about the financial effect of the Citi reinsurance transactions, please see the sections entitled "Pro Forma Combined Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Concurrent transactions. Prior to completion of this offering, we will complete the following concurrent transactions:

- through a series of steps described elsewhere in this prospectus, we will transfer $ billion of cash and invested assets to Citi, of which $ billion relates to statutory benefit reserves assumed by Citi in the Citi reinsurance transactions and $ million consists of statutory capital;
- we will distribute approximately $ billion of cash and invested assets to Citi;
- we will issue equity awards for shares of our common stock to our directors, officers and certain of our employees and sales force leaders; and
- we intend that certain unvested equity awards held by our employees and sales representatives under Citi's equity compensation plans will be converted into Primerica equity awards.

On a pro forma basis, after giving effect to the reorganization, the Citi reinsurance transactions and these concurrent transactions, which are collectively referred to in this prospectus as the "Transactions," we expect to have $ billion of stockholder's equity and $ billion of total assets, as of September 30, 2009. Additionally, we will have $ million of indebtedness owing to Citi that matures in . We believe that these changes to our balance sheet favorably position our company with the growth profile of a newly-formed life insurance holding company with a proven track record and infrastructure developed over more than 30 years.

Our corporate organization and ownership structure. The following diagram depicts the corporate organization and ownership structure of our business and certain related entities described in this prospectus immediately following the completion of this offering:



Note: All subsidiaries are wholly owned unless otherwise indicated.

Conflicts of Interest

All of our outstanding common stock will be owned by the selling stockholder, a wholly owned subsidiary of Citigroup Inc., until the completion of this offering. The selling stockholder will continue to own a majority of our outstanding common stock immediately following completion of this offering. Prior to this offering we have had, and after this offering we will continue to have, numerous commercial and contractual arrangements with affiliates of the selling stockholder. In addition, Citigroup Global Markets Inc., the sole book-running manager of this offering, is a wholly owned subsidiary of Citigroup Inc. The selling stockholder will receive all of the net proceeds of this offering. Please see the sections entitled "Risk Factors — Risks Related to Our Relationship with Citi," "Use of Proceeds" and "Underwriting."

Our principal executive offices are located at 3120 Breckinridge Blvd., Duluth, Georgia 30099, and our telephone number is (770) 381-1000.

The Offering

Common stock to be sold by Citi in this offering	shares (% of shares outstanding)
Common stock to be held by Citi after this offering	shares (% of shares outstanding)
Common stock to be outstanding after this offering	shares
Use of proceeds	We will not receive any proceeds from the sale of shares of our common stock being offered hereby.
Stock exchange symbol	We intend to apply to have our common stock listed on the NYSE under the symbol " ".

Throughout this prospectus, all references to the number and percentage of shares of common stock outstanding, and percentage ownership information, in each case following this offering, assume the following:

- the underwriters' over-allotment option will not be exercised;
- shares of common stock will be issued upon the intended conversion of certain unvested Citi equity awards, the number of which have been estimated based on the midpoint of the initial public offering price range set forth on the cover page of this prospectus and the average closing price of Citi's common stock over a recent three trading day period. The actual number of shares will change based on our stock price and Citi's stock price for the three trading days following the date of the final prospectus; and
- shares of common stock will be issued as equity awards to our directors, officers and certain of our employees and sales force leaders in connection with this offering.

In addition, we have reserved additional shares for issuance pursuant to an omnibus equity incentive plan that we intend to adopt prior to the completion of this offering.

SUMMARY HISTORICAL AND FINANCIAL DATA

The summary historical income statement data for the years ended December 31, 2008, 2007 and 2006 and the summary historical balance sheet data as of December 31, 2008 presented below have been derived from our audited combined financial statements which are included in this prospectus. The summary historical income statement data for the nine months ended September 30, 2009 and 2008 and the summary historical balance sheet data as of September 30, 2009 have been derived from our unaudited condensed combined financial statements, which are included in this prospectus. In the opinion of management, the unaudited condensed combined financial statements provided herein have been prepared on substantially the same basis as the audited combined financial statements and reflect all normal and recurring adjustments necessary for a fair statement of the information for the periods presented.

The unaudited summary pro forma statement of operations data for the nine months ended September 30, 2009 has been derived from our unaudited condensed combined financial statements and our audited combined financial statements, respectively, included in this prospectus and give effect to the Transactions as if they had occurred on January 1, 2008. The unaudited summary pro forma balance sheet data as of September 30, 2009 give effect to such transactions as if they had occurred on September 30, 2009. The unaudited summary pro forma financial data are based upon available information and assumptions that we believe are reasonable. The unaudited summary pro forma financial data are not necessarily indicative of the results of future operations or the actual results that would have been achieved had the transactions occurred on the dates indicated.

All financial data presented in this prospectus have been prepared using U.S. generally accepted accounting principles, or GAAP. The Transactions will result in financial results that are materially different from those reflected in the combined historical financial data that appear in this prospectus. For an understanding of the pro forma financial data that gives pro forma effect to the Transactions, please see the section entitled “Pro Forma Combined Financial Statements.”

You should read the following summary historical and financial data in conjunction with the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Selected Historical Combined Financial Data” and “Pro Forma Combined Financial Statements” and our audited and unaudited combined financial statements and related notes thereto included elsewhere in this prospectus.

	Historical					Pro Forma
	Nine Months Ended September 30,		Year Ended December 31,			Nine Months Ended September 30,
	2009	2008	2008(1)	2007	2006	2009
			(in thousands)			
Income statement data						
Revenues						
Direct premiums	$1,577,364	$1,562,359	$2,092,792	$2,003,595	$1,898,419	$
Ceded premiums	(450,736)	(425,239)	(629,074)	(535,833)	(496,061)	
Net premiums	1,126,628	1,137,120	1,463,718	1,467,762	1,402,358	
Net investment income	260,876	232,288	314,035	328,609	318,853	
Commissions and fees	246,685	374,449	466,484	545,584	486,145	
Other, net	39,083	41,947	56,187	41,856	37,962	
Realized investment (losses) gains	(31,473)	(59,741)	(103,480)	6,527	8,746	
Total revenues	1,641,799	1,726,063	2,196,944	2,390,338	2,254,064	
Benefits and Expenses						
Benefits and claims	451,825	455,526	938,370	557,422	544,556	
Amortization of deferred policy acquisition costs	273,759	240,837	144,490	321,060	284,787	
Insurance commissions	23,425	18,188	23,932	28,003	26,171	
Insurance expenses	115,771	121,084	141,331	137,526	126,843	
Sales commissions	120,755	200,926	248,020	296,521	265,662	
Goodwill impairment(2)	—	—	194,992	—	—	
Other operating expenses	95,280	119,783	152,773	136,634	127,849	
Total benefits and expenses	1,080,815	1,156,344	1,843,908	1,477,166	1,375,868	
Income (loss) before income taxes	560,984	569,719	353,036	913,172	878,196	
Income taxes (loss)	192,476	195,329	185,354	319,538	276,244	
Net income (loss)	$ 368,508	$ 374,390	$ 167,682	$ 593,634	$ 601,952	$
Segment data						
Revenues						
Term Life Insurance	$1,312,246	$1,290,400	$1,682,852	$1,654,895	$1,584,866	$
Investment and Savings Products	217,186	307,779	386,508	439,945	383,397	
Corporate and Other Distributed Products	112,367	127,884	127,584	295,498	285,801	
Segment income (loss) before income taxes						
Term Life Insurance	$ 509,978	$ 519,263	$ 521,649	$ 693,439	$ 675,130	$
Investment and Savings Products	67,306	105,285	125,163	152,386	132,208	
Corporate and Other Distributed Products	(16,300)	(54,829)	(293,776)	67,347	70,858	

	Historical				
	Nine Months Ended September 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
			(in thousands)		
Operating data					
Number of new recruits	173,730	185,502	235,125	220,950	204,316
Number of newly insurance-licensed sales representatives	28,890	30,207	39,383	36,308	35,233
Average number of licensed sales representatives(3)	100,682	98,882	99,361	97,103	96,998
Number of term life insurance policies issued	173,295	182,868	241,173	244,733	245,520
Average number of mutual fund licensed sales representatives	24,244	25,401	25,269	25,483	26,983
Client asset values (end of period)	$ 29,805,914	$ 30,410,914	$ 24,406,787	$ 37,300,483	$ 34,190,353

	As of September 30, 2009	
	Actual	Pro Forma
	(in thousands)	
Balance sheet data		
Investments	$ 6,308,580	$
Cash and cash equivalents	580,116	
Deferred policy acquisition costs, net	2,797,269	
Total assets	12,971,585	
Future policy benefits	4,161,925	
% note payable to Citi		
Total liabilities	8,040,279	
Stockholder’s equity	4,931,306	

(1) Includes a $191.7 million pre-tax charge due to a change in our deferred policy acquisition cost and reserve estimation approach implemented as of December 31, 2008.
(2) Relates to a goodwill impairment charge resulting from impairment testing as of December 31, 2008.
(3) Sales representatives licensed to sell insurance.

RISK FACTORS

Investing in our common stock involves substantial risks. You should consider carefully the following risks and other information in this prospectus, including our combined and pro forma financial statements and related notes, before you decide to purchase our common stock. If any of the following risks actually materializes, our business, financial condition and results of operations could be materially adversely affected. As a result, the trading price of our common stock could decline and you could lose part or all of your investment.

Risks Related to Our Distribution Structure

Our failure to continue to attract large numbers of new recruits and retain sales representatives or to maintain the licensing success of our sales representatives would materially adversely affect our business.

New sales representatives provide us with access to new referrals, enable us to increase sales, expand our client base and provide the next generation of successful sales representatives. As is typical with insurance and distribution businesses, we experience a high rate of turnover among our part-time sales representatives, which requires us to attract, retain and motivate a large number of sales representatives. Recruiting is primarily performed by our current sales representatives, and the effectiveness of our recruiting is generally dependent upon our reputation as a provider of a rewarding and potentially lucrative income opportunity, as well as the general competitive and economic environment. The motivation of recruits to complete their training and licensing requirements and to commit to selling our products is largely dependent upon the effectiveness of our compensation and promotional programs and the competitiveness of such programs compared with other companies, including other part-time business opportunities.

If our new business opportunities and products do not generate sufficient interest to attract new recruits, motivate them to become licensed sales representatives and incentivize them to sell our products and recruit other new sales representatives, our business would be materially adversely affected.

Furthermore, if we or any other direct sales businesses with a similar distribution structure engage in practices resulting in increased negative public attention for our business, the resulting reputational challenges could adversely affect our ability to attract new recruits. Direct sales companies such as ours are frequently the subject of negative commentary on website postings and other non-traditional media. This negative commentary can spread inaccurate or incomplete information about our company or the direct sales industry in general, which can make our recruiting more difficult.

Certain of our key RVPs have large sales organizations that include thousands of downline sales representatives. These key RVPs are responsible for attracting, motivating, supporting and assisting the sales representatives in their sales organizations. The loss of one or more key RVPs, together with a substantial number of their sales representatives, for any reason, including movement to a competitor, or any other event that causes the departure of a large number of sales representatives, could materially adversely affect our financial results and could impair our ability to attract new sales representatives.

There are a number of laws and regulations that could apply to our distribution model, which subject us to the risk that we may have to modify our distribution structure.

In the past, certain direct sale distribution models have been subject to challenge under various laws, including laws relating to business opportunities, franchising, pyramid schemes and unfair or deceptive trade practices. If these laws were to apply to us, we may be required to make changes to our distribution model, which could materially adversely affect our business, financial condition and results of operations.

In general, state business opportunity and franchise laws in the United States prohibit sales of business opportunities or franchises unless the seller provides potential purchasers with a pre-sale disclosure document that has first been filed with a designated state agency and grants purchasers certain legal recourse against sellers of business opportunities and franchises. In Canada, the provinces of Alberta, Ontario, New Brunswick and Prince Edward Island have enacted legislation dealing with franchising, which typically requires mandatory

disclosure to prospective franchisees. The Federal Trade Commission, or FTC, defines the term "business opportunity" to mean any continuing commercial relationship in which the business opportunity purchaser offers, sells or distributes goods, commodities or services that are supplied either by the seller or its affiliate; the seller or its affiliate secures for the purchaser retail outlets, accounts or displays for such goods, commodities or services; and the purchaser is required as a condition to obtaining the business opportunity to make a payment to or a commitment to pay the seller or its affiliate. The FTC defines the term "franchise" to mean any continuing commercial relationship in which the franchisee obtains the right to operate a business, or to offer, sell or distribute goods, services or commodities, identified or associated with the franchisor's trademark; the franchisor exerts or can exert a significant degree of control over, or provide significant assistance to, the franchisee's method of operation; and the purchaser is required as a condition to obtaining the franchise to make a payment or a commitment to pay the seller or its affiliate.

We have not been and are not currently subject to business opportunity laws because the amounts paid by our new representatives to us (i) are less than the minimum thresholds set by many state statutes and (ii) are not fees paid for the right to participate in a business, but rather are for bona fide expenses such as state-required insurance examinations and pre-licensing training. We have not been, and are not currently, subject to franchise laws for similar reasons. For example, the FTC's Franchise Rule does not apply to arrangements in which the amounts paid to the seller of the franchise are less than $500 during the first six months of the parties' relationship, and the amounts paid by our new representatives are less than this amount. State franchise laws either (i) contain similar minimum thresholds that are greater than the amounts paid to us by our new representatives or (ii) only apply to situations in which a person pays a fee for the right to participate in a business. However, there is a risk that a governmental agency or court could disagree with our assessment or that these laws and regulations could change. In addition, the FTC is in the process of promulgating a new "Business Opportunity Rule," which would not apply to companies like ours as currently drafted, but could be broadened in its final form to encompass our business. Becoming subject to business opportunity or franchise laws or regulations could require us to provide certain disclosures and regulate the manner in which we recruit our sales representatives that may increase the expense of, or adversely impact our success in, recruiting new sales representatives and make it more difficult for us to successfully attract and recruit new sales representatives or require us to change our business model, which could materially adversely affect our business, financial condition and results of operations.

There are various laws and regulations that prohibit fraudulent or deceptive schemes known as "pyramid schemes." In general, a pyramid scheme is defined as an arrangement in which new participants are required to pay a fee to participate in the organization and then receive compensation primarily for recruiting other persons to participate, either directly or through sales of goods or services that are merely disguised payments for recruiting others. Such schemes are illegal because, without legitimate sales of goods or services to support the organization's continued existence, new participants are exposed to the loss of the fee paid to participate in the scheme. The application of these laws and regulations to a given set of business practices is inherently fact-based and, therefore, is subject to interpretation by applicable enforcement authorities. We do not believe that we are subject to these laws primarily because we do not pay representatives for recruiting others to participate in our business. Rather, our representatives are paid by commissions based on sales of our products and services to bona fide purchasers. Moreover, our representatives are not required to purchase any of the products marketed by us. However, even though we believe that our distribution practices are currently in compliance with, or exempt from, these laws and regulations, there is a risk that a governmental agency or court could disagree with our assessment or that these laws and regulations could change, which may require us to alter our distribution model or cease our operations in certain jurisdictions or result in other costs or fines, any of which could materially adversely affect our business, financial condition and results of operations.

There are also federal, state and provincial laws of general application, such as the Federal Trade Commission Act, or the FTC Act, and state or provincial unfair and deceptive trade practices laws that could potentially be invoked to challenge aspects of our recruiting of sales representatives and compensation practices. In particular, our recruiting efforts include promotional materials for recruits that describe the potential opportunity available to them if they join our sales force. These materials, as well as our other recruiting efforts

and those of our sales representatives, are subject to scrutiny by the FTC and state and provincial enforcement authorities with respect to misleading statements, including misleading earnings claims made to convince potential new recruits to join our sales force. If claims made by us or by our sales representatives are deemed to be misleading, it could result in violations of the FTC Act or comparable state and provincial statutes prohibiting unfair or deceptive trade practices or result in reputational harm, any of which could materially adversely affect our business, financial condition and results of operations.

There may be adverse tax and employment law consequences if the independent contractor status of our sales representatives is successfully challenged.

Our sales representatives are treated by us as independent contractors who operate their own businesses. In the past, we have been successful in defending our company in various contexts before courts and administrative agencies against claims that our sales representatives should be treated like employees. Of note, the Internal Revenue Service, or IRS, issued a National Office Technical Advice Memorandum in 1997 confirming the independent contractor status of our U.S. sales representatives for U.S. federal income tax purposes. Although we believe that we have properly classified our representatives as independent contractors, there is nevertheless a risk that the IRS or another authority will take a different view. Furthermore, the tests governing the determination of whether an individual is considered to be an independent contractor or an employee are typically fact sensitive and vary from jurisdiction to jurisdiction. Laws and regulations that govern the status of independent sales representatives are subject to change or interpretation by various authorities. If a federal, state or provincial authority or court enacts legislation or adopts regulations that change the manner in which employees and independent contractors are classified or makes any adverse determination with respect to some or all of our independent contractors, we could incur significant costs in complying with such laws and regulations, including, in respect of tax withholding, social security payments and recordkeeping, or we may be required to modify our business model, any of which could have a material adverse effect on our business, financial condition and results of operations. In addition, there is the risk that we may be subject to significant monetary liabilities arising from fines or judgments as a result of any such actual or alleged non-compliance with federal, state, or provincial tax or employment laws. Further, if it were determined that our sales representatives should be treated as employees, we could possibly incur additional liabilities with respect to any applicable employee benefit plan.

Our sales representatives' non-compliance with any applicable laws could subject us to material liabilities.

Extensive federal, state, provincial and local laws regulate our products and our relationships with our clients, imposing certain requirements that our sales representatives must follow. Some of these requirements and procedures vary from jurisdiction to jurisdiction, but many of them, especially those applicable to our securities business, arise from applicable securities laws or from the rules promulgated by the Financial Industry Regulatory Authority, Inc., or FINRA, the Securities and Exchange Commission, or SEC, the FTC and state insurance lending and securities regulatory agencies in the United States. In Canada, the following Canadian regulatory authorities have responsibility for us: Office of the Superintendent of Financial Institutions, or OSFI, Financial Transactions and Reports Analysis Centre of Canada, or FINTRAC, Financial Consumer Agency of Canada, or FCAC, Mutual Fund Dealers Association of Canada, or MFDA, and provincial and territorial insurance regulators and provincial and territorial securities regulators. In addition to imposing requirements that representatives must follow in their dealings with clients, these laws and rules generally require us to maintain a system of supervision to attempt to ensure that our sales representatives comply with these requirements. In order to comply with these laws, we have developed policies, procedures and controls to supervise and monitor our sales representatives. However, despite these compliance and supervisory efforts, the breadth of our operations and the broad regulatory requirements could result in oversight failures and instances of non-compliance or misconduct on the part of our sales representatives.

Examples of such non-compliance or misconduct could include selling products that are not provided or otherwise authorized by us, which is referred to as "selling away," selling fictitious products, misappropriating client funds or engaging in other fraudulent or otherwise improper activity, recommending products that are not

suitable, engaging in activities for which a sales representative is unlicensed or otherwise not authorized to sell, or failing to comply with applicable laws regarding contact with persons on "do not call" or "do not fax" lists, or requirements under anti-spam laws.

Non-compliance or misconduct by our sales representatives could result in violations of law and could subject us to regulatory sanctions, significant monetary liabilities, restrictions on or the loss of the operation of our business, claims against us or reputational harm, any of which could have a material adverse effect on our business, financial condition and results of operations.

In addition, from time to time, we are subject to private litigation as a result of alleged misconduct by our sales representatives. For example, with respect to life insurance, we have been subject to claims that actions by our sales representatives, such as the failure to disclose underwriting-related information regarding the insured on the application or when there has been an alleged misrepresentation about the features or terms of the insurance policy being applied for, have resulted in the denial of a life insurance policy claim. Similarly, with respect to the sale of investment and savings products, we have in some circumstances been subject to claims made in arbitration under FINRA for alleged errors or omissions by representatives in connection with opening a securities account. Such litigation may be costly to defend and settle. Although incidents of misconduct in the past have not caused material harm to our business, financial condition and results of operations, there is no assurance that future incidents will not result in significant claims or result in litigation that could have a material adverse effect on our business, financial condition and results of operations.

Any failure to protect the confidentiality of client information could adversely affect our reputation and have a material adverse effect on our business, financial condition and results of operations.

Pursuant to federal laws, various federal regulatory and law enforcement agencies have established rules protecting the privacy and security of personal information. In addition, most states and some provinces have enacted laws, which vary significantly from jurisdiction to jurisdiction, to safeguard the privacy and security of personal information. Many of our sales representatives have access to and routinely process personal information of clients through a variety of media, including the Internet and software applications. We rely on various internal processes and controls to protect the confidentiality of client information that is accessible to, or in the possession of, our company and our sales representatives. We have a significant number of sales representatives in North America, and it is possible that a sales representative could, intentionally or unintentionally, disclose or misappropriate confidential client information. If we fail to maintain adequate internal controls, including any failure to implement newly-required additional controls, or if our sales representatives fail to comply with our policies and procedures, misappropriation or intentional or unintentional inappropriate disclosure or misuse of client information could occur. Such internal control inadequacies or non-compliance could materially damage our reputation or lead to civil or criminal penalties, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Insurance Business and Reinsurance

We may face significant losses if our actual experience differs from our expectations regarding mortality or persistency.

We set prices for life insurance policies based upon expected claim payment patterns derived from assumptions we make about the mortality rates, or likelihood of death, in any given year of our policyholders. The long-term profitability of these products depends upon how our actual mortality rates compare to our pricing assumptions. For example, if mortality rates are higher than those assumed in our pricing assumptions, we could be required to make more death benefit payments under our life insurance policies or to make such payments sooner than we had projected, which may decrease the profitability of our term life insurance products and result in an increase in the cost of our subsequent reinsurance transactions.

The prices and expected future profitability of our life insurance products are also based, in part, upon assumptions related to persistency, which is the probability that a policy will remain in-force from one period to the next. Actual persistency that is lower than our persistency assumptions could have an adverse effect on profitability, especially in the early years of a policy, primarily because we would be required to accelerate the amortization of expenses we deferred in connection with the acquisition of the policy. Actual persistency that is higher than our persistency assumptions could have an adverse effect on profitability in the later years of a block of policies because the anticipated claims experience is higher in these later years. If actual persistency is significantly different from that assumed in our pricing assumptions, our reserves for future policy benefits may prove to be inadequate. We are precluded from adjusting premiums on our in-force business during the initial term of the policies, and our ability to adjust premiums on in-force business after the initial policy term is limited by our insurance policy forms to the maximum premium rates in the policy.

Our assumptions and estimates regarding persistency and mortality require us to make numerous judgments and, therefore, are inherently uncertain. We cannot determine with precision the actual persistency or ultimate amounts that we will pay for actual claim payments on a block of policies, the timing of those payments, or whether the assets supporting these contingent future payment obligations will increase to the levels we estimate before payment of claims. If we conclude that our reserves, together with future premiums, are insufficient to cover actual or expected claims payments and the scheduled amortization of our deferred policy acquisition cost, or DAC, assets, we would be required to first accelerate our amortization of the DAC assets and then increase our reserves and incur income statement charges for the period in which we make the determination, which could materially adversely affect our business, financial condition and results of operations.

The occurrence of a catastrophic event could materially adversely affect our business, financial condition and results of operations.

Our insurance operations are exposed to the risk of catastrophic events, which could cause a large number of premature deaths of our insureds. Catastrophic events include wars and other military actions, terrorist attacks, natural or man-made disasters and pandemics or other widespread health crises. Catastrophic events are not contemplated in our actuarial mortality models. A catastrophic event could also cause significant volatility in global financial markets and disrupt the economy. Although we have ceded a significant majority of our mortality risk to reinsurers since the mid-1990s, a catastrophic event could cause a material adverse effect on our business, financial condition and results of operations. Claims resulting from a catastrophic event could cause substantial volatility in our financial results for any fiscal quarter or year and could also materially harm the financial condition of our reinsurers, which would increase the probability of default on reinsurance recoveries. Our ability to write new business could also be adversely affected.

In addition, most of the jurisdictions in which our insurance subsidiaries are admitted to transact business require life insurers doing business within the jurisdiction to participate in guaranty associations, which raise funds to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed issuers. It is possible that a catastrophic event could require extraordinary assessments on our insurance companies, which may have a material adverse effect on our business, financial condition and results of operations.

Our insurance business is highly regulated, and statutory and regulatory changes may materially adversely affect our business, financial condition and results of operations.

Life insurance statutes and regulations are generally designed to protect the interests of the public and policyholders. Those interests may conflict with your interests as a stockholder. Currently, in the United States, the power to regulate insurance resides almost exclusively with the states. Much of this state regulation follows model statutes or regulations developed or amended by the National Association of Insurance Commissioners, or NAIC, which is comprised of the insurance commissioners of each U.S. jurisdiction. The NAIC re-examines and amends existing model laws and regulations (including holding company regulations) in addition to determining whether new ones are needed.

The laws of the various U.S. jurisdictions grant insurance departments broad powers to regulate almost all aspects of our insurance business.

Some recent NAIC and state statutory and regulatory activity has been undertaken in response to increased federal attention focused on inefficiencies in the current U.S. state-based regulatory system. The U.S. Congress continues to examine the current condition of U.S. state-based insurance regulation to determine whether to impose federal regulation and to allow optional federal insurance company incorporation. Bills are occasionally introduced in the U.S. Congress that could affect life insurers. In addition to an optional federal charter, Congress has considered legislation pre-empting state law in certain respects in connection with the regulation of reinsurance and other matters. We cannot predict with certainty whether, or in what form, reforms will be enacted and, if so, whether the enacted reforms will positively or negatively affect our business or whether any effects will be material. Changes in federal statutes, including the Gramm-Leach-Bliley Act, financial services regulation and federal taxation, in addition to changes to state statutes and regulations, may be more restrictive than current requirements or may result in higher costs, and could materially adversely affect the insurance industry and our business, financial condition and results of operations.

Provincial and federal insurance laws regulate many aspects of our Canadian insurance business. Please see the section entitled “Business — Regulation — Insurance Regulation.” Changes to provincial or federal statutes and regulations may be more restrictive than current requirements or may result in higher costs could materially adversely affect the insurance industry and our business, financial condition and results of operations.

If there were to be extraordinary changes to statutory or regulatory requirements, we may be unable to fully comply with or maintain all required insurance licenses and approvals. Regulatory authorities have relatively broad discretion to grant, renew and revoke licenses and approvals. If we do not have all requisite licenses and approvals, or do not comply with applicable statutory and regulatory requirements, the regulatory authorities could preclude or temporarily suspend us from carrying on some or all of our insurance activities or monetarily penalize us, which could materially adversely affect our business, financial condition and results of operations. We cannot predict with certainty the effect any proposed or future legislation or regulatory initiatives may have on the conduct of our business. Please see the section entitled “Business — Regulation — Insurance Regulation.”

A decline in the risk-based capital, or RBC, of our insurance subsidiaries could result in increased scrutiny by insurance regulators and ratings agencies and have a material adverse effect on our business, financial condition and results of operations.

Each of our insurance subsidiaries is subject to RBC standards and other minimum statutory capital and surplus requirements (in Canada, minimum continuing capital and surplus requirements, or MCCSR) imposed under the laws of its respective jurisdiction of domicile. The RBC formula for U.S. life insurance companies generally establishes capital requirements relating to insurance, business, asset and interest rate risks. Our U.S. insurance subsidiaries are required to report their results of RBC calculations annually to the applicable state department of insurance and the NAIC. Our Canadian insurance subsidiary is required to provide its MCCSR calculations to the Canadian regulators. Following this offering, the capitalization of our life insurance subsidiaries will be established and maintained at levels in excess of the effective minimum requirements of the NAIC in the United States and OSFI in Canada. These minimum standards are 100% of the Company Action Level (as defined on page 161) of RBC for our U.S. insurance subsidiaries and 150% of the MCCSR for our Canadian insurance subsidiary. To comply with RBC levels prescribed by the regulators of our insurance subsidiaries, our initial capitalization levels are based on our estimates and assumptions regarding our business. In any particular year, statutory capital and surplus amounts and RBC and MCCSR ratios may increase or decrease depending on a variety of factors, including the amount of statutory income or losses generated by our insurance subsidiaries (which is sensitive to equity and credit market conditions), the amount of additional capital our insurance subsidiaries must hold to support business growth, changes in their reserve requirements, the value of certain fixed income and equity securities in their investment portfolios, the credit ratings of investments held in their portfolios, the value of certain derivative instruments, changes in interest rates, credit market volatility, changes in consumer behavior, as well as changes to the NAIC’s RBC formula or the MCCSR calculation of OSFI. Many of these factors are outside of our control.

Our financial strength and credit ratings are significantly influenced by the statutory surplus amounts and RBC and MCCSR ratios of our insurance company subsidiaries. Ratings agencies may change their internal models, effectively increasing or decreasing the amount of statutory capital we must hold in order to maintain our current ratings. In addition, ratings agencies may downgrade the invested assets held in our portfolio, which could result in a reduction of our capital and surplus by means of other-than-temporary impairments. Changes in statutory accounting principles could also adversely impact our ability to meet minimum RBC, MCCSR and statutory capital and surplus requirements. Furthermore, during the initial years of operation after the Citi reinsurance transactions, our statutory capital and surplus may prove to be insufficient and we may incur ongoing statutory losses as a result of the high amounts of upfront commissions that are paid to our sales force in connection with the issuance of term life insurance policies. The statutory capital and surplus strain associated with payment of these commissions will be of greater impact during the initial years of our operations as a public company, as the in-force book of business, net of the Citi reinsurance transactions, grows. There is no assurance that our insurance subsidiaries will not need additional capital or that we will be able to provide it to maintain the targeted RBC and MCCSR levels to support their business operations.

The failure of any of our insurance subsidiaries to meet its applicable RBC and MCCSR requirements or minimum capital and surplus requirements could subject it to further examination or corrective action imposed by insurance regulators, including limitations on its ability to write additional business, supervision by regulators or seizure or liquidation. Any corrective action imposed could have a material adverse effect on our business, financial condition and results of operations. A decline in RBC or MCCSR also limits our ability to take dividends or distributions out of the insurance subsidiary and could be a factor in causing ratings agencies to downgrade the financial strength ratings of all our insurance subsidiaries. Such downgrades would have an adverse effect on our ability to write new insurance business and, therefore, could have a material adverse effect on our business, financial condition and results of operations.

A ratings downgrade by a ratings organization could materially adversely affect our business, financial condition and results of operations.

We have three insurance subsidiaries. Primerica Life Insurance Company, or Primerica Life, our Massachusetts life insurance company, National Benefit Life Insurance Company, or NBLIC, our New York life insurance company, and Primerica Life Insurance Company of Canada, or Primerica Life Canada, our Canadian life insurance company, have each been assigned a financial strength rating of "A+" (superior; second highest of 16 ratings) by A.M. Best Co. Primerica Life currently also has an insurer financial strength rating of "AA" (very strong; third highest of 22 ratings) from Standard & Poor's. Primerica Life Canada and NBLIC are not rated by Standard & Poor's. The ratings accorded Primerica Life and its subsidiaries, NBLIC and Primerica Life Canada, have been placed under review with negative implications by A.M. Best pending the completion of this offering. Standard & Poor's has also placed Primerica Life's ratings on credit watch. The ratings of A.M. Best and Standard & Poor's are subject to downgrade.

Financial strength ratings are an important factor in establishing the competitive position of insurance companies. Such ratings are important to maintaining public confidence in us and our ability to market our insurance products. Ratings organizations review the financial performance and financial conditions of insurance companies, including our three insurance subsidiaries, and provide opinions regarding financial strength, operating performance and ability to meet obligations to policyholders. A downgrade in the financial strength ratings of our insurance subsidiaries, or the announced potential for a downgrade, could have a material adverse effect on our business, financial condition and results of operations, including by:

- reducing sales of insurance products;
- adversely affecting our relationships with our sales representatives;
- materially increasing the amount of policy cancellations by our policyholders;
- requiring us to reduce prices in order to remain competitive; and
- adversely affecting our ability to obtain reinsurance at reasonable prices or at all.

The financial strength ratings of our insurance subsidiaries are subject to periodic review using, among other things, the ratings agencies' proprietary capital adequacy models, and are subject to revision or withdrawal at any time. Insurance financial strength ratings are directed toward the concerns of policyholders and are not intended for the protection of investors or as a recommendation to buy, hold or sell securities. This offering, the Transactions and any potential difficulties associated with anticipated statutory losses during the initial period of operation following the Citi reinsurance transactions could cause the ratings agencies to reduce the financial strength ratings of our insurance subsidiaries, which may adversely affect our ability to attract and retain clients and could result in reduced sales of our products. Our financial strength ratings will affect our competitive position relative to other insurance companies. If the financial strength ratings of our insurance subsidiaries fall below certain levels, some of our policyholders may move their business to our competitors.

In addition, the standards used by ratings agencies in determining financial strength are different from capital requirements set by insurance regulators. We may need to take actions in response to changing standards set by any of the ratings agencies, as well as statutory capital requirements, which could have a material adverse effect on our business, financial condition and results of operations.

Credit deterioration in, and the effects of interest rate fluctuations on, our invested asset portfolio could materially adversely affect our business, financial condition and results of operations.

Following the consummation of this offering and the Transactions, we expect that a large percentage of our invested asset portfolio will be invested in fixed income securities; as a result, credit deterioration and interest rate fluctuations could materially affect the value and earnings of our invested asset portfolio. Fixed income securities decline in value if there is no active trading market for the securities or the market's impression of, or the ratings agencies' views on, the credit quality of an issuer worsens. During periods of declining market interest rates, any interest income we receive on variable interest rate investments would decrease. In addition, during such periods, we would be forced to reinvest the cash we receive as interest or return of principal on our investments in lower-yielding high-grade instruments or in lower-credit instruments to maintain comparable returns. Issuers of fixed income securities could also decide to prepay their obligations in order to borrow at lower market rates, which would increase the percentage of our portfolio that we would have to reinvest in lower-yielding investments of comparable credit quality or in lower quality investments offering similar yields. If interest rates generally increase, the market value of our fixed rate income portfolio decreases.

During the recent economic downturn, there have been significant fluctuations in credit quality and interest rates, which are reflected in the value of our invested asset portfolio. For example, as of December 31, 2007, our gross unrealized loss position was $87.2 million and our gross unrealized gain position was $139.0 million, for a net unrealized gain position of $51.8 million reflected in Accumulated Other Comprehensive Income (AOCI). As of December 31, 2008, our gross unrealized loss position had worsened to $620.2 million and our gross unrealized gain position had worsened to $94.6 million for a net unrealized loss position of $525.6 million. During 2009, this net unrealized loss position had reversed. As of September 30, 2009, our gross unrealized loss position had improved to $159.0 million and our gross unrealized gain position had improved to $366.2 million for a net unrealized gain position of $207.2 million.

If the market value of our invested asset portfolio decreases, we may realize losses if we deem the value of our invested asset portfolio to be other-than-temporarily-impaired. For the nine months ended September 30, 2009 and the year ended December 31, 2008, we recognized in earnings other-than-temporary impairments on securities in our invested asset portfolio of $53.7 million and $114.0 million, respectively.

Our invested asset portfolio is also exposed to risks associated with the broader equity markets to the extent we hold equity security investments. As of September 30, 2009, the value of our equity security positions was $42.0 million, or less than 1% of our invested asset portfolio.

Valuation of our investments and the determination of whether a decline in the fair value of our invested assets is other-than-temporary are based on methodologies and estimates that may prove to be incorrect.

GAAP requires that when the fair value of our invested assets declines and such decline is deemed to be other-than-temporary, we recognize a loss in either accumulated other comprehensive income or on our combined statement of income based on certain criteria in the period that such determination is made. Determining the fair value of certain invested assets, particularly those that do not trade on a regular basis, requires an assessment of available data and the use of assumptions and estimates. Once it is determined that the
fair value of an asset is below its carrying value, we must determine whether the decline in fair value is other-than-temporary, which is based on subjective factors and involves a variety of assumptions and estimates. For information on our valuation methodology, please see Note 2 to our audited combined financial statements included elsewhere in this prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Investments." There are certain risks and uncertainties associated with determining whether declines in market value are other-than-temporary. These include significant changes in general economic conditions and business markets, trends in certain industry segments, interest rate fluctuations, rating agency actions, changes in significant accounting estimates and assumptions and legislative actions. In the case of mortgage-and other asset-backed securities, there is added uncertainty as to the performance of the underlying collateral assets. To the extent that we are incorrect in our determination of fair value of our investment securities or our determination that a decline in their value is other-than-temporary, we may realize losses that never actually materialize or may fail to recognize losses within the appropriate reporting period.

The failure by any of our reinsurers to perform its obligations to us could have a material adverse effect on our business, financial condition and results of operations.

We extensively use reinsurance in the United States to diversify our risk and to manage our loss exposure to mortality risk. Reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to us. We, as the insurer, are required to pay the full amount of death benefits even in circumstances where we are entitled to receive payments from the reinsurer. Due to factors such as insolvency, adverse underwriting results or inadequate investment returns, our reinsurers may not be able to pay the reinsurance recoverables they owe to us on a timely basis or at all. Reinsurers might refuse or fail to pay losses that we cede to them or might delay payment. Since death benefit claims may be paid long after a policy is issued, we bear credit risk with respect to our reinsurers. The creditworthiness of our reinsurers may change before we can recover amounts to which we are entitled.

As of September 30, 2009, the aggregate amount due from reinsurers was $850 million, of which $675 million was related to reinsured future policy benefit reserves and the remaining $175 million was related to reinsured policy claims. During the past two years, we have not had any reinsurers who were unable to meet their claim obligations under their respective reinsurance treaties. One reinsurer, Scottish Re (U.S.) Inc., experienced a significant decline in its A.M. Best financial strength rating from 'B+' as of December 31, 2007 to 'E' as of December 17, 2009 and is currently under government supervision, but has continued to meet its claim obligations. The group financial strength rating of Scottish Re was confirmed as 'D' by A.M. Best as of June 12, 2009 and the rating was then withdrawn at the request of Scottish Re.

No assurance is given that our reinsurers will pay the reinsurance recoverables owed to us now or in the future or that they will pay these recoverables on a timely basis. Any such failure to pay by our reinsurers could have a material adverse effect on our business, financial condition and results of operations.

The failure by Citi to perform its obligations to us under our coinsurance agreements could have a material adverse effect on our business, financial condition and results of operations.

Prior to the completion of this offering, we will enter into a total of four coinsurance agreements with three affiliates of Citi pursuant to which we will cede between 80% and 90% of the risks and rewards of our term life

insurance policies that will be in-force at December 31, 2009. Insurance policies had allocable general account reserves of approximately $ billion at such date. Under this arrangement, our current third-party reinsurance agreements will remain in place. The largest of these transactions will involve two coinsurance agreements between Primerica Life and Prime Reinsurance Company, Inc., or Prime Reinsurance Company. Prime Reinsurance Company will be formed solely for the purpose of entering into these reinsurance transactions, has no operating history and does not possess a financial strength rating from any rating agency. The other transactions will be between (1) Primerica Life Canada and a newly-formed Bermuda reinsurer that will operate solely for the purpose of reinsuring Citi-related risks and will be a wholly owned subsidiary of Citi, and (2) NBLIC and American Health and Life Insurance Company, or AHL, a wholly owned insurance subsidiary of Citi that has a financial strength rating of "A" by A.M. Best. Each of the three reinsurers will enter into trust agreements with our respective insurance subsidiaries and a third party trustee pursuant to which the reinsurer will place assets (primarily treasury and fixed income securities) in trust for such subsidiary's benefit to secure the reinsurer's obligations to such subsidiary. Each such coinsurance agreement will require each reinsurer to maintain assets in trust sufficient to give the subsidiary full credit for regulatory purposes for the insurance, which amount will not be less than the amount of the reserves for the reinsured liabilities. In addition, in the case of the reinsurance transactions between Prime Reinsurance Company and Primerica Life, Citi will agree in a capital maintenance agreement to maintain Prime Reinsurance Company's RBC above a specified minimum level, subject to a maximum amount of $ million being contributed by Citi. After the first five years of the capital maintenance agreement, the maximum amount payable will be an aggregate amount equal to the lesser of $ million or % of statutory reserves. In the case of the reinsurance transaction between NBLIC and AHL, Citi will over-collateralize the assets in the trust for NBLIC by % for the life of the coinsurance agreement between NBLIC and AHL. Furthermore, our insurance subsidiaries will have the right to recapture the business upon the occurrence of an event of default under their respective coinsurance agreement with Citi affiliates. An event of default includes (1) a reinsurer insolvency, (2) failure through the fault of the reinsurer to maintain the fair market value of the assets in trust equal to the statutory reserves required to be carried for the reinsured liabilities, (3) a material breach of any covenant, representation or warranty by the reinsurer, (4) failure by the reinsurer to fund the trust account required to be established under the coinsurance agreements in any material respects, subject to a cure period, or (5) in connection with the coinsurance agreements with Prime Reinsurance Company, failure by Citi to maintain sufficient capital in the reinsurer, pursuant to the capital maintenance agreement between Citi and the reinsurer, and such failure is due to the failure on the part of Citi to obtain any required prior consents from the Board of Governors of the Federal Reserve System within 45 calendar days, and any 45 days extension thereof as consented to by Primerica Life, which consent may not be unreasonably conditioned, delayed or withheld, for a total of not more than 90 days to obtain such consent; provided that Primerica Life will not be required to consent to extend such period beyond an additional 45 days. While any such recapture will be at no cost to us, such recapture will result in a substantial increase in our insurance exposure and require us to be fully responsible for the management of the assets set aside to support statutory reserves. The type of assets we might obtain as a result of a recapture may not be as highly liquid as our current invested asset portfolio and could result in an unfavorable impact on our risk profile. Please see the section entitled "Certain Relationships and Related Party Transactions — Relationship with Citi Following this Offering — Citi Reinsurance Transactions" for a further description of these coinsurance agreements and the related trust agreements.

No assurance is given that the relevant Citi reinsurer will pay the reinsurance obligations owed to us now or in the future or that it will pay these obligations on a timely basis. Notwithstanding the capital maintenance agreement between Prime Reinsurance Company and Citi and the initial over-collateralization of assets in trust for the benefit of our insurance companies, if any of our reinsurers affiliated with Citi becomes insolvent, the amount in the trust account to support the obligations of such reinsurer is insufficient to pay such reinsurer's obligations to us and we fail to enforce our right to recapture the business, it could have a material adverse effect on our business, financial condition and results of operations.

YRT reinsurance may not be available or affordable in the future to limit our mortality risk exposure.

As described above, we have historically used yearly-renewable term reinsurance, known as YRT, to manage our loss exposure to mortality risks. It is our current intention to continue our practice of purchasing

mortality reinsurance in the future consistent with our past practice. While YRT reinsurance agreements generally bind the reinsurers for the life of the business reinsured at generally fixed pricing, market conditions beyond our control determine the availability and cost of the reinsurance protection for new business. We may not be able to maintain our current YRT reinsurance agreements in adequate amounts and at favorable rates. Any decrease in the amount of YRT reinsurance will increase our exposure to mortality risks.

Risks Related to Our Investments and Savings Products Business

Our investment and savings products segment is heavily dependent on mutual fund and variable annuity products offered by a relatively small number of companies and if these products fail to remain competitive with other investment options or we lose our relationship with one or more of these fund companies or with the source of our variable annuity products, our business, financial condition and results of operations may be materially adversely affected.

We earn a significant portion of our earnings through our relationships with a small group of mutual fund companies, including Legg Mason and Van Kampen, and with MetLife, which provides our variable annuity products. A decision by one or more of these companies to alter or discontinue their current arrangements with us would materially adversely affect our business, financial condition and results of operations. In addition, if any of our investment and savings products fails to achieve satisfactory investment performance, our clients will seek higher yielding alternative investment products. If any of our investment and savings products fails to achieve satisfactory investment performance for an extended period of time, we may experience higher redemption rates. In such circumstances, we may also experience re-allocations of existing client assets and increased allocations of new assets to investment and savings products with higher investment returns, which ultimately results in changes in our mix of business. Since different investment and savings products have different revenue and expense characteristics, such changes may have significant negative consequences for us.

In recent years there has been an increase in the popularity of alternative investment classes, which we do not currently offer, such as index funds, S&P depository receipts, or SPDRs, and exchange traded funds, or ETFs. These investment options typically have low fee structures and provide some of the attributes of mutual funds, such as risk diversification. If these products continue to gain traction among our client base as viable alternatives to mutual fund investments, our investment and savings products revenues may decline.

In addition to sales commissions and asset-based compensation, a significant portion of our earnings from investment and savings products comes from recordkeeping services that we provide to Invesco Aim, Legg Mason, Pioneer Investments and Van Kampen and from fees earned for custodial services we provide to clients with retirement plan accounts in the funds of these mutual fund companies. We also receive revenue sharing payments from each of these mutual fund companies. A decision by one or more of these fund companies to alter or discontinue their current arrangements with us would materially adversely affect our business, financial condition and results of operations.

We are subject to extensive federal, state and provincial securities legislation and regulation, changes in which may require us to alter our business practices and could materially adversely affect our business, financial condition and results of operations.

U.S. federal and state securities laws apply to our sales of mutual funds and to our variable annuity products, which are insurance products that are also “securities.” We are also subject to securities regulations applicable to our Concert mutual fund product and mutual funds of third parties that we sell in Canada. As a broker-dealer, our subsidiary, PFS Investments, is subject to federal and state regulation of its securities business, including sales practices, trade suitability, supervision of registered representatives, receipt and safekeeping of consumers’ funds, recordkeeping, the conduct and qualification of officers and employees, the rules and regulations of the Municipal Securities Rulemaking Board and state blue sky regulation. Violations of laws or regulations applicable to the activities of PFS Investments could subject it to disciplinary actions and could result in the imposition of cease and desist orders, fines or censures, restitution to clients, disciplinary actions, including the

potential suspension or revocation of its license by the SEC, or the suspension or expulsion from FINRA and reputational damage. Our subsidiary, Primerica Shareholder Services, or PSS, is a registered transfer agent engaged in the recordkeeping business and is subject to SEC regulation and, therefore, could face similar disciplinary actions for violations of applicable laws and regulations. Moreover, there is a risk that a third party with which PSS contracts will improperly perform its task, which could subject us to liability. Changes in, or violations of, any of these laws or regulations could affect the cost of, or our ability to distribute, our products, which could materially adversely affect our business, financial condition and results of operations.

We are subject to the securities laws of the provinces and territories of Canada in which we sell our mutual fund products and those of third parties. We are also subject to the rules of MFDA, the self-regulatory organization governing mutual fund dealers. Our Canadian dealer subsidiary, PFSL Investments Canada Ltd., or PFSL Investments Canada, is registered as a mutual fund dealer in all Canadian provinces and territories in which we sell investment and savings products and is regulated by the MFDA, as well as by all provincial and territorial securities commissions. Our sales representatives who sell mutual funds through PFSL Investments Canada are required to be registered representatives of PFSL Investments Canada and are also subject to regulation by the MFDA and the provincial and territorial securities commissions. PFSL Investments Canada is subject to periodic review by both the MFDA and the provincial and territorial securities commissions to assess its compliance with, among other things, applicable capital requirements and sales practices and procedures. These regulators have broad administrative powers, including the power to limit or restrict the conduct of our business for failure to comply with applicable laws or regulations. Possible sanctions that may be imposed include the suspension of individual sales representatives, limitations on the activities in which the dealer may engage, suspension or revocation of the dealer registration, censure or fines. Changes in, or violations of, any of these laws or regulations could affect the cost of, or our ability to distribute, our products, which could materially adversely affect our business, financial condition and results of operations.

If heightened standards of conduct are imposed on us or our sales representatives as a result of currently pending legislation, it could have a material adverse effect on our business, financial condition and results of operations.

PFS Investments, which is regulated as a broker-dealer, and our U.S. sales representatives are currently subject to general anti-fraud limitations under the Securities Exchange Act of 1934, or the Exchange Act, and SEC rules and regulations, as well as other conduct standards prescribed by FINRA. These standards generally require that broker-dealers and their sales representatives disclose conflicts of interest that might affect the advice or recommendations they provide. The Investor Protection Act of 2009, or IPA, proposed by the Treasury Department in July 2009, would, if enacted, establish fiduciary duties for broker-dealers similar to those imposed on investment advisers under the Investment Advisers Act of 1940 and could limit or ban mandatory arbitration provisions in our client agreements. If the IPA is enacted, our sales representatives would, among other requirements, be required to adhere to heightened standards of conduct and to disclose any conflicts of interest and compensation structures. The IPA would also enhance the SEC's enforcement powers by expanding the scope of enforcement actions for aiding and abetting violations, increasing the SEC's authority to ban persons from selling our products and increasing the potential recovery for whistleblowers. If the IPA is enacted, it could result in increased litigation, regulatory risks, sanctions, changes to our business model or a reduction of the products we offer to our clients, which could have a material adverse effect on our business, financial condition and results of operations.

Our suitability policies and procedures could be deemed inadequate.

We review account applications for our investment or savings product received by us for suitability. While we believe that our policies and procedures implemented to help our sales representatives assist clients in making appropriate and suitable investment choices are reasonably designed to achieve compliance with applicable securities laws and regulations, it is possible that FINRA and MFDA may not agree. In that event, we could be subject to regulatory actions or civil litigation, which could materially adversely affect our business, financial condition and results of operations.

Our sales force support tools may fail to appropriately identify suitable investment products.

Our support tools are designed to educate the client, to help identify a client's financial needs, illustrate the potential benefits of our products and allow a sales representative to show the client how a sales representative's recommendations may help them. There is a risk that the assumptions and methods of analyses embedded in our support tools could be successfully challenged and subject us to regulatory actions or civil litigation, which could materially adversely affect our business, financial condition and results of operations.

Non-compliance with applicable regulations could lead to revocation of our subsidiary's status as a non-bank custodian.

PFS Investments is a non-bank custodian of retirement accounts, as permitted under Treasury Regulation 1.408-2. A non-bank custodian is an entity that is not a bank and that is permitted by the IRS to act as a custodian for retirement plan account assets of our clients. The IRS retains authority to revoke or suspend that status if it finds that PFS Investments is unwilling or unable to administer retirement accounts in a manner consistent with the requirements of the regulations. Revocation of PFS Investments' non-bank custodian status would affect its ability to earn revenue for providing such services and, consequently, could materially adversely affect our business, financial condition and results of operations. The IRS has notified us that we have been selected in the first quarter of 2010 for an investigation to test compliance with the IRS's non-bank custodian regulations. We cannot predict the outcome of such audit.

Risks Related to Our Loan Business

The current economic environment and stringent credit policies may continue to negatively affect our loan production.

In response to recent economic conditions and consistent with steps taken by other mortgage lenders generally, our mortgage lenders have implemented more rigorous credit standards, including more restrictive loan-to-value limitations and more restrictive underwriting criteria, which have adversely affected our loan business since the second half of 2008. We anticipate that these credit restrictions will be ongoing, and it is possible that further restrictive underwriting criteria may be imposed by our mortgage lenders in reaction to changes in the economic environment or by new legislative or regulatory requirements impacting mortgage lending generally. Heightened credit standards could materially reduce the volume of our loan sales. In addition, it is possible that our mortgage lender in the United States, Citicorp Trust Bank, fsb, or CTB, will modify the mortgage product that it currently offers to make it a conforming loan product that would be saleable to the government-sponsored enterprises, Fannie Mae and Freddie Mac. This modification may result in more restrictive underwriting criteria and materially adversely affect the volume of loans that we sell. Any change to a conforming product could materially adversely impact the compensation paid to our loan broker, Primerica Financial Services Home Mortgages, Inc., or Primerica Mortgages.

While mortgage origination historically has not accounted for a significant portion of our earnings, sourcing of mortgage loans historically has provided an opportunity for new sales representatives to receive commissions before they have completed the licensing process that is required in order to sell life insurance and certain other products. Additionally, some of our sales representatives use loan product sales efforts as a gateway to establish an ongoing relationship with clients. Consequently, the reduction in the scale of our loan product distribution business and the related commission compensation to our sales force may cause us to have fewer sales representatives and impede our overall growth.

The loss of our Citi-affiliated lenders may reduce sales of our loan products.

Our sales representatives in the United States sell mortgage products of CTB through Primerica Mortgages, and also sell unsecured loans of Citibank, N.A., or Citibank. Our sales representatives in Canada refer mortgage loan clients to Citicorp Home Mortgage, a division of CitiFinancial Canada, Inc., or CitiFinancial Canada. However, our current Citi-affiliated lenders are not obligated, and have made no commitment, to continue

serving as our lenders following this offering. Although we currently anticipate that there will be a transition period following this offering, during which our Citi-affiliated lenders will continue to serve as our lenders, there is no guarantee that such a transition period will occur or any certainty regarding the potential terms of our commercial relationships with our lenders during any such transition period, and our current lenders are under no obligation to continue serving as our lenders after such transition period, if any, expires. Consequently, CTB and Citicorp Home Mortgage may choose to no longer serve as our mortgage lenders, and Citibank may choose to no longer permit us to sell its unsecured loans. There is no assurance that we will be able to negotiate viable arrangements with other lenders that will allow Primerica Mortgages to continue to offer, and our sales representatives in Canada to continue to refer, loan products in the future. In the United States, we currently anticipate that if Primerica Mortgages is able to find a new lender or lenders, or if Primerica Mortgages continues with CTB as our mortgage lender, we will only be able to offer traditional conforming loans, which may have more restrictions than the loan products we currently offer. These restrictions could limit our product offering and, therefore, materially negatively affect our sales. In addition, in Canada, there is some uncertainty as to the availability of funding for our loan referral program as general economic conditions and the tightening of credit markets have reduced the availability of funding in the Canadian credit markets for consumer loans. As long as credit conditions remain tight, a loss of our Citi-affiliated lenders may reduce our ability to find a replacement lender for some or all of our loan products in Canada. Should funding be significantly restricted, and we are unable to secure an alternate lending source, our ability to offer the loan referral program in Canada would be significantly reduced or curtailed.

New licensing requirements will continue to significantly reduce the size of our loan sales force.

The number of our sales representatives who are authorized to sell loan products in the United States has decreased and will continue to decrease due to the implementation of individual licensing requirements mandated by the recently enacted Federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008, or the "SAFE Act." The SAFE Act requires all states to enact laws that require all U.S. sales representatives to be individually licensed or registered if they intend to offer the mortgage loan products that we distribute in the United States. Prior to the enactment of the SAFE Act, our sales representatives were not required to be individually licensed or registered to sell mortgage loan products in the majority of states. By the end of 2010, we anticipate that all of our sales representatives who engage in our loan business will be subject to the SAFE Act licensing or registration requirements. These licensing requirements include enrollment in the Nationwide Mortgage Licensing System, application to state regulators for individual licenses, a minimum of 20 hours of pre-licensing education, an annual minimum of eight hours of continuing education and the successful completion of both national and state exams. We expect that compliance with these licensing and registration regimes (including background checks) may be prohibitive in terms of cost or time for a large number of our sales representatives. In addition, we currently anticipate that the exams may prove to be challenging to pass and that many of our sales representatives could find the educational and testing requirements or the associated necessary preparation time inconvenient or daunting. We currently expect that the SAFE Act licensing and registration requirements will cause a significant reduction in the scale of our loan product distribution business in the near term, which could materially adversely affect our loan product sales.

Our loan business is subject to various federal laws, changes in which could affect the cost or our ability to distribute our products and could materially adversely affect our business, financial condition and results of operations.

Our U.S. loan business is subject to various federal laws, including the Truth In Lending Act and its implementing regulation, Regulation Z, the Equal Credit Opportunity Act and its implementing regulation, Regulation B, the Fair Housing Act and the Home Ownership Equity Protection Act. We are also subject to the Real Estate Settlement and Procedures Act, or RESPA, and its implementing regulation, Regulation X, which requires timely disclosures related to the nature and costs of real estate settlement amounts and limits those costs and compensation to amounts reasonably related to the services performed. Additionally, we must comply with various state and local laws and policies concerning the provision of consumer disclosures, net branching, predatory lending and high cost loans and recordkeeping. For example, under the predatory lending and high cost

loan laws of some states, the origination of certain residential mortgage loans, including loans that are not classified as "high cost" loans under applicable law, must satisfy tangible benefits tests with respect to the related borrower. Differing interpretations of, changes in, or violations of, any of these laws or regulations could subject us to damages, fines or sanctions and could affect the cost or our ability to distribute our products, which could materially adversely affect our business, financial condition and results of operations.

Other Risks Related to Our Business

The continuing effects of the downturn in the North American economy could materially adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations have been materially adversely affected by the recent economic crisis in North America, including increased volatility in the availability and cost of credit, shrinking mortgage markets, falling equity values and consumer confidence and general instability of financial and other institutions. In an economic downturn like the recent one, which is characterized by higher unemployment, lower family income, lower valuation of retirement savings accounts, lower corporate earnings, lower business investment and lower consumer spending, the demand for term life insurance products, variable annuities, mutual funds and other financial products that we sell has been adversely affected. A continuation of the effects of the economic downturn could severely affect new sales and cause clients to liquidate mutual funds and other investments sold by our sales representatives. This could cause a decrease in the asset value of client accounts, reduce our trailing commission revenues and result in other-than-temporary-impairments in our invested asset portfolio. In addition, we may experience an elevated incidence of lapses or surrenders of insurance policies, and some of our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Downturns and volatility in equity markets may discourage purchases of variable annuities and mutual funds that we sell for third parties. Moreover, if the effects of the recent downturn continue, it will likely have an adverse effect on our business, including our ability to efficiently access the capital markets for capital management purposes. If credit markets remain tight for a prolonged period, our liquidity will be more limited than it otherwise would have been, and our business, financial condition and results of operations may be materially adversely affected.

We are subject to various federal laws and regulations in the United States and Canada, changes in which or violations of which may require us to alter our business practices and could materially adversely affect our business, financial condition and results of operations.

In the United States, we are subject to the Right to Financial Privacy Act and its implementing regulation, Regulation S-P, the Fair Credit Reporting Act, the Gramm-Leach-Bliley Act, the Foreign Corrupt Practices Act, the Sarbanes-Oxley Act, the Telemarketing and Consumer Fraud and Abuse Prevention Act, the Telephone Consumer Protection Act, the FTC Act, the Unfair Trade Practices Act, the Electronic Funds Transfer Act, the Bank Holding Company Act Amendments of 1970 and anti-tying restrictions. We are also subject to anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended by the Patriot Act, which requires us to develop and implement customer identification and risk-based anti-money laundering programs, report suspicious activity and maintain certain records. We are also required to follow certain economic and trade sanctions programs that are administered by the Office of Foreign Asset Control that prohibit or restrict transactions with suspected countries, their governments, and in certain circumstances, their nationals.

In Canada, we are subject to provincial and territorial consumer protection legislation that pertains to unfair and misleading business practices, provincial and territorial credit reporting legislation that provides requirements in respect of obtaining credit bureau reports and providing notices of decline, the Personal Information Protection and Electronic Documents Act, the Competition Act, the Corruption of Foreign Public Officials Act, the Telecommunications Act and certain CRTC Telcom Decisions in respect of unsolicited telecommunications. We are also subject to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its accompanying regulations, which require us to develop and implement money laundering policies and procedures relating to customer indemnification, reporting and recordkeeping, develop and maintain ongoing

training programs for employees, perform a risk assessment on our business and clients and institute and document a review of our anti-money laundering program at least once every two years. We are also required to follow certain economic and trade sanctions and legislation that prohibit us from, among other things, engaging in transactions with, and providing services to, persons on lists created under various federal statutes and regulations and blocked persons and foreign countries and territories subject to Canadian sanctions administered by Foreign Affairs and International Trade Canada and the Department of Public Safety Canada.

Changes in, or violations of, any of these laws or regulations may require additional compliance procedures, or result in enforcement proceedings, sanctions or penalties, which could have a material adverse effect on our business, financial condition and results of operations.

Legal and regulatory investigations and actions may result in financial losses and harm our reputation.

We face a risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses. From time to time, we are subject to private litigation and regulatory investigations as a result of sales representative misconduct. Please see the risk factor above entitled "— Our sales representatives' non-compliance with any applicable laws could subject us to material liabilities." In addition, we may become subject to suits alleging, among other things, issues relating to sales or underwriting practices, payment of improper sales commissions, claims payments and procedures, product design, product disclosure, administration, additional premium charges for premiums paid on a periodic basis, denial or delay of benefits, recommending unsuitable sales of products to clients and our pricing structures. Life insurance companies have historically been subject to substantial litigation resulting from policy disputes and other matters. For example, they have faced extensive claims alleging improper life insurance sales practices. If we become subject to similar litigation, any judgment or settlement of such claims could have a material adverse effect on our business, financial condition and results of operations.

In addition, we are subject to litigation arising out of our general business activities. For example, we have a large sales force, and we could face claims by some of our sales representatives arising out of their relationship with us, including claims involving contract terminations, commission disputes, transfers of sales representatives from one sales organization to another, agreements among sales representatives or between us and a sales representative or any of our other dealings with, or policies regarding, sales representatives. We are also subject to various regulatory inquiries, such as information requests, subpoenas and books and record examinations, from state, provincial and federal regulators and other authorities. A substantial legal liability or a significant regulatory action against us could have a material adverse effect on our business, financial condition and results of operations.

Moreover, even if we ultimately prevail in any such litigation, regulatory action or investigation, we could suffer significant reputational harm, which could have a material adverse effect on our business, financial condition and results of operations. In addition, increased regulatory scrutiny and any resulting investigations or proceedings could result in new legal precedents and industry-wide regulations or practices that could materially adversely affect our business, financial condition and results of operations.

The inability of our subsidiaries to pay dividends or make distributions or other payments to us in sufficient amounts, including due to bankruptcy or insolvency, would impede our ability to meet our obligations.

We are a holding company, and we have no operations. Our primary asset will be the capital stock of our subsidiaries. We will rely primarily on dividends and other payments from our subsidiaries to meet our operating costs and other corporate expenses, as well as to pay dividends to our stockholders. The ability of our subsidiaries to pay dividends to us in the future will depend on their earnings, covenants contained in future financing or other agreements and on regulatory restrictions. The ability of our insurance subsidiaries to pay dividends will further depend on their statutory surplus. If the cash we receive from our subsidiaries pursuant to dividend payments and tax sharing arrangements is insufficient for us to fund our obligations, or if a subsidiary is

unable to pay dividends to us, we may be required to raise cash through the incurrence of debt, the issuance of equity or the sale of assets. However, given the recent volatility in the capital markets, there is no assurance that we would be able to raise cash by these means.

The payment of dividends and other distributions to us by our insurance subsidiaries is regulated by insurance laws and regulations. The jurisdictions in which our insurance subsidiaries are domiciled impose certain restrictions on their ability to pay dividends to us. In the United States, these restrictions are based, in part, on the prior year's statutory income and surplus. In general, dividends up to specified levels are considered ordinary and may be paid without prior approval. For example, in Massachusetts the ordinary dividend capacity for Primerica Life is based on the greater of (1) 10% of the previous year-end statutory capital and surplus or (2) the previous year's statutory net gain from operations. Dividends in larger amounts are subject to approval by the insurance commissioner of the state of domicile. In Canada, dividends can be paid, subject to the paying insurance company continuing to meet the regulatory requirements for capital adequacy and liquidity and upon 15 days' minimum notice to OSFI. No assurance is given that more stringent restrictions will not be adopted from time to time by jurisdictions in which our insurance subsidiaries are domiciled, and such restrictions could have the effect, under certain circumstances, of significantly reducing dividends or other amounts payable to us by our subsidiaries without prior approval by regulatory authorities. In addition, in the future, we may become subject to debt instruments or other agreements that limit our ability to pay dividends. The ability of our insurance subsidiaries to pay dividends to us is also limited by our need to maintain the financial strength ratings assigned to us by the ratings agencies.

If any of our subsidiaries were to become insolvent, liquidate or otherwise reorganize, we, as sole stockholder, will have no right to proceed against the assets of that subsidiary. Furthermore, with respect to our insurance subsidiaries, we, as sole stockholder, will have no right to cause the liquidation, bankruptcy or winding-up of the subsidiary under the applicable liquidation, bankruptcy or winding-up laws, although, in Canada, we could apply for permission to cause liquidation. The applicable insurance laws of the jurisdictions in which each of our insurance subsidiaries is domiciled would govern any proceedings relating to that subsidiary. The insurance authority of that jurisdiction would act as a liquidator or rehabilitator for the subsidiary. Both creditors of the subsidiary and policyholders (if an insurance subsidiary) would be entitled to payment in full from the subsidiary's assets before we, as the sole stockholder, would be entitled to receive any distribution from the subsidiary, which could adversely affect our ability to pay our operating costs and other corporate expenses.

If the ability of our insurance or non-insurance subsidiaries to pay dividends or make other distributions or payments to us is materially restricted by regulatory requirements, bankruptcy or insolvency, or our need to maintain our financial strength ratings, or is limited due to operating results or other factors, it could materially adversely affect our ability to pay our operating costs and other corporate expenses.

We may need to incur debt or issue equity in order to meet our operating and regulatory capital requirements.

Historically, we have funded our new business capital needs from cash flows provided by premiums paid on our in-force book of term life insurance policies. As a result of the Citi reinsurance transactions, the net cash flow we retain from our existing block of term life insurance policies will be reduced proportionately to the size of our retained interest. As we grow our term life insurance business by issuing new policies, we will need to fund all of the upfront cash requirements of issuing new term life policies (such as commissions payable to the sales force and underwriting expenses), which costs generally exceed premiums collected in the first year after a policy is sold. In light of these anticipated net cash outflows, there will be significant demands on our liquidity in the near- to intermediate-term as we grow the size of our retained block of term life insurance policies. Therefore, in order to meet our operating and regulatory requirements, we may need to incur debt or issue equity in order to fund working capital and capital expenditures or to make acquisitions and other investments. If we raise funds through the issuance of debt securities or preferred equity securities, any such debt securities or preferred equity securities issued will have liquidation rights, preferences and privileges senior to those of the holders of our common stock. If we raise funds through the issuance of equity securities, the issuance will dilute your

ownership interest in us. There is no assurance that debt or equity financing will be available to us on acceptable terms, if at all. If we are not able to obtain sufficient financing, we may be unable to maintain or grow our business.

Our non-compliance with the covenants of the Citi note could result in a reduction in our liquidity and lead to downgrades in our financial strength ratings.

Prior to the completion of this offering, we will issue to Citi the $ million Citi note. Our obligations under the Citi note are subject to our compliance with the covenants contained therein. Our failure to comply with these covenants would restrict our liquidity and, consequently, could have a material adverse effect on our business, financial condition and results of operations.

A significant change in the competitive environment in which we operate could negatively affect our ability to maintain or increase our market share and profitability.

We face competition in all of our business lines. Our competitors include financial services companies, mutual fund companies, banks, investment management firms, broker-dealers, insurance companies and direct sales companies. In many of our product lines, we face competition from competitors that have greater market share or breadth of distribution, offer a broader range of products, services or features, assume a greater level of risk, have lower profitability expectations or have higher financial strength ratings than we do. A significant change in this competitive environment could materially adversely affect our ability to maintain or increase our market share and profitability.

The loss of key personnel could negatively affect our financial results and impair our ability to implement our business strategy.

Our success substantially depends on our ability to attract and retain key members of our senior management team. The efforts, personality and leadership of our senior management team have been, and will continue to be, critical to our success. The loss of service of our senior management team due to disability, death, retirement or some other cause could reduce our ability to successfully motivate our sales representatives and implement our business plan and have a material adverse effect on our business, financial condition and results of operations. John Addison and Rick Williams, our co-CEOs, are well regarded by our sales representatives and have substantial experience in our business and, therefore, are particularly important to our company. Although both Messrs. Addison and Williams are expected to enter into employment agreements with us, there is no assurance that they will do so or, if they do, that they will complete the term of their employment agreements or renew them upon expiration.

In addition, the loss of key RVPs for any reason could negatively affect our financial results and could impair our ability to attract new sales representatives. Please see the risk factor above entitled "— Our failure to continue to attract large numbers of new recruits and retain sales representatives or to maintain the licensing success of our sales representatives would materially adversely affect our business."

If one of our significant information technology systems fails or if its security is compromised, our business, financial condition and results of operations may be materially adversely affected.

Our business is highly dependent upon the effective operation of our information technology systems, which are centered on a mainframe platform supported by servers housed at our Duluth and Roswell, Georgia sites. We rely on these systems throughout our business for a variety of functions. Our information technology systems run a variety of third party and proprietary software, including Primerica Online (our website portal to our sales force), our insurance administration system, Virtual Base Shop (our paperless office for RVPs), TurboApps (our point-of-sale data collection tool for product/recruiting applications), our licensing decision and support system and our compensation system.

Despite the implementation of security and back-up measures, our information technology systems may be vulnerable to physical or electronic intrusions, viruses or other attacks, programming errors and similar disruptions. The failure of any one of these systems for any reason could cause significant interruptions to our operations, which could have a material adverse effect on our business, financial condition and results of operations. We retain confidential information in our information technology systems, and we rely on industry standard commercial technologies to maintain the security of those systems. Anyone who is able to circumvent our security measures and penetrate our information technology systems could access, view, misappropriate, alter, or delete information in the systems, including personally identifiable client information and proprietary business information. In addition, an increasing number of jurisdictions require that clients be notified if a security breach results in the disclosure of personally identifiable client information. Any compromise of the security of our information technology systems that results in inappropriate disclosure or use of personally identifiable client information could damage our reputation in the marketplace, deter people from purchasing our products, subject us to significant civil and criminal liability and require us to incur significant technical, legal and other expenses.

In the event of a disaster, our business continuity plan may not be sufficient, which could have a material adverse effect on our business, financial condition and results of operations.

Our infrastructure supports a combination of local and remote recovery solutions for business resumption in the event of a disaster. In the event of either a campus-wide destruction of all buildings or the inability to access our main campus in Duluth, Georgia, our business recovery plan provides for our employees to perform their work functions via a dedicated business recovery site located 25 miles from our main campus, by remote access from an employee's home or by relocation of employees to our New York or Ontario offices. However, in the event of a full scale local or regional disaster, our business recovery plan may be inadequate, and our employees and sales representatives may be unable to carry out their work, which could have a material adverse effect on our business, financial condition and results of operations.

We may be materially adversely affected by currency fluctuations in the United States dollar versus the Canadian dollar.

For the nine months ended September 30, 2009 and 2008 we derived approximately 13% and 15% of our revenues, respectively, from our Canadian businesses. For the years ended December 31, 2008, 2007 and 2006, we derived approximately 15%, 13% and 12% of our revenues, respectively, from our Canadian businesses. In recent periods, exchange rate fluctuations have been significant. The exchange rate between the U.S. dollar and the Canadian dollar over those periods fluctuated approximately 34%, from a minimum of 0.788 Canadian dollars per U.S. dollar to a maximum of 1.053 Canadian dollars per U.S. dollar. A weaker Canadian dollar relative to the U.S. dollar would result in lower levels of reported revenues, net income, assets, liabilities and accumulated other comprehensive income in our U.S. dollar combined financials statements. We have not historically hedged against this exposure. Significant exchange rate fluctuations between the U.S. dollar and Canadian dollar could have a material adverse effect on our financial condition and results of operations.

Risks Related to Our Relationship with Citi

Control of our company by Citi may result in conflicts of interest.

After the completion of this offering, Citi will beneficially own million shares of our common stock, representing % of the voting power of our outstanding common stock.

As long as Citi owns shares of our common stock representing more than 50% of the voting power of our outstanding voting securities, Citi will generally be able to determine the outcome of all corporate actions requiring stockholder approval, including the election of directors. In such a case, Citi would be in a position to continue to control most of our significant corporate actions. Please see the section entitled "Principal and Selling Stockholder" included elsewhere in this prospectus.

Under the provisions of our certificate of incorporation, the prior consent of Citi will be required in connection with certain corporate actions by us until Citi ceases to beneficially own shares of our common stock

entitled to 50% or more of the votes entitled to be cast by the holders of our then outstanding common stock and, with respect to certain other actions, until Citi ceases to beneficially own shares of our common stock representing 20% or more of the votes entitled to be cast by the holders of our then outstanding common stock. Please see the section entitled "Description of Capital Stock — Certificate of Incorporation Provision Relating to Control by Citi."

Because Citi's interests may differ from ours, actions that Citi, as our controlling stockholder following the completion of this offering, may take with respect to us may not be favorable to us. As a result, conflicts of interest may arise between us and Citi in a number of areas relating to our past and ongoing relationships.

Citi and its directors and officers will have limited liability to us or you for breach of fiduciary duty.

Our certificate of incorporation will provide that, subject to any contractual provision to the contrary (including the intercompany agreement), Citi will have no obligation to refrain from:

- engaging in the same or similar business activities or lines of business as we do;
- doing business with any of our clients or consumers; or
- employing or otherwise engaging any of our officers or employees.

Under our certificate of incorporation, neither Citi nor any officer or director of Citi, except as provided in our certificate of incorporation, will be liable to us or to our stockholders for breach of any fiduciary duty by reason of any of these activities. Please see the section entitled "Description of Capital Stock — Certificate of Incorporation Provision Relating to Corporate Opportunities and Interested Directors."

If Citi engages in the same type of business we conduct, our ability to successfully operate and expand our business may be hampered.

Because Citi may engage in the same activities in which we engage (subject to the terms of the intercompany agreement), there is a risk that we may be in direct competition with Citi with respect to insurance underwriting or distribution activities. To address these potential conflicts, we will adopt a corporate opportunity policy which will be incorporated into our certificate of incorporation.

Please see the section entitled "Description of Capital Stock — Certificate of Incorporation Provision Relating to Corporate Opportunities and Interested Directors." Due to the significant resources of Citi, including financial resources and name recognition, Citi could have a significant competitive advantage over us should it decide to engage in the type of business we conduct, which may cause our business to be materially adversely affected.

Some of our arrangements with Citi may not be sustained at the same levels as when we were wholly owned by Citi.

We have, and after this offering will continue to have, contractual arrangements which require Citi and its affiliates to provide certain services to us. Following this offering, many of these services will be governed by a transition services agreement between Citi and us. There is no assurance that upon termination or expiration of the transition services agreement, these services will be sustained at the same levels as they were when we were receiving such services from Citi or that we will obtain the same benefits. We may not be able to replace services and arrangements in a timely manner or on terms and conditions, including cost, as favorable as those we have previously received from Citi. The agreements with Citi and its affiliates were entered into in the context of a parent-wholly owned subsidiary relationship, and we may have to pay higher prices for similar services from Citi or unaffiliated third parties in the future. Please see the section entitled "Certain Relationships and Related Party Transactions — Relationship with Citi Following this Offering — Transition Services Agreement."

Our historical combined and pro forma financial data are not necessarily representative of the results we would have achieved as a stand-alone company and may not be a reliable indicator of our future results.

Our historical combined financial data included in this prospectus do not reflect the financial condition, results of operations or cash flows we would have achieved as a stand-alone company during the periods presented or those we will achieve in the future. This is primarily the result of the following factors:

- our historical combined financial data do not reflect the Transactions (please see the sections entitled "Certain Relationships and Related Party Transactions" and "Pro Forma Combined Financial Statements");
- our historical combined financial data reflect allocations of corporate expenses from Citi associated with information technology support, treasury, financial reporting, tax administration, human resources administration, legal, procurement and other services that may be lower than the comparable expenses we would have actually incurred as a stand-alone company;
- our cost of debt and our capitalization will be different from that reflected in our combined financial statements;
- significant increases may occur in our cost structure as a result of this offering, including costs related to public company reporting, investor relations and compliance with the Sarbanes Oxley Act of 2002; and
- this offering may have a material effect on our client and other business relationships, including supplier relationships, and may result in the loss of preferred pricing available by virtue of our relationship with Citi.

Our financial condition and future results of operations, after giving effect to the Transactions, will be materially different from amounts reflected in our combined financial statements that appear elsewhere in this prospectus. As a result of these transactions, it may be difficult for investors to compare our future results to historical results or to evaluate our relative performance or trends in our business. For an understanding of pro forma combined financial statements taking into account, among other things, the Transactions, please see the risk factor above entitled "— The failure by Citi to perform its obligations to us under our coinsurance agreements could have a material adverse effect on our business, financial condition and results of operations" and the section entitled "Pro Forma Combined Financial Statements."

We expect to incur significant charges in connection with this offering and incremental costs as a stand-alone public company.

We will need to replicate or replace certain functions, systems and infrastructure to which we will no longer have the same access after this offering. For instance, we use certain Citi systems and infrastructure that we will need to replace following expiration or termination of the transition services agreement, including its global router network and firewall systems, and non-core systems to support information security, human resources, accounting, tax and finance functions. We will also need to replace a Citi call center whose use will be discontinued.

In addition, we expect to incur significant non-cash compensation charges associated with the grant of equity awards to our sales representatives and employees. We will also need to make significant investments to operate without the same access to Citi's existing operational and administrative infrastructure. These initiatives will be costly to implement. We estimate that we will incur $ in total pre-tax costs related to this offering. Due to the scope and complexity of the underlying projects relative to these efforts, the amount of total costs could be materially higher than our estimate, and the timing of the incurrence of these costs is subject to change.

Citi currently performs or supports many important corporate functions for our operations, including information technology, treasury, financial reporting, tax administration, human resources administration, government relations, procurement and other services. Our combined financial statements reflect charges for

these services. Following this offering, many of these services will be governed by a transition services agreement with Citi. For more information regarding transition services, please see the section entitled "Certain Relationships and Related Party Transactions." There is no assurance that upon termination or expiration of the transition services agreement, these services will be sustained at the same levels as when we were receiving such services from Citi or that we will obtain the same benefits. When we begin to operate these functions independently, if we do not have our own adequate systems and business functions in place, or are unable to obtain them from other providers, we may not be able to operate our business effectively or at comparable costs, and our profitability may decline. In addition, our business has benefited from Citi's purchasing power when procuring goods and services, including office supplies and equipment, employee benefit platforms, travel services and computer software licenses. As a stand-alone company, we may be unable to obtain such goods and services at comparable prices or on terms as favorable as those obtained prior to this offering, which could decrease our overall profitability.

This offering and future sales of our common stock by Citi could adversely affect our business and profitability due to our loss of Citi's strong brand, reputation and capital base.

As a subsidiary of Citi, we have marketed our products and services using the tag line, "Primerica, a Citi Company," and we believe the association with Citi has provided us with preferred status among our clients, vendors and other persons due to Citi's globally recognized brand, perceived high quality products and services, and strong capital base and financial strength. This offering could also adversely affect our ability to attract and retain clients, which could result in reduced sales of our products. The loss of the Citi brand may also prompt some third parties to reprice, modify or terminate their distribution or vendor relationships with us. We cannot predict with certainty the effect that this offering will have on our business, our clients, vendors or other persons.

If Citi sells a controlling interest in our company to a third party in a private transaction, you may not realize any change of control premium on the shares of our common stock purchased in this offering.

Following the completion of this offering, Citi will continue to own at least a majority equity interest in our company. Citi will have the ability, should it choose to do so, to sell some or all of its shares of our common stock in a privately negotiated transaction, which, if sufficient in size, could result in a change of control of our company. Citi's ability to privately sell its shares of our common stock, with no requirement for a concurrent offer to be made for the shares of our common stock that will be publicly traded hereafter, could prevent you from realizing any change of control premium on your shares of our common stock that may otherwise accrue to Citi upon its private sale of our common stock. Additionally, if Citi privately sells its majority equity interest in our company, we will be subject to the control of a presently unknown third party. Citi has indicated that it intends to divest its remaining interest in us as soon as is practicable, subject to market and other conditions.

We are subject to banking regulations that may limit our business activities.

Citi's relationship and good standing with its regulators are important to the conduct of our business. Citi is a bank holding company and a "financial holding company" regulated by the Board of Governors of the Federal Reserve System, or FRB, under the Bank Holding Company Act of 1956, or the BHC Act. The BHC Act imposes regulations and requirements on Citi and on any company that the FRB deems to be controlled by Citi. The regulation of Citi and its controlled companies under applicable banking laws is intended primarily for the protection of Citi's banking subsidiaries, their depositors, the deposit insurance fund of the Federal Deposit Insurance Corporation, and the banking system as a whole, rather than for the protection of stockholders or creditors of Citi or us. Because we are controlled by Citi, we are currently subject to regulation, supervision, examination and potential enforcement action by the FRB. Following this offering, we will continue to be controlled by Citi for bank regulatory purposes and, therefore, we will continue to be subject to regulation by the FRB and to most banking laws, regulations and orders that apply to Citi.

We will remain subject to this regulatory regime until Citi is no longer deemed to control us for bank regulatory purposes, which may not occur until Citi has significantly reduced its ownership interest in us. The

ownership level at which the FRB would consider us no longer controlled by Citi will depend on the circumstances at that time (such as the extent of our relationships with Citi) and could be less than 5%. For so long as we are subject to the BHC Act, we generally may conduct only activities that are authorized for a "financial holding company" under the BHC Act, which in some cases are more restrictive than those available to us under applicable insurance regulatory requirements. There are limits on the ability of bank subsidiaries of Citi to extend credit to, or conduct other transactions with, us.

Citi and its subsidiaries are also subject to examination by various banking regulators, which results in examination reports and ratings that may adversely impact the conduct and growth of our businesses. In the United States, Citi is regulated by the Federal Reserve, Office of the Comptroller of the Currency, Office of Thrift Supervision and Federal Deposit Insurance Corporation, and we are regulated by the Federal Reserve. In Canada, we are regulated by OSFI, FINTRAC and FCAC. The FRB has broad enforcement authority over us, including the power to prohibit us from conducting any activity that, in the FRB's opinion, is unauthorized or constitutes an unsafe or unsound practice in conducting our business. The FRB may also impose substantial fines and other penalties for violations of applicable banking laws, regulations and orders. The failure of Citi to maintain its status as a financial holding company could result in substantial limitations on certain of our activities and our growth. In addition, pursuant to the intercompany agreement we will enter into with Citi, we will agree not to take any action or fail to take any action that would result in Citi being in non-compliance with the BHC Act or any other applicable bank regulatory law, rule, regulation, guidance, order or directive.

In addition, our business in Canada is subject to Bank Act restrictions for so long as Citi has control of us (in fact or in law). In general, these restrictions permit Citi to carry on in Canada those businesses that Canadian banks are permitted to conduct, and permit Citi to control (including by way of control in fact), or to hold a "substantial investment" in (*i.e.*, more than 25% of the equity or, for a corporation, more than 10% of the voting power), those types of Canadian entities that Canadian banks are permitted to control or in which they are permitted to make substantial investments. Such permitted businesses and investments include most, but not all, financial service businesses, certain related businesses and, subject to limits as to size, scope and length of time held, other businesses. Implementing such business ventures may be subject to a requirement to obtain prior regulatory approval, and are subject to regulatory oversight. We may also be subject to other foreign banking laws and supervision that could affect our business, financial condition and results of operations.

Our employees may be subject to compensation restrictions under the Emergency Economic Stabilization Act and the American Recovery and Reinvestment Act.

For so long as Citi continues to own at least a majority equity interest in us following this offering, our employees will continue to be considered employees of Citi for purposes of determining whether their compensation is subject to restrictions under the Emergency Economic Stabilization Act of 2008, or EESA, as amended by the American Recovery and Reinvestment Act of 2009, or ARRA. If the compensation that can be paid to or accrued with respect to certain members of our senior management team were to be so restricted, it could materially adversely affect our ability to retain those members of our senior management or attract suitable replacements.

Risks Related to this Offering and Ownership of Our Common Stock

An active trading market for our common stock may not develop, and you may not be able to sell your common stock at or above the initial public offering price.

Prior to this offering, there has been no public market for our common stock. An active trading market for shares of our common stock may never develop or be sustained following this offering. If an active trading market does not develop, you may have difficulty selling your shares of common stock at an attractive price, or at all. The price for our common stock in this offering will be determined by negotiations among Citi and representatives of the underwriters, and it may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell your common stock at or above the initial

public offering price or at any other price or at the time that you would like to sell. An inactive market may also impair our ability to raise capital by selling our common stock, and it may impair our ability to motivate our employees and sales representatives through equity incentive awards and our ability to acquire other companies, products or technologies by using our common stock as consideration.

We expect that the price of our common stock will fluctuate substantially.

You should consider an investment in our common stock to be risky, and you should invest in our common stock only if you can withstand a significant loss and wide fluctuations in the market value of your investment. Some factors that may cause the market price of our common stock to fluctuate, in addition to the other risks mentioned in this section of the prospectus, are:

- our announcements or our competitors' announcements regarding new products or services, enhancements, significant contracts, acquisitions or strategic investments;
- changes in earnings estimates or recommendations by securities analysts, if any, who cover our common stock;
- fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in our capital structure, such as future issuances of securities, sales of large blocks of common stock by our stockholders, including Citi, or our incurrence of additional debt;
- reputational issues;
- changes in general economic and market conditions in North America;
- changes in industry conditions or perceptions; and
- changes in applicable laws, rules or regulations and other dynamics.

In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition and results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

Future sales of our common stock, or the perception that such sales may occur, could depress our common stock price.

Upon completion of this offering, Citi will own shares of our common stock. Citi intends to divest its remaining interest in us as soon as is practicable, subject to market and other conditions. Future sales of these shares in the public market will be subject to the volume and other restrictions of Rule 144 under the Securities Act for so long as Citi is deemed to be our affiliate, unless the shares to be sold are registered with the SEC. Citi can require us to file registration statements with the SEC for the public resale of shares of our common stock owned by Citi after this offering. Please see the section entitled "Certain Relationships and Related Party Transactions — Relationship with Citi Following this Offering — Intercompany Agreement — Registration Rights." We are unable to predict with certainty whether or when Citi will sell a substantial number of shares of our common stock. Sales by Citi of a substantial number of shares after this offering, or a perception that such sales could occur, could significantly reduce the market price of our common stock. Upon completion of this offering, except as otherwise described herein, all shares that are being offered hereby will be freely tradable without restriction, assuming they are not held by our affiliates.

We, our officers, directors and Citi have agreed with the underwriters that, without the prior written consent of Citigroup Global Markets Inc., we and they will not, subject to certain exceptions and extensions, during the period ending 180 days after the date of this prospectus, offer, pledge, sell, contract to sell, sell any option or

contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of directly or indirectly, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock. Citigroup Global Markets Inc. may, in its sole discretion and at any time without notice, release all or any portion of the shares of our common stock subject to the lock-up. Please see the section entitled "Shares Eligible for Future Sale — Lock-Up Agreements."

In addition, immediately following this offering, we intend to file a registration statement registering under the Securities Act the shares of common stock reserved for issuance in respect of certain incentive awards to our officers, employees and sales representatives. If any of these holders causes a large number of securities to be sold in the public market, the sales could reduce the trading price of our common stock. These sales also could impede our ability to raise future capital. Please see the section entitled "Shares Eligible for Future Sale" for a more detailed description of the shares of our common stock that will be available for future sales upon completion of this offering.

You will incur immediate dilution as a result of this offering.

If you purchase common stock in this offering, you will pay more for your shares than the pro forma net tangible book value of your shares. As a result, you will incur immediate dilution of $ per share, representing the difference between the assumed initial public offering price of $ per share and our estimated net tangible book value as of September 30, 2009. Accordingly, should we be liquidated at our book value, you would not receive the full amount of your investment. Please see the section entitled "Dilution."

As an independent public company, we are expected to expend additional time and resources to comply with rules and regulations that do not currently apply to us, and failure to comply with such rules may lead investors to lose confidence in our financial data.

As an independent public company, the various rules and regulations of the SEC, as well as the rules of the , will require us to implement additional corporate governance practices and adhere to a variety of reporting requirements. Compliance with these public company obligations will increase our legal and financial compliance costs and could place additional demands on our finance and accounting staff and on our financial, accounting and information systems.

In particular, as a public company, our management will be required to conduct an annual evaluation of our internal controls over financial reporting and include a report of management on our internal controls in our annual reports on Form 10-K. In addition, we will be required to have our independent registered public accounting firm attest to the effectiveness of our internal controls over financial reporting pursuant to Auditing Standard No. 5. Under current rules, we will be subject to these requirements beginning with our annual report on Form 10-K for the fiscal year ending December 31, 2010. If we are unable to conclude that we have effective internal controls over financial reporting, or if our registered public accounting firm is unable to provide us with an attestation and an unqualified report as to the effectiveness of our internal controls over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our common stock.

Provisions in our certificate of incorporation and bylaws, of Delaware corporate law and of state and Canadian insurance law may prevent or delay an acquisition of us, which could decrease the trading price of our common stock.

Our certificate of incorporation and bylaws will contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions will include:

- a board of directors that is divided into three classes with staggered terms;

- after Citi ceases to own a majority of our voting stock, action by written consent of stockholders may only be taken by holders of all our shares of common stock;
- rules regarding how our stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of our board of directors to issue preferred stock without stockholder approval; and
- after Citi ceases to own a majority of our voting stock, limitations on the right of stockholders to remove directors.

Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock. For more information, please read the section entitled "Description of Capital Stock — Anti-Takeover Effects of Provisions of Our Certificate of Incorporation and Bylaws, and of Delaware Law." We believe that these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in our best interests and that of our stockholders.

The insurance laws and regulations of Massachusetts, the jurisdiction in which our principal insurance subsidiary, Primerica Life, is organized, may delay or impede a business combination involving us. The Massachusetts Insurance Law prohibits any person from acquiring control of us, and thus indirect control of Primerica Life, without the prior approval of the Massachusetts Commissioner of Insurance. That law presumes that control exists where any person, directly or indirectly, owns, controls, holds the power to vote or holds proxies representing 10% or more of our outstanding voting stock, unless the Massachusetts Commissioner, upon application, determines otherwise. Even persons who do not acquire beneficial ownership of more than 10% of the outstanding shares of our common stock may be deemed to have acquired such control, if the Massachusetts Commissioner determines that such persons, directly or indirectly, exercise a controlling influence over our management or our policies. Therefore, any person seeking to acquire a controlling interest in us would face regulatory obstacles which may delay, deter or prevent an acquisition that stockholders might consider in their best interests. New York, the domiciliary jurisdiction of NBLIC, has similar insurance laws regarding a change of control. Moreover, under Canadian federal insurance law, the consent of the Minister of Finance is required in order for anyone to acquire direct or indirect control, including control in fact, of our Canadian insurance subsidiary, Primerica Life Canada, or to acquire, directly or through any controlled entity or entities, a significant interest (*i.e.*, more than 10%) of any class of its shares. These laws could also delay or impede a business combination involving us that some or all of our stockholders might consider to be desirable.

We currently intend to pay a modest dividend on our common stock; consequently, your ability to achieve a return on your investment will primarily depend on appreciation in the price of our common stock.

We currently anticipate paying a quarterly cash dividend on our common stock of $ per share. Returns on your investment will primarily depend on the appreciation, if any, in the price of our common stock. We anticipate that we will retain most of our future earnings, if any, for use in the development and expansion of our business and for general corporate purposes. The determination of whether to pay such a dividend or to increase such dividend on our common stock in the future will be at the discretion of our board of directors and will be dependent on a variety of factors, including our financial condition, earnings, legal requirements and other factors that the board of directors deems relevant.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Investors are cautioned that certain statements contained in this document as well as some statements in periodic press releases and some oral statements made by our officials and their respective subsidiaries during our presentations are "forward-looking" statements. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements, and may contain the words "expect," "intend," "plan," "anticipate," "estimate," "believe," "will be," "will continue," "will likely result," "may increase," "may fluctuate" and similar expressions, or future conditional verbs such as "will," "should," "would," and "could." In addition, any statement concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible actions taken by us or our subsidiaries, which may be provided by our management teams, are also forward-looking statements. These forward-looking statements involve external risks and uncertainties, including, but not limited to, those described under the section entitled "Risk Factors."

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to a variety of risks and uncertainties, many of which are beyond the control of our management team, which could cause our actual results to differ materially from those anticipated or projected or cause a significant reduction in the market price of our common stock. These risks and uncertainties include, among others:

- our failure to continue to attract numbers of new recruits, retain sales representatives and maintain the licensing of our sales representatives;
- our violation of, non-compliance with or subjection to certain laws and regulations, including with respect to our distribution practices;
- changes to the independent contractor status of our sales representatives;
- our sales representatives' violation of, non-compliance with or subjection to certain laws and regulations;
- our failure to protect the confidentiality of client information;
- differences between our actual experience and our expectations regarding mortality, deferred acquisition costs or persistency as reflected in the pricing for our insurance policies;
- the occurrence of a catastrophic event;
- the failure of our investment and savings products to remain competitive with other investment options or the loss of our relationship with companies that offer mutual fund and variable annuity products;
- changes in, or non-compliance with, federal and state legislation and regulation, including with respect to our insurance, securities and loan businesses;
- failure to meet RBC standards or other minimum capital and surplus requirements;
- a downgrade or potential downgrade in our insurance subsidiaries' financial strength ratings;
- the effects of credit deterioration and interest rate fluctuations on our portfolio;
- incorrectly valuing our investments;
- inadequate or unaffordable reinsurance or the failure of our reinsurers to perform their obligations;
- the failure by Citi to perform its obligations under our coinsurance agreements;
- the continuation of the effects of the recent economic crisis and stringent lending credit policies;
- the loss of our Citi-affiliated mortgage lenders;
- new loan licensing requirements for our sales representatives;
- a discontinuation of custodial or recordkeeping services;
- inadequate policies and procedures regarding suitability review of client transactions;

- failure or challenge of our sales force's support tools;
- the inability of our subsidiaries to pay dividends or make distributions;
- our ability to generate a sufficient amount of capital;
- fluctuations in currency exchange rates;
- our non-compliance with the covenants of the Citi note;
- legal and regulatory investigations and actions concerning us or our sales representatives;
- the competitive environment;
- the loss of key personnel;
- the failure of our information technology systems, breach of our security or failure of our business continuity plan;
- conflicts of interests due to control of our company by Citi and the limited liability of our directors and officers for breach of fiduciary duty;
- engagement by Citi in the same type of businesses that we conduct;
- arrangements with Citi that may not be sustained at the same level as when we were controlled by Citi;
- historical combined and pro forma financial data may not be reliable indicator of future results;
- charges in connection with this offering and incremental costs as a stand-alone public company, including with respect to internal controls over financial reporting;
- the sale by Citi of a controlling interest in our company to a third party in a private transaction;
- limitations on our business activities due to banking regulations for so long as we are controlled by Citi; and
- substantial fluctuation in the price of our common stock, the absence of an active trading market for our common stock or the future sale of our common stock or the perception that such a sale could occur.

Developments in any of these areas, which are more fully described elsewhere in this prospectus, could cause our results to differ materially from results that have been or may be anticipated or projected which could cause actual results to differ materially from those anticipated or projected or cause a significant reduction in the market price of our common stock and impair your ability to sell shares of our common stock at an attractive price.

USE OF PROCEEDS

We will not receive any proceeds from the sale of shares of our common stock being offered hereby. All of the net proceeds will be received by Citi.

DIVIDEND POLICY

We are a holding company, and we have no operations. Prior to the corporate reorganization to be effected before the completion of this offering, we will have no material assets or liabilities. Immediately following such reorganization, we will be a holding company, and our primary asset will be the capital stock of our operating subsidiaries and our primary liability will be the Citi note. The states in which our insurance subsidiaries are domiciled impose certain restrictions on our insurance subsidiaries' ability to pay dividends to us. These restrictions are based in part on the prior year's statutory income and surplus. In general, dividends up to specified levels are considered ordinary and may be paid without prior approval. Dividends in larger amounts are considered extraordinary and are subject to approval by the insurance commissioner of the state of domicile. No assurance is given that more stringent restrictions will not be adopted from time to time by states in which our insurance subsidiaries are domiciled, and such restrictions could have the effect, under certain circumstances, of significantly reducing dividends or other amounts payable to us by our subsidiaries without affirmative prior approval by state regulatory authorities. In addition, in the future, we may become subject to debt instruments or other agreements that limit our ability to pay dividends. Please see the section entitled "Business — Regulation — Insurance Regulation — Insurance Holding Company Regulation; Limitations on Dividends."

During the nine months ended September 30, 2009 and the years ended December 31, 2008 and 2007, we paid dividends to Citi (none of which was considered extraordinary), including the return of capital, of $38.5 million, $436.2 million and $336.1 million, respectively.

We initially expect to pay quarterly cash dividends to holders of our common stock of $ per share, subject to the discretion of our board of directors and dependent on a variety of factors, including our financial condition, earnings, legal requirements and other factors that the board of directors deems relevant. Our payment of cash dividends will be at the discretion of our board of directors in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs and plans for growth. Under Delaware law, we can only pay dividends either out of "surplus," which is defined as total assets at fair market value minus total liabilities, minus the aggregate par value of our outstanding stock, or out of the current or the immediately preceding year's earnings. Therefore, no assurance is given that we will pay any dividends to our common stockholders, or as to the amount of any such dividends if our board of directors determines to do so.

Prior to completion of this offering, we will distribute all of the issued and outstanding capital stock of Prime Reinsurance Company to Citi. We will also pay a dividend to Citi prior to the completion of this offering, comprised of $ million of cash and invested assets with a fair value of approximately $ billion as of December 31, 2009. Please see the section entitled "Certain Relationships and Related Party Transactions — Relationship with Citi Following this Offering — Citi Reinsurance Transactions."

DILUTION

Our net tangible book value as of September 30, 2009 was approximately $, or $ per share, assuming shares of our common stock were issued and outstanding at such date. Net tangible book value per share represents:

- total assets less intangible assets;
- reduced by our total liabilities; and
- divided by the number of shares of our common stock outstanding.

Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers of our common stock in this offering and the net tangible book value per share immediately following this offering.

After giving effect to the Transactions and after deducting estimated offering expenses payable by us, our pro forma net tangible book value as of September 30, 2009 would have been approximately $, or $ per share. This represents an immediate dilution of $ per share to investors purchasing shares of our common stock in this offering. The following table illustrates this dilution per share:

	As of Sept. 30, 2009
Net tangible book value per share	$
Pro forma adjustments per share(1)	$
Pro forma net tangible book value per share(1)	$
Assumed initial public offering price per share	$
Dilution per share to new investors	$

(1) Pro forma for the Transactions

Immediately prior to this offering, we will issue shares of our common stock to our directors, officers and certain employees and shares of our common stock to our sales force leaders, representing an aggregate of % of our outstanding common stock. In addition, certain unvested equity awards held by our employees and sales representatives under Citi's equity compensation plan will be converted into Primerica equity awards. Because these shares of common stock will be issued or converted in connection with this offering and are assumed to be issued and outstanding for purposes of this prospectus, there will not be any dilution to investors in this offering relating to such stock issuances. However, we also intend to allocate for future grants to our employees up to shares of our common stock, or % of our common stock outstanding immediately following the completion of this offering. To the extent that we issue any such shares of our common stock or issue options to purchase our common stock that are subsequently exercised, there will be further dilution to investors in this offering. Please see the section entitled "Management — Omnibus Incentive Plan."

CAPITALIZATION

Set forth below are our cash and cash equivalents and our capitalization as of September 30, 2009:

- on a historical basis; and
- on a pro forma basis to give effect to the Transactions as if each such transaction had occurred on September 30, 2009.

The information presented below should be read in conjunction with the sections entitled "Selected Historical Combined Financial Data," "Pro Forma Combined Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical combined financial statements and related notes included elsewhere in this prospectus.

	As of September 30, 2009	
	Actual	Pro Forma
	(in millions)	
Cash and cash equivalents	$ 580.1	$
% note payable to Citi	$ —	$
Stockholder's equity:		
Common stock, authorized — shares and shares, issued and outstanding — shares and shares, on an actual and pro forma basis; par value $0.01 per share(1)		
Preferred stock, authorized — shares and shares, issued and outstanding — no shares on an actual and pro forma basis; par value $0.01 per share	—	
Additional paid-in capital	1,097.8	
Retained earnings	3,683.7	
Accumulated other comprehensive income (loss)	149.8	
Total stockholder's equity	$ 4,931.3	$
Total capitalization	$ 4,931.3	$

(1) At September 30, 2009, shares of issued and outstanding common stock on a pro forma basis were subject to vesting and forfeiture provisions. Please see the section entitled "Management — Omnibus Incentive Plan."

SELECTED HISTORICAL COMBINED FINANCIAL DATA

The selected historical combined income statement data for the years ended December 31, 2008, 2007, 2006 and 2005 and the selected historical balance sheet data as of December 31, 2008, 2007, 2006 and 2005 presented below have been derived from our audited combined financial statements. The selected historical combined income statement data for the nine months ended September 30, 2009 and 2008 and the selected historical combined balance sheet data as of September 30, 2009 have been derived from our unaudited condensed combined financial statements included in this prospectus. In the opinion of management, the unaudited financial statements provided herein have been prepared on substantially the same basis as the audited combined financial statements and reflect all normal and recurring adjustments necessary for a fair statement of the information for the periods presented.

All financial data presented in this prospectus have been prepared in accordance with GAAP. The selected historical combined financial data may not be indicative of our revenues, expenses, assets and liabilities that would have existed or resulted if we had operated independently of Citi.

The Transactions will result in financial results that are materially different from those reflected in the historical combined financial data that appear in this prospectus. For an understanding of pro forma financial data taking into account, among other things, the Transactions, please see the section entitled “Pro Forma Combined Financial Statements.”

Due to a change in our DAC and reserve estimation approach implemented as of December 31, 2008, our results of operations for the year ended December 31, 2008 are not directly comparable to our results for other fiscal years and our results of operations for the nine months ended September 30, 2009 are not directly comparable to our results of operations for the nine months ended September 30, 2008. For information about this change, please see the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Change in DAC and reserve estimation approach.”

You should read the following selected historical combined financial data in conjunction with the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Pro Forma Combined Financial Statements" and our combined financial statements and related notes thereto included elsewhere in this prospectus. The selected historical combined financial data are not necessarily indicative of the financial position or results of operations as of any future date or for any future period. Our financial condition and financial results as of dates and for periods following the Transactions will be materially different from the amounts reflected in the selected historical combined financial data.

	Nine Months Ended September 30,		Year Ended December 31,			
	2009	2008	2008(1)	2007	2006	2005
			(in thousands)			
Income statement data						
Revenues						
Direct premiums	$ 1,577,364	$ 1,562,359	$ 2,092,792	$ 2,003,595	$ 1,898,419	$ 1,808,992
Ceded premiums	(450,736)	(425,239)	(629,074)	(535,833)	(496,061)	(448,815)
Net premiums	1,126,628	1,137,120	1,463,718	1,467,762	1,402,358	1,360,177
Net investment income	260,876	232,288	314,035	328,609	318,853	319,360
Commissions and fees	246,685	374,449	466,484	545,584	486,145	489,763
Other, net	39,083	41,947	56,187	41,856	37,962	44,916
Realized investment (losses) gains	(31,473)	(59,741)	(103,480)	6,527	8,746	32,821
Total revenues	1,641,799	1,726,063	2,196,944	2,390,338	2,254,064	2,247,037
Benefits and Expenses						
Benefits and claims	451,825	455,526	938,370	557,422	544,556	567,089
Amortization of deferred policy acquisition costs	273,759	240,837	144,490	321,060	284,787	269,775
Insurance commissions	23,425	18,188	23,932	28,003	26,171	19,841
Insurance expenses	115,771	121,084	141,331	137,526	126,843	128,391
Sales commissions	120,755	200,926	248,020	296,521	265,662	249,203
Goodwill impairment(2)	—	—	194,992	—	—	—
Other operating expenses	95,280	119,783	152,773	136,634	127,849	126,627
Total benefits and expenses	1,080,815	1,156,344	1,843,908	1,477,166	1,375,868	1,360,926
Income before income taxes	560,984	569,719	353,036	913,172	878,196	886,111
Income taxes	192,476	195,329	185,354	319,538	276,244	292,695
Net income	$ 368,508	$ 374,390	$ 167,682	$ 593,634	$ 601,952	$ 593,416

	As of September 30, 2009	As of December 31,			
		2008	2007	2006	2005
			(in thousands)		
Balance sheet data					
Investments	$ 6,308,580	$ 5,355,458	$ 5,494,495	$ 5,583,813	$ 5,571,928
Cash and cash equivalents	580,116	302,354	625,350	239,103	70,644
Deferred policy acquisition costs, net	2,797,269	2,727,422	2,510,045	2,408,444	2,298,131
Total assets	12,971,585	11,161,133	12,176,049	11,096,167	10,378,930
Future policy benefits	4,161,925	4,023,009	3,650,192	3,616,930	3,512,464
Total liabilities	8,040,279	7,049,147	7,396,084	6,612,702	6,078,305
Stockholder's equity	4,931,306	4,111,986	4,779,965	4,483,465	4,300,625

(1) Includes a $191.7 million pre-tax charge due to a change in our deferred policy acquisition costs and reserve estimation approach implemented as of December 31, 2008. For additional information, please see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Change in DAC and reserve estimation approach."

(2) Goodwill impairment charge resulting from impairment testing as of December 31, 2008. For additional information, please see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Goodwill."

PRO FORMA COMBINED FINANCIAL STATEMENTS

The following pro forma combined financial statements are intended to provide you with information about how the transactions described therein might have affected our combined financial statements if they had been consummated at an earlier time. The pro forma combined financial statements do not necessarily reflect our financial position or results of operations that would actually have resulted had the transactions described therein occurred as of the dates indicated, nor should they be taken as necessarily indicative of our future financial position or results of operations.

Concurrent with this offering, we are implementing the following transactions:

- Prime Reinsurance Company will be formed as a wholly owned subsidiary of Primerica Life and capitalized with $ million of cash and invested assets;
- we will enter into a series of coinsurance agreements with Prime Reinsurance Company and other Citi subsidiaries;
- we will transfer to the Citi reinsurers the account balances in respect of the coinsured policies and approximately $ billion of cash and invested assets to support the statutory benefit reserves assumed by the Citi reinsurers, and will distribute all of the issued and outstanding common stock of Prime Reinsurance Company to Citi;
- we will make a distribution to Citi of approximately $_____ million of cash and invested assets;
- we will effect a reorganization in which Citi will transfer all of the issued and outstanding stock of the companies that comprise our business to us in exchange for shares of our common stock and the $ million Citi note due on bearing interest at an annual rate of %;
- we will issue equity awards for shares of our common stock to our directors, officers and certain of our employees and sales force leaders; and
- we intend that certain unvested equity awards held by our employees and sales representatives under Citi's equity compensation plans will be converted into Primerica equity awards.

Set forth below are our pro forma combined financial statements as of and for the nine months ended September 30, 2009:

- on a historical basis; and
- on a pro forma basis to give effect to the Transactions.

Our pro forma combined statements of operations for the nine months ended September 30, 2009 are presented as if the transactions described above had occurred on January 1, 2008. The September 30, 2009 pro forma combined balance sheet is presented as if these transactions occurred on September 30, 2009.

The following items are not reflected in the pro forma combined financial statements:

- incremental costs or charges associated with becoming a publicly-traded company operating separately from Citi, which are estimated to be approximately $ million annually;
- elections under Section 338(h)(10) of the Internal Revenue Code with respect to Citi's transfer of all of the issued and outstanding stock of our domestic corporate subsidiaries to Primerica, Inc., which would result in a $ million change in our deferred tax liability assuming this offering is completed at the midpoint of the estimated price range set forth on the cover page of this prospectus; and
- estimated non-cash compensation charges of approximately $ million as a result of the grant and conversion of equity awards to certain of our employees and our sales force leaders in connection with this offering.

During the nine months ended September 30, 2009, we benefited from volume purchasing arrangements as a wholly owned subsidiary of Citi. Pursuant to our transition services agreement with Citi, we expect to continue to benefit from such volume purchasing arrangements on substantially the same terms through the duration of the transition services agreement, subject to the terms of the transition services agreement and Citi's agreements with such third party vendors that govern such volume purchasing arrangements.

You should read the following pro forma combined financial statements in conjunction with the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and "Selected Historical Combined Financial Data" and our combined financial statements and related notes thereto included elsewhere in this prospectus.

Pro Forma Balance Sheet

As of September 30, 2009

	Actual	Adjustments for the Citi Reinsurance Transactions(1)	Adjustments for the Reorganization and the Concurrent Transactions	Pro Forma
		(in thousands)		
Assets				
Investments	$ 6,308,580	$ (A)	$ (N)	$
Cash and cash equivalents	580,116		(O)	
Accrued investment income	73,124			
Premiums and other receivables	180,657			
Due from reinsurers	849,665	(B)		
Due from affiliates	2,286			
Deferred policy acquisition costs, net (DAC)	2,797,269	(C)		
Intangible assets	79,780			
Income tax recoverable	—			
Other assets	66,989	(D)		
Separate account assets	2,033,119			
Total assets	$12,971,585	$	$	$
Liabilities				
Future policy benefits	$ 4,161,925	$	$	$
Unearned premiums	3,350			
Policy claims and other benefits payable	223,722			
Other policyholders' funds	370,545			
Current income tax payable	65,352			
Deferred income taxes	808,015	(E)		
Due to affiliates	44,678			
Other liabilities	329,573			
Separate account liabilities	2,033,119			
% Note payable to Citi	—		(P)	
Total liabilities	$ 8,040,279	$	$	$
Stockholder's equity				
Paid-in capital	1,097,843		(R)	
Retained earnings	3,683,697		(O)(P)	
Accumulated other comprehensive income, net of income taxes	149,766	(F)		
Total stockholder's equity	4,931,306			
Total liabilities and stockholder's equity	$12,971,585	$	$	$

See accompanying notes to the pro forma combined financial statements.

Pro Forma Statement of Operations

Nine Months Ended September 30, 2009

	Actual	Adjustments for the Citi Reinsurance Transactions(1)	Adjustment for the Reorganization and the Concurrent Transactions	Pro Forma
	(unaudited)	(in thousands, except share and per share amounts)		
Revenues				
Direct premiums	$1,577,364	$	$	$
Ceded premiums	(450,736)	(G)		
Net premiums	1,126,628			
Net investment income	260,876	(H)		
Commissions and fees	246,685			
Other, net	39,083			
Realized investment gains (losses)	(31,473)			
Total revenues	$1,641,799	$	$	$
Benefits and Expenses				
Benefits and claims	451,825	(I)		
Amortization of DAC	273,759	(J)		
Insurance commissions	23,425	(K)		
Insurance expenses	115,771	(K)		
Sales commissions	120,755			
Interest expense	—	(L)	(Q)	
Other operating expenses	95,280			
Total benefits and expenses	1,080,815			
Income (loss) before income taxes	560,984			
Income taxes	192,476	(M)	(Q)	
Net income (loss)	$ 368,508	$	$	$
Share data(R)				
Earnings per share				
Basic	$	$	$	$
Diluted				
Weighted average shares outstanding				
Basic				
Diluted				

See accompanying notes to the pro forma combined financial statements.

Adjustments for the Citi reinsurance transactions.

(1) We account for reinsurance under the provision of SFAS No. 113, "*Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts*" ("SFAS No. 113"). We believe that three of the Citi coinsurance agreements, which we refer to as the risk transfer agreements, will satisfy the risk transfer rules of SFAS 113. Under the risk transfer agreements, we will cede between 80% and 90% of our term life future policy benefit reserves and transfer a corresponding amount of invested assets (at carrying value) to the Citi reinsurers. Under GAAP, we are not permitted to reduce the future policy benefit reserves on our books, but rather we will record an asset for the same amount of risk transferred under the line item caption "due from reinsurers." We will also reduce deferred policy acquisition costs recorded on our books by between 80% and 90%, which will reduce future amortization expenses. In addition, we will transfer between 80% and 90% of all future premiums and benefits and claims associated with these policies to the Citi reinsurers. One coinsurance agreement, which we refer to as the deposit agreement, relates to a 10% transaction that includes an experience refund provision, will not satisfy risk transfer rules under SFAS 113. As such, this contract will be accounted for under GAAP using the deposit method of accounting. Under deposit accounting, the amount we pay to the reinsurer will be treated as a deposit and will be reported on the balance sheet as an asset under the line item caption "other assets." We will receive ongoing ceding allowances to cover policy and claims administration under each of these reinsurance contracts.

(A) Reflects the fair value of invested assets transferred to the Citi reinsurers under the Citi coinsurance agreements. (See notes F and H)

(B) Reflects future policy benefit reserves ceded to the Citi reinsurers under the risk transfer agreements. Under GAAP, we are required to report such amounts as due from reinsurers rather than offsetting future policy benefits.

(C) Reflects a reduction in our term life DAC balance equal to the Citi reinsurers' percentage of DAC on policies in-force as of the balance sheet date that are subject to the risk transfer agreements.

(D) Reflects the deposit we paid to the Citi reinsurer under the deposit agreement. (See note M)

(E) Reflects the reduction of the deferred tax liability, which is primarily associated with the reduction in our term life DAC balance resulting from the risk transfer agreements, calculated at an assumed 35% effective tax rate.

(F) Reflects an adjustment to unrealized gains (losses) associated with the transfer of invested assets to the Citi reinsurers. (See notes A and H)

(G) Reflects premiums ceded to the Citi reinsurers under the risk transfer agreements. This amount represents the Citi reinsurers' percentage of net premiums earned on policies in-force as of the opening balance sheet date.

(H) Reflects net investment income on invested assets transferred to the Citi reinsurers. (See notes F and A)

(I) Reflects benefits and claims ceded to the Citi reinsurers. This amount reflects the Citi reinsurers' percentage of benefits and claims incurred on policies in-force as of the opening balance sheet date that are subject to the risk transfer agreements.

(J) Reflects the Citi reinsurers' percentage of DAC amortization on policies in-force as of the opening balance sheet date that are subject to the risk transfer agreements.

(K) Reflects an expense allowance from the Citi reinsurers to us.

(L) Reflects a finance charge payable to the Citi reinsurer in respect of the deposit agreement. The annual finance charge is % of our excess reserves. Excess reserves are equal to the difference between our required statutory reserves and the amount we determine is necessary to satisfy obligations under our in-force policies, which is referred to as our "economic reserves." (See note D)

(M) Income tax benefit associated with the net recurring cost of the Citi coinsurance agreements.

Adjustments for the reorganization and the concurrent transactions.

(N) Reflects the initial capitalization of Prime Reinsurance Company.

(O) Reflects cash dividends paid to Citi.

(P) Reflects issuance of a $ million % note payable to Citi.

(Q) Reflects interest incurred on the $ million note to Citi, as well as the associated reduction in income tax expense.

(R) Reflects common stock to be issued to Citi in respect of the transfer of the subsidiaries that comprise our business to us.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited and unaudited combined financial statements and related notes as well as our unaudited pro forma combined financial statements included elsewhere in this prospectus. Except to the limited extent indicated below, the following discussion and analysis of our financial condition and results of operations covers periods prior to the consummation of the Transactions described elsewhere in this prospectus and does not reflect the effect those Transactions will have on our financial condition and results of operations in future periods. The Transactions we are effecting concurrently with this offering will result in financial results which are materially different from those reflected in the combined financial statements that appear in this prospectus. For an understanding of pro forma financial information taking into account the Transactions, please see the section entitled "Pro Forma Combined Financial Statements." This discussion contains forward-looking statements that constitute our plans, estimates and beliefs. These forward-looking statements involve numerous risks and uncertainties, including those discussed below and elsewhere in this prospectus in the section entitled "Risk Factors." Actual results may differ materially from those contained in any forward-looking statements.

The Transactions

Prior to completion of this offering, we will enter into coinsurance agreements with three affiliates of Citi, which we refer to in this prospectus as the "Citi reinsurance transactions." Under these agreements, we will cede between 80% and 90% of the risks and rewards of our term life insurance policies that will be in-force at December 31, 2009. The Citi reinsurance transactions will reduce the amount of our capital and will result in a substantial reduction in our insurance exposure. We will retain our operating platform and infrastructure and continue to administer all policies subject to these coinsurance agreements.

Currently, as a mature company, our aggregate recurring net premium revenues are reduced every reporting period as policies reach the end of their terms or lapse and we must sell a large number of new policies just to replace these lost premium revenues. However, because our base of net premium revenues associated with our in-force book following the Citi reinsurance transactions and this offering will be much smaller than it is today, our sale of new policies (which will not be ceded to Citi) at or even below historical levels would be expected to result in significant net increases in our net premium revenues, particularly in the near term. The rate of revenue and earnings growth in periods following the Citi reinsurance transactions would be expected to decelerate with each successive financial period as our base of net premium revenues grows and the incremental sales that are not subject to the Citi reinsurance transactions have a decreased marginal effect on the size of the then-existing in-force book.

Prior to this offering, the following transactions will be effected, which we refer to as the Transactions:

- Prime Reinsurance Company will be formed as a wholly owned subsidiary of Primerica Life and capitalized with $ million of cash and invested assets;
- we will enter into a series of coinsurance agreements with Prime Reinsurance Company and other Citi subsidiaries;
- we will transfer to the Citi reinsurers the account balances in respect of the coinsured policies and approximately $ billion of cash and invested assets to support the statutory benefit reserves assumed by the Citi reinsurers, and will distribute all of the issued and outstanding common stock of Prime Reinsurance Company to Citi;
- we will make a distribution of approximately $_____ million of cash and invested assets;

- we will effect a reorganization in which Citi will transfer all of the issued and outstanding stock of the companies that comprise our business to us in exchange for shares of our common stock and the $ million Citi note due on bearing interest at an annual rate of %;
- we will issue equity awards for shares of our common stock to our directors, officers and certain of our employees, and sales force leaders; and
- we intend that certain unvested equity awards held by our employees and sales representatives under Citi's equity compensation plans will be converted into Primerica equity awards.

Overview

Our business

We are a leading distributor of financial products to middle income households in North America with approximately 100,000 licensed sales representatives. We assist our clients to meet their needs for term life insurance, which we underwrite, and mutual funds, variable annuities and other asset protection products, which we distribute primarily on behalf of third parties. We have two primary operating segments: Term Life Insurance and Investment and Savings Products.

- **Term Life Insurance.** We distribute term life insurance products in North America that we originate through our three life insurance company subsidiaries, Primerica Life, NBLIC and Primerica Life Canada. Investment income earned on assets supporting our required statutory reserves and targeted capital is allocated to our Term Life Insurance segment.
- **Investment and Savings Products.** We distribute mutual funds, variable annuities and segregated funds. In the United States, we distribute mutual fund products of several third party mutual fund companies and variable annuity products of MetLife and its affiliates. In Canada, we offer our own Primerica-branded mutual funds, funds of well-known mutual fund companies and segregated funds underwritten by Primerica Life Canada. Revenues associated with these products are comprised of commissions and fees earned at the time of sale, fees based on the asset values of client accounts and administrative and custodial fees charged on a per-account basis.

We also have a Corporate and Other Distributed Products segment, which consists primarily of revenues and expenses related to other distributed products, including loans, various insurance products and prepaid legal services. These products are distributed pursuant to distribution arrangements with third parties, except for certain life and disability insurance products underwritten by us that are not distributed through our sales force. In addition, our Corporate and Other Distributed Products segment includes unallocated corporate income and expenses, and realized gains and losses on our invested asset portfolio.

The table below reflects the profit and loss of each of our operating segments and the relative contribution of each segment to our combined revenues and benefits and expenses for the nine months ended September 30, 2009, on an actual and pro forma basis after giving effect to the Transactions, and for the year ended December 31, 2008 on an actual basis.

	Nine Months Ended September 30, 2009				Year Ended December 31, 2008	
	Actual		Pro Forma		Actual	
	$	%	$	%	$	%
	(dollars in thousands)					
Term Life Insurance(1)						
Revenue	$ 1,312,246	80%			$ 1,682,852	77%
Benefits and expenses	802,268	74%			1,161,203	63%
Segment income (loss) before income taxes	$ 509,978				$ 521,649	
Investment and Savings Products						
Revenue	$ 217,186	13%			$ 386,508	18%
Benefits and expenses	149,880	14%			261,345	14%
Segment income (loss) before income taxes	$ 67,306				$ 125,163	
Corporate and Other Distributed Products						
Revenue	$ 112,367	7%			$ 127,584	6%
Benefits and expenses(2)	128,667	12%			421,360	23%
Segment income (loss) before income taxes	$ (16,300)				$ (293,776)	
Total						
Revenue	$ 1,641,799	100%			$ 2,196,944	100%
Benefits and expenses	1,080,815	100%			1,843,908	100%
Net income (loss) before income taxes	$ 560,984				$ 353,036	

(1) Includes $191.7 million pre-tax charge due to a change in our deferred policy acquisition costs and reserve estimation approach implemented as of December 31, 2008.
(2) Goodwill impairment charge resulting from impairment testing as of December 31, 2008.

Business Trends and Conditions

As a financial services company, the relative strength and stability of North American financial markets and economies affects our profitability. Our business is, and we expect will continue to be, influenced by a number of industry-wide and product-specific trends and conditions.

Economic and financial market conditions in North America deteriorated throughout 2008, accelerating in the second half, and early 2009. Declining business and consumer confidence, rising unemployment, concerns over inflation, the lack of available credit, the collapse of the U.S. mortgage market and a declining real estate market in the United States contributed to an economic slowdown and severe recession. Credit markets experienced reduced liquidity, higher volatility and widening credit spreads across numerous asset classes as the financial markets grappled with dramatic increases in counterparty risk and rising default rates. The failure or near failure of a number of large financial service companies resulted in government intervention. Downgrades in ratings and a weakening of the overall economy during such periods all contributed to illiquidity and declining asset values.

These challenging market and economic conditions and rising unemployment levels influenced, and will continue to influence, investment and spending decisions by middle income consumers. Sales and the value of consumer investment products across a wide spectrum of asset classes, as well as consumer spending and

borrowing levels, declined precipitously during the financial crisis. Although our operations remained profitable through these challenging times, we were not immune to these macro economic trends and market forces affecting our industry. These conditions have had and will continue to have an adverse effect on our operations and prospects, which are summarized below.

Term life insurance products. Sales volume of our term life insurance products has remained stable. For example, we issued 173,255 and 241,173 new policies for the nine months ended September 30, 2009 and the year ended December 31, 2008, respectively, as compared to 182,868 and 244,733 new policies for the nine months ended September 30, 2008 and the year ended December 31, 2007, respectively. Despite this stability with respect to new policy sales, we experienced a slight decline in the average face amount of our newly-issued policies and higher lapse rates for our in-force term life insurance policies. We believe these trends stem primarily from economic hardship as middle income families seek to conserve cash and reduce expenses.

Sales of investment and savings products. We experienced reduced demand for our investment and savings products as a result of volatility and uncertainty in the equity markets. Sales of investment and savings products were $2.2 billion and $4.5 billion for the nine months ended September 30, 2009 and the year ended December 31, 2008, respectively, as compared to $3.6 billion and $5.2 billion for the nine months ended September 30, 2008 and the year ended December 31, 2007, respectively.

Decline in asset values. A significant percentage of revenues in our Investment and Savings Products segment are derived from commission and fee revenues that are based on the value of assets in client accounts. These assets are invested in diversified funds comprised primarily of U.S. and Canadian equity securities. As equity markets fell dramatically in the second half of 2008, the value of these portfolios declined significantly and redemption rates increased, which adversely affected our revenues from these sources. For example, the average value of assets in client accounts was $25.6 billion for the nine months ended September 30, 2009 as compared to $34.5 billion for the comparable period in 2008, a decline of 26%.

Invested asset portfolio losses. We experienced significant realized and unrealized losses on our invested asset portfolio, consisting primarily of asset-backed and corporate debt securities. Our corporate bond portfolio experienced a significant decline in value due to ratings downgrades and credit concerns and our mortgage-backed securities portfolio became increasingly illiquid through the second half of 2008 and early 2009, resulting in declines in carrying values and other-than-temporary impairment charges. These trends reversed during the second and third fiscal quarters of 2009, with strengthening market conditions substantially reducing our unrealized losses as of September 30, 2009. Following this offering, our pro forma invested asset portfolio will be substantially smaller than our current portfolio and will be comprised of a different mix of invested assets. For additional information about our pro forma invested asset portfolio, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Investments” below.

Tightening of credit. As the financial sector experienced mounting investment losses and increasing default rates on mortgage loans and asset-backed securities in 2008 and early 2009, the banking industry experienced a severe contraction in consumer lending. Credit and underwriting standards have tightened significantly across the industry, including at Citi, which currently originates the loans that we distribute. These tighter credit and underwriting standards have made it difficult for our middle income clients to qualify for loans, which has adversely affected our sales of these products. In addition, more stringent licensing requirements for the sale of mortgage loan products have been imposed under the recently-adopted SAFE Act, which will continue to reduce the size of our sales force eligible to distribute loan products in the United States. We experienced a significant decline in the sale of loan products in recent periods. For the nine months ended September 30, 2009, sales of loan products declined $2.1 billion, or 57%, to $1.6 billion from $3.7 billion for the nine months ended September 30, 2008. For the year ended December 31, 2008, sales of loan products declined $0.7 billion, or 14%, to $4.4 billion from $5.1 billion for the year ended December 31, 2007. Although these products did not significantly contribute to our historical earnings, they were an important source of our sales force compensation.

Reinsurance. Due to our extensive use of reinsurance, we are exposed to the credit risks of our reinsurers because we remain ultimately liable to policyholders for the full amount of obligations under the policies we underwrite. Despite the collapse and near collapse of several large financial institutions during the financial crisis, we have thus far avoided counterparty defaults under our reinsurance treaties. The majority of our reinsurers have retained strong financial strength ratings; however, two of our reinsurers (Scottish Re (U.S.) Inc., which is under regulatory supervision, and Conseco Health Insurance Company, which has an A.M. Best Financial Strength rating of "B") have financial strength ratings that are well below where they were when we entered into our contracts. In addition, liquidity concerns and overall financial weakness have led to a contraction in various types of reinsurance arrangements, particularly those designed to provide insurers with statutory capital financing. We have not experienced material increases in the cost of our reinsurance arrangements in recent periods, but our costs may increase in the future, particularly if significant industry participants fail or otherwise stop providing the type of reinsurance we use.

Canadian dollar fluctuations. For the nine months ended September 30, 2009 and 2008 we derived approximately 13% and 15% of our revenues, respectively, from our Canadian businesses. For the years ended December 31, 2008, 2007 and 2006, we derived approximately 15%, 13% and 12% of our revenues, respectively, from our Canadian businesses. In recent periods, exchange rate fluctuations have been significant. The exchange rate between the U.S. dollar and the Canadian dollar over those periods fluctuated approximately 34%, from a minimum of 0.788 Canadian dollars per U.S. dollar to a maximum of 1.053 Canadian dollars per U.S. dollar.

Factors Affecting our Results

Term Life Insurance. Our Term Life Insurance segment results are affected by the size and characteristics of our in-force book of term life insurance policies. The size of the in-force book is a function of the sale of new coverages and the number and size of policies that lapse or terminate. Characteristics of the in-force book include the amount and type of applicable coverage and average pricing terms (which are influenced by the average policy size, average issue age of policyholders and underwriting class). Our in-force term insurance policies have "level" premiums for the stated term period, which means the policyholder pays the same amount each year. Initial policy term periods are between 10 and 35 years (with policies with 20-year terms or more accounting for 82% of the policies we issued in 2008) and the average face amount of our in-force policies was approximately $276,000 as of September 30, 2009. Premiums are guaranteed to remain level during the initial term period, up to a maximum of 20 years in the United States. While premiums remain level over the initial term period, our claim obligations generally increase with increases in the age of policyholders. In addition, we incur significant upfront costs in acquiring new insurance business. In accordance with GAAP, our deferral and amortization of policy acquisition costs and reserving methodology are designed to match the recognition of premium revenues with the timing of upfront acquisition costs and the payment of claims obligations, such that profits are realized ratably with the level premiums of the underlying policies.

We believe our Term Life Insurance segment results are primarily driven by the following factors:

- *Sales.* Sales volume affects the size of the in-force book of policies on which we earn premium revenues.
- *Accuracy of our pricing assumptions.* The profitability of our life insurance operations is dependent upon our ability to price policies appropriately for the levels of risk we assume and to recover our client acquisition and administration costs. Our pricing decisions are based on policy characteristics and historical experience regarding persistency and mortality.
- *Reinsurance.* We have used a combination of coinsurance and YRT reinsurance in the past to manage our risk profile. Accordingly, our results for any given fiscal period are significantly influenced by the level, mix and cost of reinsurance employed by us.
- *Investment income.* We allocate investment income to our Term Life Insurance segment each fiscal period based on our required statutory reserves and targeted capital for such period.

- *Expenses.* Term Life Insurance segment results are also affected by variances in client acquisition, maintenance and administration expense levels.

Sales. Sales of new term policies are vital to our results over the long term but do not materially affect our results in the period in which sales are made. Premium revenue is recognized as it is earned over the term of the policy and acquisition expenses are generally deferred and amortized ratably with the level premiums of the underlying policies. However, because we incur significant cash outflows at or about the time policies are issued, including the payment of sales commissions and underwriting costs, changes in life insurance sales volume will have a more immediate effect on our cash flows.

Historically, we have found that while sales volume of term life insurance products between any given fiscal periods may vary based on a variety of factors, the productivity of our individual sales representatives remains within a relatively narrow range and, consequently, our sales volume over the longer term generally correlates to the size of our sales force. The following table sets forth the average number of licensed term life insurance sales representatives and the number of term life insurance policies issued during the periods presented, as well as the average monthly rate of new policies issued per licensed sales representative:

	Nine Months Ended September 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
Average number of term life insurance sales representatives	100,682	98,882	99,361	97,103	96,998
Number of new policies issued	173,295	182,868	241,173	244,733	245,520
Average monthly rate of new policies issued per licensed sales representative	0.19x	0.21x	0.20x	0.21x	0.21x

Our ability to increase the size of our sales force is largely based on the success of our recruiting efforts and our ability to train and motivate recruits to obtain licenses to sell life insurance. We believe that recruitment levels are an important advance indicator of sales force trends, and growth in recruiting is usually indicative of growth in the overall size of the sales force. However, recruiting results do not always result in proportionate increases in the size of our licensed sales force. For example, in the past, spikes in recruitment levels at times have been followed by declines in the percentage of recruits obtaining licenses. In addition, the average time period it takes for a recruit to obtain a license is approximately three months; accordingly, there is an inherent time lag between successful recruiting efforts and consequent increases in the number of licensed sales representatives.

Accuracy of our pricing assumptions. Our pricing methodology is intended to provide us with appropriate profit margins for the risks we assume. We determine pricing classifications based on the coverage sought, such as the size and term of the policy, and certain policyholder attributes, such as age and health. Because we offer unisex rates for our term life insurance policies, our prices do not vary by gender. Our pricing assumptions that underlie our rates are based upon our best estimates of mortality and persistency rates at the time of issuance and expected investment yields, sales force commission rates, issue and underwriting expenses, operating expenses and the characteristics of the insureds, including sex, age, underwriting class, product and amount of coverage. Our results will be affected to the extent there is a variance between our pricing assumptions and actual experience.

Persistency. We use historical experience to estimate pricing assumptions for persistency rates. Persistency is a measure of how long our insurance policies stay in-force. As a general matter, persistency that is lower than our pricing assumptions adversely affects our results over the long term because we lose the recurring revenue stream associated with the policies that lapse. Determining the near-term effects of changes in persistency is more complicated. Under our current future policy benefits (*i.e.,* reserves) and DAC amortization method, when persistency is lower than our pricing assumptions, we must accelerate the amortization of deferred

acquisition costs. The disproportionate increase in amortization expense is offset by a release of reserves associated with lapsed policies, which causes a reduction in benefits and claims expense. The reserves associated with any given policy will change over the term of such policy. As a general matter, reserves are lowest at the inception of a policy term (when claims experience is the lowest) and rise steadily to a peak before declining to zero at the expiration of the policy term. Accordingly, depending on when the lapse occurs in relation to the overall policy term, the reduction in benefits and claims expense may be greater or less than the increase in amortization expense and, consequently, the effects on earnings for a given period could be positive or negative. Persistency levels are meaningful to our results to the extent actual experience deviates from the persistency assumptions used to price our products. Historically, our persistency rates at most policy durations have been stable and higher than pricing assumptions. Since late 2007, our persistency rate has declined at most policy durations, but has generally remained higher than pricing assumptions at later durations. We believe the decline in persistency is primarily attributable to the economic slowdown. However, a portion of this decline is attributable to the fact that we started issuing 20-year term policies in late 1986 and a significant volume of these policies began reaching the end of their initial term during 2007. The volume of policies reaching the end of their initial terms has stabilized, but will continue to cause our aggregate persistency rate to be lower in future periods than historical norms.

Mortality. We use historical experience to estimate pricing assumptions for mortality. Our profitability is affected to the extent actual mortality rates differ from those used in our pricing assumptions. Although we currently mitigate a significant portion of our mortality exposure through reinsurance, we remain exposed to variances between actual mortality experience and our estimates on a significant percentage of our in-force book, particularly legacy policies that were issued prior to our use of YRT reinsurance in 1994. In prior periods, we have benefited significantly from favorable mortality variances on policies in issue years prior to our use of YRT. Since the vast majority of these polices have reached the end of their initial term in recent years these benefits will not be significant in future periods. Another factor influencing our mortality risk is a contract provision in some of our existing policies that permits policyholders to convert to new coverage at the expiration of the policy term without completion of a medical examination and satisfaction of other underwriting criteria applicable to new policies. These converted policies tend to have high mortality experience. In connection with the Citi reinsurance transactions, Citi will be entitled to receive a substantial portion of the net premiums and Citi will assume the obligation to pay policy claims in respect of policies issued pursuant to these conversion features through December 31, 2016. The net premiums and policy claims in respect of policies converted after 2016 will not be for the account of Citi. Variances between actual mortality experience and the assumptions and estimates used by our reinsurers also affect the cost and potentially the availability of reinsurance.

Reinsurance. We use reinsurance extensively, which has a significant effect on our results of operations. In evaluating our comparative results, it is important to understand and consider the relative levels and mix of reinsurance treaties in effect during each of the comparative periods. Prior to 1991, we primarily reinsured on a coinsurance basis approximately 50% of the policies issued each year. Coinsurance is a form of reinsurance under which the reinsurer receives a specified percentage of the direct premiums, pays a specified percentage of claims and benefits, shares in the initial and ongoing maintenance expenses and maintains a proportionate share of the future policy benefit reserves and related assets. In a coinsurance type of reinsurance arrangement, the reinsurer assumes substantially all of the risks and rewards associated with the percentage of the reinsured block of policies subject to the reinsurance treaty, although the primary insurer, known as the “ceding insurer,” remains ultimately liable to policyholders in the event the reinsurer fails to perform its obligations. Accordingly, coinsurance effectively reduces the size of the ceding company’s in-force book in proportion to the percentage of the in-force book subject to coinsurance.

We retained 100% of the risks and rewards of policies issued between January 1992 and June 1994, other than for a small number of policies with a face amount exceeding $1,000,000, for which we reinsured the coverage in excess of such amount.

Since June 1994, we have reinsured between 70% and 90% of the mortality risk on our U.S. term life insurance policies on a YRT basis. We have not generally reinsured the mortality risk on Canadian term life insurance polices, except for policies issued between April 2000 and December 2003. YRT reinsurance permits us to fix future mortality exposure at contractual rates by policy class. To the extent actual mortality experience is more or less favorable than the contractual rate, the reinsurer will earn incremental profits or bear the incremental cost, as applicable. In contrast to coinsurance, which is intended to eliminate all risks (other than counterparty risk of the reinsurer) and rewards associated with a specified percentage of the block of policies subject to the reinsurance arrangement, the YRT reinsurance arrangements we enter into are intended only to reduce volatility associated with variances between estimated and actual mortality rates.

The table below reflects the portion of our term life insurance in-force book subject to YRT and coinsurance reinsurance as a percentage of the total face amount of our in-force block as of the dates presented:

	As of September 30,		As of December 31,		
	2009	2008	2008	2007	2006
Reinsurance					
YRT	61.2%	59.8%	60.7%	58.3%	58.6%
Coinsurance	3.2%	3.8%	3.6%	4.5%	5.5%

The following summarizes the effect of our reinsurance arrangements on ceded premiums and benefits and claims on our combined statement of income:

- *Ceded premiums.* Ceded premiums are the premiums we pay to reinsurers. These amounts are deducted from the direct premiums we earn to calculate our net premium revenues. Similar to direct premium revenues, ceded coinsurance premiums remain level over the initial term of the insurance policy. Ceded YRT premiums increase with increases in the period that the policy has been in-force. Accordingly, ceded YRT premiums constitute an increasing percentage of direct premiums over the policy term.
- *Benefits and claims*. Benefits and claims include incurred claim amounts and changes in future policy benefit reserves. Both coinsurance and YRT reinsurance reduce incurred claims in direct proportion to the percentage ceded. Coinsurance reduces the change in reserves in direct proportion to the ceding percentage. YRT reduces the change in reserves in an increasing amount over time with increases in the period that the policy has been in-force.

Except for the Citi reinsurance transactions, we have no current intention to enter into coinsurance arrangements in the near term. Our legacy coinsurance arrangements will not materially affect our results for periods following this offering. We expect to continue to use YRT reinsurance at or near historical levels. We may alter our reinsurance practices at any time due to the unavailability of YRT reinsurance at attractive rates or the availability of alternatives to reduce our risk exposure.

Reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to us. We, as the insurer, are required to pay the full amount of death benefits even in circumstances where we are entitled to receive payments from the reinsurer. Due to factors such as insolvency, adverse underwriting results or inadequate investment returns, our reinsurers may not be able to pay the reinsurance recoverables they owe to us on a timely basis or at all. Reinsurers might refuse or fail to pay losses that we cede to them or might delay payment. Any such failure to pay by our reinsurers could have a material adverse effect on our business, financial condition and results of operations.

Investment and Savings Products. Results in our Investment and Savings Products segment are driven by sales of mutual funds and variable annuities, the value of assets in client accounts for which we earn ongoing service and distribution fees and the number of fee generating accounts we administer. The table below sets forth the aggregate investment value of sales of investment and savings products, asset values for accounts that generate asset-based revenues and the number of fee-generating accounts for the periods presented:

	Nine Months Ended September 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
Product sales					
Mutual funds	$ 1,316,919	$ 2,310,331	$ 2,808,957	$ 3,432,883	$ 3,155,787
Variable annuities	673,743	897,574	1,157,479	1,297,623	1,103,820
Total sales for which we earn sales-based revenues	1,990,663	3,207,905	3,966,436	4,730,506	4,259,607
Segregated funds	190,581	419,689	491,953	458,962	405,080
Total	$ 2,181,243	$ 3,627,594	$ 4,458,389	$ 5,189,468	$ 4,664,687
Average asset values					
Mutual funds	$ 18,630,797	$ 26,063,942	$ 24,209,867	$ 28,006,958	$ 25,081,017
Variable annuities	5,202,632	6,324,060	6,004,225	6,625,010	5,620,547
Segregated funds	1,716,667	2,084,159	1,949,788	1,742,081	1,194,159
Total	$ 25,550,096	$ 34,472,162	$ 32,163,879	$ 36,374,049	$ 31,895,723
Average number of fee generating accounts					
Recordkeeping accounts	2,856	3,115	3,081	3,207	3,189
Custodial accounts	2,069	2,245	2,223	2,302	2,258
Segment Commissions & Fees					
Sales-based	$ 86,679	$ 135,279	$ 168,614	$ 212,626	$ 187,961
Asset-based	90,262	128,607	158,934	170,277	137,148
Account-based	32,590	35,545	47,243	48,615	49,234

While our investment and savings products all have similar long-term earnings characteristics, our results in a given fiscal period are affected by changes in the overall mix of products within these broad categories. Examples of changes in the sales mix that influence our periodic results include the following:

- sales of a higher proportion of mutual fund products of the several mutual fund families for which we act as recordkeeper will generally increase our earnings because we are entitled to recordkeeping fees on these accounts;
- sales of variable annuity products in the United States will generate higher revenues in the period such sales occur than sales of other investment products that either generate lower upfront revenues or, in the case of segregated funds, no upfront revenues;
- sales and administration of a higher proportion of mutual funds that enable us to earn marketing and support fees will increase our revenues and profitability; and
- sales of a higher proportion of retirement products of several mutual fund families will tend to result in higher revenue generation due to our ability to earn custodial fees on these accounts.

Sales. We earn commissions and fees, such as dealer re-allowances, and marketing and support fees, based on sales of mutual fund products and variable annuities. Sales of investment and savings products are influenced by the overall demand for investment products in North America, as well as by the size and

productivity of our sales force. We generally experience a slight degree of seasonality in our Investment and Savings Products segment results due to our high concentration of sales of retirement account products. These accounts are typically funded in February through April, coincident with the tax return preparation season.

While we believe the size of our sales force is a factor in driving sales volume in this segment, there are a number of other variables that may have a significantly greater effect on sales volume in any given fiscal period. During the fourth quarter of 2008 and the nine months ended September 30, 2009, we experienced lower sales of our investment and savings products as a result of consumers seeking safety from market turbulence and uncertainty. Even though the capital markets have stabilized in recent months, unemployment and other factors continue to dampen demand for investment and savings products, particularly among our middle income clients. It is difficult to determine how long these conditions will continue or how long it will take for market conditions to return to historically normal levels.

Asset values. We earn marketing and distribution fees (so-called "trail commissions" or, with respect to U.S. mutual funds, "12b-1 fees") on mutual fund, variable annuity and segregated funds products based on asset values in client accounts. Our investment and savings products primarily consist of funds comprised of equity securities. Asset values are influenced by new product sales, ongoing contributions to existing accounts, redemptions and changes in equity markets, net of expenses. The table below reflects the changes in asset values during the periods presented:

	Nine Months Ended September 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
			(in thousands)		
Asset values (beginning of period)	$ 24,406,787	$37,300,483	$ 37,300,483	$ 34,190,353	$ 30,030,368
Inflows	2,142,473	3,563,749	4,380,508	5,088,212	4,594,395
Redemptions	(2,239,479)	(3,267,087)	(4,156,318)	(4,171,136)	(3,731,035)
Change in market value, net	5,496,132	(7,186,232)	(13,117,885)	2,193,054	3,296,626
Asset values (end of period)	$ 29,805,914	$ 30,410,914	$ 24,406,788	$ 37,300,483	$ 34,190,354

Accounts. We earn recordkeeping fees for administrative functions we perform on behalf of several of our mutual fund providers and custodial fees for services as a non-bank custodian for certain of our mutual fund clients' retirement plan accounts. Our aggregate number of fee generating accounts has been declining in recent periods due primarily to lower sales of funds for which we provide a recordkeeping function.

Corporate and Other Distributed Products. In addition to our term life insurance and investment and savings products, we earn revenues and pay commissions and referral fees from the distribution of loans, various other insurance products, prepaid legal services and other products, all of which are originated by third parties. Our New York life insurance subsidiary, NBLIC, also underwrites a mail-order student life policy and a short-term disability benefit policy, which is a state-mandated policy for certain employees in the states of New York and New Jersey, neither of which is distributed by our sales force, and also has in-force policies from several discontinued lines of insurance.

In addition, our Corporate and Other Distributed Products segment is affected by unallocated corporate income and expenses, printing operations, net investment income (other than net investment income allocated to our Term Life Insurance segment), administrative and sales force expenses (other than expenses that are allocated to our Term Life Insurance or Investment and Savings Products segments) and realized gains and losses on our invested asset portfolio.

In prior years, the sale of loan products has enabled us to help our clients consolidate their debt and has provided a source of significant compensation for our sales force, but has not been a significant source of

earnings for us. For example, loan sales accounted for approximately 1% of our combined pre-tax earnings for each of the years ended December 31, 2008, 2007 and 2006, respectively. Our loan business is in a period of significant transition. Consistent with steps taken by other lenders generally, beginning in 2008, our lenders began implementing more rigorous credit standards, including more restrictive loan-to-value ratio requirements and more restrictive underwriting criteria, which have adversely affected the number of loans that we sold in the second half of 2008 and to date in 2009. We anticipate these rigorous standards will be maintained in the near term and may become more restrictive in the future. In addition, the number of our sales representatives in the United States who are authorized to sell mortgage loans has decreased and we expect will continue to decrease due to the introduction of individual licensing requirements required by the recently enacted SAFE Act. Please see the section entitled "Risk Factors — Risks Related to our Loan Business."

Critical Accounting Policies

Our accounting policies are described in Note 2 — "Summary of Significant Accounting Policies" to our combined financial statements appearing elsewhere in this prospectus. The accounting policies discussed in this section are those that we consider to be most critical to an understanding of our financial statements. The application of these policies requires significant judgment with respect to inherently uncertain matters. As is the case with other companies that have life insurance operations, the most significant items on the balance sheet are based on fair value determinations, accounting estimates and actuarial determinations which are susceptible to changes in future periods and which affect our results of operations.

Investments. We hold fixed maturity securities, including bonds and redeemable preferred stocks, and equity securities, including common and non-redeemable preferred stock and certain other financial instruments. These invested assets are classified as available-for-sale, except for the securities of our U.S. broker-dealer subsidiary, which are classified as trading securities. All of these securities are carried at fair value.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our view of market assumptions in the absence of observable market information. All invested assets carried at fair value are classified and disclosed in one of the following three categories:

- *Level 1*. Quoted prices for *identical* instruments in active markets. Level 1 primarily consists of financial instruments whose value is based on quoted market prices in active markets, such as exchange-traded common stocks and actively traded mutual fund investments.
- *Level 2*. Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 includes those financial instruments that are valued using industry-standard pricing methodologies, models or other valuation methodologies. These models are primarily industry-standard models that consider various inputs, such as interest rate, credit spread and foreign exchange rates for the underlying financial instruments. All significant inputs are observable, or derived from observable information in the marketplace or are supported by observable levels at which transactions are executed in the marketplace. Financial instruments in this category primarily include: certain public and private corporate fixed maturity and equity securities; government or agency securities; certain mortgage-backed and asset-backed securities and certain non-exchange-traded derivatives, such as currency swaps and forwards.
- *Level 3*. Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Level 3 is comprised of financial instruments whose fair value is estimated based on industry-standard pricing methodologies and models using significant inputs not based on, nor corroborated by, readily available market information. In limited instances, this category may also use non-binding broker quotes. This category primarily consists of non-agency mortgage-backed securities and certain less liquid fixed maturity corporate securities.

As of each reporting period, all assets and liabilities recorded at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table sets forth the fair value and hierarchy classifications of our invested asset portfolio, which is carried at fair value, as of September 30, 2009 on an actual and pro forma basis after giving effect to the Transactions:

	As of September 30, 2009			
	Actual		Pro Forma	
	$	%	$	%
	(dollars in thousands)			
Level 1	$ 12,238	0%		%
Level 2	5,501,138	88%		%
Level 3	766,840	12%		%
Total	$6,280,216	100%		%

As shown in the table above, the vast majority of our investment securities are valued using Level 2 inputs. These fair values are obtained primarily from industry-standard pricing methodologies using market observable information. Because many fixed income securities do not trade on a daily basis, fair value is determined using industry-standard methodologies by applying available market information through processes such as U.S. Treasury curves, benchmarking of like-securities, sector groupings, quotes from market participants and matrix pricing. Observable information is compiled and integrates relevant credit information, perceived market movements and sector news. Additionally, security prices are periodically back-tested to validate and/or refine models as conditions warrant. Market indicators and industry and economic events are also monitored as triggers to obtain additional data. For certain structured securities with limited trading activity, industry-standard pricing methodologies use adjusted market information, such as index prices or discounting expected future cash flows, to estimate fair value. If these measures are not deemed observable for a particular security, the security will be classified as Level 3.

Where specific market information is unavailable for certain securities, pricing models produce estimates of fair value primarily using Level 2 inputs along with certain Level 3 inputs. These models include matrix pricing. The pricing matrix uses current treasury rates and credit spreads received from third party sources to estimate fair value. The credit spreads incorporate the issuer's industry- or issuer-specific credit characteristics and the security's time to maturity, if warranted. Remaining unpriced securities are valued using an estimate of fair value based on indicative market prices that include significant unobservable inputs not based on, nor corroborated by, market information, including the utilization of non-binding broker quotes.

Changes in the fair value of trading securities are included in net investment income in the period in which the change occurred. We also elected the fair value option for equity investments that are not in the Russell 3000 Index. Changes in the fair value of such investments are also recorded in the net investment income.

Unrealized gains and losses on our available-for-sale securities are included as a separate component of accumulated other comprehensive income, unless a decline is deemed to be other-than-temporary.

Other-than-temporary impairments on investment securities.

Unrealized gains and losses on our available-for-sale portfolio are included as a separate component of accumulated other comprehensive income. For periods through December 31, 2008, if a decline in the fair value of an available-for-sale security was judged to be other-than-temporary, a charge was recorded as a realized loss for the portion of the loss deemed to be caused by the credit deterioration of the issuer.

In the first quarter of 2009, we adopted FSP SFAS No. 115-2 and SFAS No. 124-2, "*Recognition and Presentation of Other-Than-Temporary Impairments*" (FSP SFAS No. 115-2/124-2), which amends the

recognition guidance for other-than-temporary impairments, or OTTI, of debt securities and expands the financial statement disclosures for OTTI on debt and equity securities. As a result, our combined statements of income reflect the full impairment (that is, the difference between the security's amortized cost basis and fair value) on debt securities that we intend to sell or would more-likely-than-not be required to sell before the expected recovery of the amortized cost basis. For available-for-sale debt securities that management has no intent to sell and believes that it is more-likely-than-not will not be required to be sold prior to recovery, only the credit loss component of the impairment is recognized in earnings, while the rest of the impairment is recognized in accumulated other comprehensive income. The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the security. As a result of the adoption of the FSP, our net income before income taxes for the nine months ended September 30, 2009 was higher by $27.6 million than it would have been had the FSP not been adopted.

Determining whether a decline in the current fair value of invested assets is an other-than-temporary decline in value is both objective and subjective and can involve a variety of assumptions and estimates, particularly for investments that are not actively traded in established markets. Management evaluates a number of factors when determining the impairment status of individual securities. These include the economic condition of various industry segments and geographic locations and other areas of identified risks.

For certain securitized financial assets with contractual cash flows, including asset-backed securities, ASC 325-40 requires us to periodically update our best estimate of cash flows over the life of the security. If the fair value of a securitized financial asset is less than its cost or amortized cost and there has been a decrease in the present value of the estimated cash flows since the last revised estimate, considering both timing and amount, an other-than-temporary impairment charge is recognized. Estimating future cash flows is a quantitative and qualitative process that incorporates information received from third party sources along with certain assumptions and judgments regarding the future performance of the underlying collateral. Projections of expected future cash flows may change based upon new information regarding the performance of the underlying collateral. In addition, we consider our intent and ability to retain a security that has a fair value below its cost until recovery, or since the adoption of FSP SFAS No. 115-2/124-2 in the first quarter of 2009, the intent to sell or whether it is more-likely-than-not we would be required to sell the investment before the expected recovery of the amortized cost basis. Securities subject to ASC 325-40 that are in an unrealized loss position are reviewed at least quarterly for other-than-temporary impairment.

Other categories of fixed income securities (*i.e.,* those not subject to ASC 325-40) that are in an unrealized loss position are also reviewed at least quarterly to determine if an other-than-temporary impairment is present based on certain quantitative and qualitative factors. We consider a number of factors in determining whether the impairment is other-than-temporary. These include: (1) actions taken by rating agencies, (2) default by the issuer, (3) the significance of the decline, (4) the intent and ability to hold the investment until recovery or since the adoption of FSP SFAS No. 115-2/124-2 in the first quarter of 2009, the intent to sell or whether it is more-likely-than-not we would be required to sell the investment before the expected recovery of the amortized cost basis, (5) the time period during which the decline has occurred, (6) an economic analysis of the issuer, (7) the financial strength, liquidity, and recoverability of the issuer, and (8) an analysis of the underlying collateral. A review is performed each quarter to evaluate the need for any other-than-temporary impairments. Although no set formula is used in this process, the investment performance, collateral position, and continued viability of the issuer are significant measures that are considered. Other-than-temporary analysis of our equity securities primarily focuses on the severity of the unrealized losses as well as the length of time the security's fair value has been below amortized cost.

The table below sets forth other-than-temporary impairments recognized in earnings through the periods presented:

	For the nine months ended September 30,		For the year ended December 31,		
	2009	2008	2008	2007	2006
			(in thousands)		
Other-than-temporary impairments	$ 53,715	$ 68,204	$ 114,022	$ 6,334	$ 2,178

For additional information about impairments on our invested asset portfolio, see Note 4 "Investments — Other-Than-Temporary Impairment" to our combined financial statements appearing elsewhere in this prospectus.

Interest income on fixed maturity investments is recorded when earned using an effective yield-to-maturity method, which gives consideration to amortization of premiums and accretion of discounts. Dividend income on equity securities is recorded when declared. Included within the fixed maturity securities are loan-backed and asset-backed securities. Amortization of the premiums or accretion of the discount uses the retrospective method. These amounts are included in net investment income in the combined statements of income. The effective yield used to determine amortization and accretion is calculated based on actual and historical projected future cash flows, which are obtained from a widely accepted data provider and updated quarterly.

Deferred policy acquisition costs, or DAC. The costs of acquiring new business are deferred to the extent that they vary with, and are primarily related to, the acquisition of such new business. These costs mainly include commissions and policy issue expenses. The recovery of such costs is dependent on the future profitability of the related policies, which, in turn, is dependent principally upon investment returns, mortality, persistency and the expense of administering the business, as well as upon certain economic variables, such as inflation. Deferred policy acquisition costs are subject to recoverability testing on an annual basis or when circumstances indicate that recoverability is uncertain. We make certain assumptions regarding persistency, expenses, interest rates and claims. GAAP requires that assumptions for these types of products not be modified (or "unlocked") unless recoverability testing deems them to be inadequate. Assumptions are updated for new business to reflect the most recent experience. Deferrable insurance policy acquisition costs are amortized over the premium-paying period of the related policies in proportion to premium income. Acquisition costs for Canadian segregated funds are amortized over the life of the policies in relation to estimated gross profits before amortization. If actual lapses are different from pricing assumptions for a particular period, the deferred acquisition cost amortization will be affected. If the number of policies that lapse are 1% higher than the number of policies that we expected to lapse in our pricing assumptions, approximately 1% more of the existing deferred acquisition cost balance will be amortized, which would have been equal to approximately $27 million as of December 31, 2008 (assuming such lapses were distributed proportionately among policies of all durations). Higher lapses in the early durations would have a greater effect on the deferred acquisition cost amortization since the deferred acquisition cost balances are higher at the earlier durations. Differences in actual mortality rates compared to our pricing assumptions will not have a material effect on deferred acquisition cost amortization. Due to the inherent uncertainties in making assumptions about future events, materially different experience from expected results in persistency or mortality could result in a material increase or decrease of deferred acquisition cost amortization in a particular period.

Future policy benefit reserves. We calculate and maintain reserves for the estimated future payment of claims to our policyholders based on actuarial assumptions and in accordance with industry practice and GAAP. Many factors can affect these reserves, including mortality trends, investment yields and persistency. Similar to the DAC discussion above, the assumptions used to establish reserves cannot be modified over the policy term unless recoverability testing deems them to be inadequate. Therefore, the reserves we establish are based on estimates, assumptions and our analysis of historical experience. Our results depend significantly upon the extent to which our actual claims experience is consistent with the assumptions we used in determining our reserves and pricing our products. Our reserve assumptions and estimates require significant judgment and, therefore, are inherently uncertain. If actual lapses are different from pricing assumptions for a particular period, the change in

the future policy benefit reserves will be affected. If the number of policies that lapse are 1% higher than the number of policies that we expected to lapse in our pricing assumptions, approximately 1% more of the future policy benefit reserves will be released, which would have been equal to approximately $40 million as of December 31, 2008 (assuming such lapses were distributed proportionately among policies of all durations). The future policy benefit reserves released from the additional lapses would have been offset by the release of the corresponding reinsurance reserves of approximately $7 million as of December 31, 2008. Higher lapses in the later durations would have a greater effect on the release of future policy benefit reserves since the future policy benefit reserves are higher at the later durations. Differences in actual mortality rates compared to our pricing assumptions will not have a material effect on future policy benefit reserves. We cannot determine with precision the ultimate amounts that we will pay for actual claims or the timing of those payments. Liabilities for future policy benefits on our term life insurance products have been computed using a net level method, including assumptions as to investment yields, mortality, persistency, and other assumptions based on our experience.

Reinsurance. We use reinsurance extensively. We determine if a contract provides indemnification against loss or liability in relation to the amount of insurance risk to which the reinsurer is subject. We review all contractual terms, particularly those that may limit the amount of insurance risk to which the reinsurer is subject, that may delay the timely reimbursement of claims. If we determine that the possibility of a significant loss from insurance risk will occur only under remote circumstances, we record the contract under the deposit method of accounting with the net amount receivable reflected in other assets on our combined balance sheets. The reinsurance contracts in effect at September 30, 2009 meet the risk transfer provisions of ASC 944-20. Ceded policy reserves and claims liabilities relating to insurance ceded under these contracts are shown as due from reinsurers in our combined balance sheets. We believe that one of the Citi reinsurance transactions (a 10% YRT transaction with an experience refund provision) will have limited transfer of insurance risk and that there will be only a remote chance of loss under the contract. We will record the transaction under the deposit method of accounting. We believe the other Citi reinsurance transactions will meet the risk transfer provisions of ASC 944-20. Please see the pro forma combined financial statements included elsewhere in this prospectus.

Ceded premiums are treated as a reduction of direct premiums and are recognized when due to the assuming company. Ceded claims are treated as a reduction of direct benefits and are recognized when the claim is incurred on a direct basis. Ceded policy reserve changes are also treated as a reduction of benefits and are recognized during the applicable financial reporting period. Under YRT arrangements, the ceded reserve is determined by matching the expected reinsurance premiums less reinsurance claims to the direct premiums collected from the policyholder.

We used coinsurance for policies issued prior to 1991 and are entering into coinsurance arrangements with Citi in connection with this offering. Expense allowances in the early years of our existing coinsurance treaties that exceeded the ultimate allowances payable in later years were deferred and amortized over the lives of the policies. Amortization of these deferred allowances is treated as a reduction of direct amortization of deferred acquisition costs. Ceded future policy benefit reserves for coinsurance are determined in the same manner as direct policy reserves.

Claim liabilities and policy benefits are calculated consistently for all policies in accordance with GAAP, regardless of whether or not the policy is reinsured. Once the direct claim liabilities are estimated, the amounts attributable to the reinsurers are estimated. Liabilities for unpaid reinsurance claims are produced from claims and reinsurance system records, which contain the relevant terms of the individual reinsurance contracts. We monitor claims due from reinsurers to ensure that balances are settled on a timely basis. Incurred but not reported claims are reviewed to ensure that appropriate amounts are ceded. We analyze and monitor the creditworthiness of each of our reinsurers to minimize collection issues. For reinsurance contracts with unauthorized reinsurers, we require collateral such as letters of credit.

Change in DAC and reserve estimation approach. Prior to the end of 2008, our DAC and reserve estimation approach grouped policies with similar characteristics, aggregating policies by issue year to estimate

DAC and reserve liabilities. Changes in the mix of our portfolio of in-force policies evolved in recent years as a large block of in-force policies reached the end of their initial level premium periods. The resulting incremental variability in the portfolio introduced complexity in grouping policies to perform actuarial estimates under the prior approach. Our prior approach did not have the capability to perform policy-by-policy calculations, which we addressed by the implementation of a new valuation system. In connection with this valuation system change, we revised our estimates of DAC and our policy reserves.

The impact of this change in 2008 was a pre-tax loss of approximately $191.7 million. Due to this change in our DAC and reserve estimation approach, our combined financial statements and financial information for our Term Life Insurance segment for periods prior to 2008 are not directly comparable to financial statements prepared for 2008 and periods following this change.

The impact of this change on individual line items of our combined statement of income for the year ended December 31, 2008 is set forth below under "— Results of Operations — Fiscal Year Ended December 31, 2008 as compared to the Fiscal Year Ended December 31, 2007 — Term Life Insurance Segment." The adjustments relating to the change in estimates is set forth in the table below. Following the table is an overview of the factors that resulted in the adjustments to DAC, future policy benefit reserves and due from reinsurers resulting from the change in our DAC and reserve estimation approach.

	Adjustments for Change in DAC and Reserve Estimation Approach
	(in thousands)
Change in estimates	
Due from reinsurers	$ (48,653)
DAC	179,391
Future policy benefits	(322,997)
Total	$ (192,259)

Impact on DAC. Under the new approach, the DAC balance is adjusted to reflect differences between pricing assumptions and actual persistency. For example, if actual persistency is lower than our pricing assumptions for a given period, we would reduce the DAC balance (to remove the asset associated with the policies that lapsed in excess of the lapses implicit in our pricing assumptions) and, conversely, if persistency is higher than our pricing assumptions for a given period, we would increase the DAC balance. Under this approach, the relationship between expected future premium revenues and the DAC balance remains relatively constant over time. Therefore the percentage of net premiums needed to amortize the DAC balance is a relatively fixed percentage.

Under the prior approach, the DAC balance was not immediately adjusted for variances between pricing assumptions and actual persistency and, accordingly, the relationship between expected future premium revenues and the DAC balance varied from year-to-year with variances in actual persistency and pricing assumptions. Under the prior approach, the percentage of net premiums needed to amortize the DAC balance would be adjusted to account for these variations. For example, if actual persistency was lower than our pricing assumptions for a given period, we would expect lower future net premiums and would therefore increase the percentage of those future net premiums needed to amortize the DAC balance and, conversely, if persistency was higher than our pricing assumptions, we would expect higher future net premiums and would therefore decrease the percentage of those future net premiums needed to amortize the DAC balance.

In periods prior to the change, actual persistency was generally higher than our historical pricing assumptions, which did not change or "unlock" the DAC immediately for reporting periods in which actual persistency differed from expected pricing persistency, but rather resulted in annual reductions in the percentage of net premiums needed to amortize the DAC balance. As a result of the change, the cumulative effect of these

historical variations between actual persistency and our pricing assumptions resulted in a $179.4 million increase in the DAC balance as of December 31, 2008. Because the DAC balance was increased under the new approach, a higher percentage of expected future net premiums will be required to amortize the DAC balance, which will result in higher amortization in future periods under the new estimation approach than we would have had under the prior estimation approach.

Impact on future policy benefits (reserves). Under the new approach, the policy reserve balance is adjusted to reflect differences between pricing assumptions and actual persistency. For example, if actual persistency is lower than our pricing assumptions for a given period, we would decrease the reserve balance and, conversely, if persistency is higher than our pricing assumptions for a given period, we would increase the reserve balance. Under this approach, the relationship between expected future premium revenues and the reserve balance remains relatively constant at any given point in time. Therefore the percentage of expected future net premiums needed to fund the reserve balance is a relatively fixed percentage.

Under the prior approach, the reserve balance was not immediately adjusted for variances between pricing assumptions and actual persistency and, accordingly, the relationship between expected future net premiums and the reserve balance varied from year-to-year with variances in actual persistency and pricing assumptions. If actual persistency was lower than our pricing assumptions, the percentage of net premiums needed to fund the smaller claim obligation associated with a fewer number of polices in-force would decrease and, conversely, if actual persistency was higher than our pricing assumptions, the percentage of net premiums needed to fund the additional claim obligation associated with a higher number of polices in-force would increase. These annual adjustments to the percentage of net premiums needed to fund the reserves would effectively spread the impact of the variation between pricing assumptions and actual persistency over the remaining term of the policies.

As indicated above, in historical periods prior to the change, actual persistency was generally higher than our pricing assumptions, which did not change or “unlock” the reserve balance, but resulted in annual increases in the percentage of net premiums needed to fund the additional claim obligations. As a result of adopting the new approach, the cumulative effect of these historical variations between actual persistency and our pricing assumptions resulted in a $323.0 million increase in the reserve balance at December 31, 2008. The higher reserve balance will require a lower percentage of expected future net premiums to fund the net policy reserve balance and our benefits and claims will be lower in periods following the change than would be the case under the prior approach.

Impact on due from reinsurers. Due from reinsurers includes ceded reserves for coinsurance and YRT reinsurance. Coinsurance reserves increased approximately $35 million as a result of persistency as described under Impact on future policy benefits. Persistency had a minimal impact on YRT reserves since actual persistency has been closer to pricing persistency for the issue years in which YRT reinsurance has been used. Due to the non-level nature of YRT, the change from the prior aggregate approach to the new policy-by-policy approach resulted in a decrease in YRT reserves of approximately $83 million, which, together with the $35 million increase in coinsurance reserves, resulted in a $48.7 million decrease in the due from reinsurers.

Impact on premiums. We pay ceded premiums on an annual basis. The change in our DAC and reserve estimation approach warranted the implementation of a system designed to perform policy-by-policy estimates. Concurrent with the system implementation, we modified our mechanical calculation of premiums and other corresponding items. Our accounting for reinsurance premiums is consistent with the guidance in ASC 944-605. Prior to our implementation of our new valuation system, we recorded coinsurance premiums on a monthly basis. Using our new valuation system, we record ceded premiums at the time the annual premium obligation to the reinsurer is due. The change in approach resulted in a $57.8 million increase in ceded premiums in the fourth quarter of 2008, which was offset by a corresponding change in ceded benefit reserves of $46.8 million and related expense allowance accruals of $8.8 million. A minor change occurred in the estimation of direct premiums due from policyholders of $6.9 million to account for definitional differences, offset by corresponding changes to direct benefit reserves of $3.4 million and related expense accruals of $0.7 million. In total, the impact

on premiums changes was $0.5 million. Ceded premiums recorded in periods following the change are not expected to be materially different than ceded premiums that would have been recorded under the prior approach.

These adjustments are set forth in the table below:

	Adjustments for Change in DAC and Reserve Estimation Approach
	(in thousands)
Ceded premiums	$ (57,810)
Ceded benefit reserves	46,826
Ceded allowances	8,801
Direct premium accruals	6,870
Direct benefit reserves	(3,435)
Expense accruals	(712)
Total	$ 540

Accounting for reinstatements. Effective January 1, 2007, we adopted the American Institute of Certified Public Accountants' Statement of Position 05-1, "*Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts*" (SOP 05-1/ASC 944-30). ASC 944-30 provides accounting guidance on internal replacements of certain insurance contracts and investment contracts. Prior to our adoption of SOP 05-1, we treated reinstatements as a continuation of the original policy. In accordance with ASC 944-30, we now treat policy reinstatements as terminations and new issues. The adoption of SOP 05-1 required us to change our original pricing assumptions for in-force policies to account for the increase in terminations, which effectively lowered our persistency assumptions. This change effectively resulted in lower benefit reserves and DAC balances as of January 1, 2007. DAC amortization will be higher for periods following the adoption of SOP 05-1 than would be the case under the prior approach due to the increased percentage of expected future net premiums needed to amortize DAC. Conversely, reserve changes will be lower for periods following the adoption of SOP 05-1 than would be the case under the prior approach due to the decrease in the percentage of expected future net premiums needed to fund future claims. The adoption of SOP 05-1 resulted in an increase to 2007 opening retained earnings of $19.7 million after tax.

Goodwill. Goodwill represents an acquired company's acquisition cost over the fair value of the net tangible and intangible assets acquired. Goodwill is subject to annual impairment tests or periodic testing if circumstances indicate impairment may have occurred. Goodwill is allocated to our reporting units and an impairment is deemed to exist if the carrying value of a reporting unit exceeds its estimated fair value. In performing a goodwill review, we are required to make an assessment of fair value of goodwill and other indefinite-lived intangible assets. When determining fair value, we use various assumptions, including projections of future cash flows and discount rates.

We perform an impairment test for goodwill annually as of July 1 and whenever an impairment indicator exists. The first step of the impairment test compares the fair value of a reporting unit to its carrying amount to identify potential impairment. If the carrying amount of a reporting unit exceeds its fair value, we proceed to the second step of the impairment analysis. The second step compares the implied fair value of reporting unit goodwill with the carrying amount to measure the amount of impairment loss, if any.

We also are required to test goodwill for impairment whenever events or circumstances make it more likely than not that impairment may have occurred. During the period beginning mid-November through year end 2008, we observed rapid deterioration in the financial markets, as well as in the global economic outlook. As such, we performed another goodwill impairment test as of December 31, 2008. The non-life reporting unit fair value exceeded its book value and, as such, did not require any further impairment analysis. However, the fair value of the life reporting unit was determined to be less than its book value. Therefore, we performed step two of the

goodwill impairment analysis for the life unit to determine the appropriate amount of goodwill that should remain on the balance sheet, if any.

The second step of the goodwill impairment analysis involves calculating the implied fair value of goodwill for the reporting unit. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination, which is the excess of the fair value of the reporting unit determined in step one over the fair value of the net assets and identifiable intangibles as if the reporting unit were being acquired. If the amount of the goodwill allocated to the reporting unit exceeds the implied fair value of the goodwill in the pro forma purchase price allocation, an impairment charge is recorded for the excess. An impairment charge recognized cannot exceed the amount of goodwill allocated to a reporting unit and cannot be reversed subsequently even if the fair value of the reporting unit recovers.

In our valuation models as of December 31, 2008, we determined that the market deterioration, including the liquidity crisis, resulted in a significant increase in the discount rates being used to value businesses relative to prior periods. Specifically, we observed that discount rates had risen significantly during the last quarter of 2008, which in turn resulted in a sharp decline in value.

Using discount rates and various other market assumptions relevant as of December 31, 2008, we valued the net assets and identifiable intangibles of our life reporting unit using a discounted cash flow method. The second step of the impairment analysis determined that the entire amount of goodwill in our life reporting unit should be written-off. A significant portion of the value of our discounted cash flows were related to the intangible asset representing our distribution model, which exceeded its carrying value and no additional impairments were noted related to that asset.

As a result, we recorded a pre-tax impairment charge of $195 million in the Corporate and Other Distributed Products segment.

Income taxes. Our federal income tax return is consolidated into Citi's federal income tax return. The method of allocation between companies is pursuant to our tax sharing agreement with Citi. Allocation is based upon separate return calculations with credit for net losses as utilized. Allocations are calculated and settled quarterly. In establishing a provision for income tax expense, we must make judgments and interpretations about the applicability of inherently complex tax laws of the jurisdictions in which we transact business. We must also make estimates about when in the future certain items will affect taxable income in the various tax jurisdictions, both domestic and foreign. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences of events that have been recognized in the financial statements or tax returns, based upon enacted tax laws and rates. Deferred tax assets are recognized subject to management's judgment that realization is more likely than not.

Foreign currency translation. Assets and liabilities denominated in Canadian dollars are translated into U.S. dollars using period-end spot foreign exchange rates. As of September 30, 2009, approximately 9% of our combined assets (excluding assets in respect of Canadian segregated funds) were translated from Canadian dollars. Revenues and expenses are translated monthly at amounts that approximate weighted average exchange rates, with resulting gains and losses included in stockholder's equity. Approximately 13% and 15% of total revenues for the nine months ended September 30, 2009 and the year ended December 31, 2008, respectively, were translated from Canadian dollars.

Revenues

Our revenues are primarily derived from term life insurance premiums, commissions, marketing and support fees, and other fees from the sale of investment and savings products and investment income. Our revenues consist of the following:

- *Net premiums.* Reflects direct premiums payable by our policyholders on our in-force insurance policies, primarily term life insurance, net of reinsurance premiums that we pay to third party reinsurers.

- *Net investment income*. Represents income generated by our invested asset portfolio, which consists primarily of interest income earned on fixed maturity investments. Investment income earned on assets supporting our statutory reserves and targeted capital is included in our Term Life Insurance segment, with the balance included in our Corporate and Other Distributed Products segment.
- *Commissions and fees.* Commissions and fees consist primarily of dealer re-allowances earned on the sales of investment and savings products, trail commissions based on the asset values of client accounts, marketing and support fees from product originators, custodial fees for services rendered in our capacity as nominee on client retirement accounts funded by mutual funds on our servicing platform, recordkeeping fees for mutual funds on our servicing platform and fees associated with the sale of other distributed products. The charge is reflected in the Corporate and Other Distributed Products segment.
- *Realized investment gains (losses), including OTTI.* Reflects the difference between amortized cost and amounts realized on sale of investment securities, as well as OTTI charges.
- *Other, net*. Reflects revenues generated from the fees charged for access to our sales force website, printing revenues from the sale of printed materials, incentive fees and reimbursements from product originators, Canadian licensing fees, sales of merchandise to sales representatives, mutual fund customer service fees, fees charged to sales representatives related to life insurance processing responsibilities, and interest charges received from or paid to reinsurers on late payments.

Benefits and Expenses

Our primary expenses are benefits to policyholders and changes in reserve balances, amortization of deferred costs associated with the sale of term life insurance, including sales commissions paid to our sales representatives and underwriting expenses, indirect costs associated with the sale of term life insurance that are not deferred and other operating expenses and sales commissions paid to our sales representatives on savings and other financial products. Our operating expenses consist of the following items:

- *Benefits and claims*. Reflects the benefits and claims payable on insurance policies, as well as changes in our reserves for policy claims and other benefits payable, net of reinsurance.
- *Amortization of DAC.* Represents the amortization of capitalized costs associated with the sale of an insurance policy, including sales commissions, medical examination and other underwriting costs and other acquisition-related costs, are amortized over the initial term of the policy.
- *Insurance commissions.* Reflect sales commissions in respect of insurance products that are not eligible for deferral.
- *Insurance expenses*. Reflect non-capitalized insurance expenses, including staff compensation, technology and communications, insurance sales force-related costs, printing, postage and distribution of insurance sales materials, outsourcing and professional fees, premium taxes, amortization of certain intangibles and other corporate and administrative fees and expenses related to our insurance operations.
- *Sales commissions.* Represent commissions to our sales representatives in connection with the sale of investment products and products other than insurance products.
- *Other operating expenses.* Consist primarily of expenses that are unrelated to the distribution of insurance products, including staff compensation, technology and communications, various sales force-related costs, printing, postage and distribution of sales materials, outsourcing and professional fees, amortization of certain intangibles and other corporate and administrative fees and expenses.

We allocate certain operating expenses associated with our sales representatives, including supervision, training and legal, to our two primary operating segments generally based on the average number of licensed representatives in each segment for a given period. We also allocate technology and occupancy costs based on usage. Costs that are not allocated to our two primary segments are included in our Corporate and Other Distributed Products segment.

Results of Operations

Set forth below is management's explanation of changes in our results of operations for the nine-month periods ended September 30, 2009 and 2008, respectively, and for the years ended December 31, 2008, 2007 and 2006, respectively. The explanations of changes in our combined results for each comparative period are intended to highlight how relative changes in the performance of each operating segment affected our company as a whole. Following the discussion of combined results for each period is a more detailed discussion of changes in the comparative information for each of our operating segments.

Nine Months Ended September 30, 2009 as Compared to Nine Months Ended September 30, 2008

Consolidated Overview

	Nine Months Ended September 30,		Change	
	2009	2008	$	%
	(dollars in thousands)			
Revenues				
Direct premiums	$1,577,364	$1,562,359	$ 15,005	*
Ceded premiums	(450,736)	(425,239)	(25,497)	6%
Net premiums	1,126,628	1,137,120	(10,492)	*
Net investment income	260,876	232,288	28,588	12%
Commissions and fees	246,685	374,449	(127,764)	-34%
Other, net	39,083	41,947	(2,864)	-7%
Realized investment gains (losses), including OTTI	(31,473)	(59,741)	28,268	-47%
Total revenues	1,641,799	1,726,063	(84,264)	-5%
Benefits and Expenses				
Benefits and claims	451,825	455,526	(3,701)	*
Amortization of DAC	273,759	240,837	32,922	14%
Insurance commissions	23,425	18,188	5,237	29%
Insurance expenses	115,771	121,084	(5,313)	-4%
Sales commissions	120,755	200,926	(80,171)	-40%
Other operating expenses	95,280	119,783	(24,503)	-20%
Total benefits and expenses	1,080,815	1,156,344	(75,529)	-7%
Income before income taxes	560,984	569,719	(8,735)	-2%
Income taxes	192,476	195,329	(2,853)	-1%
Net income	368,508	374,390	(5,882)	-2%

* Less than 1%

Income before income taxes. Income before income taxes decreased $8.7 million, or 2%, to $561.0 million for the nine months ended September 30, 2009 from $569.7 million for the nine months ended September 30, 2008. The decrease was primarily attributable to a $38.0 million decline in Investment and Savings Products due to adverse market and economic conditions and a $9.3 million decline in Term Life Insurance. These declines were offset by a $38.5 million increase in Corporate and Other Distributed Products primarily caused by a reduction in realized investment losses from other-than-temporary impairments and higher gains from sales in our invested asset portfolio.

Total revenues. Total revenues decreased $84.3 million, or 5%, to $1,641.8 million for the nine months ended September 30, 2009 from $1,726.1 million for the nine months ended September 30, 2008. The decrease was attributable to a $90.6 million decline in Investment and Savings Products due to adverse market and economic conditions and a $15.5 million decline in Corporate and Other Distributed Products, due primarily to declines in sales commissions from the sale of loan products, partially offset by a reduction in realized

investment losses in our invested asset portfolio. These declines were partially offset by a $21.8 million increase in Term Life Insurance due primarily to an increased allocation of net investment income.

Total benefits and expenses. Total benefits and expenses decreased $75.5 million, or 7%, to $1,080.8 million for the nine months ended September 30, 2009 from $1,156.3 million for the nine months ended September 30, 2008. The decrease was attributable to a $52.6 million decline in Investment and Savings Products due to declines in sales commissions and a $54.0 million decline in Corporate and Other Distributed Products, due primarily to declines in sales commissions from the sale of loan products. These declines were partially offset by a $31.1 million increase in Term Life Insurance due primarily to higher amortization of deferred acquisition costs.

Income taxes. Income taxes decreased $2.9 million, or 1%, to $192.5 million for the nine-month period ended September 30, 2009 from $195.3 million for the nine-month period ended September 30, 2008. The effective tax rate was 34.3% and 34.3% for each of the nine-month periods ended September 30, 2009 and 2008.

Term Life Insurance Segment

Our Term Life Insurance results for the nine months ended September 30, 2009 are not directly comparable to results for the nine months ended September 30, 2008 due to a change in our DAC and reserve estimation approach implemented in the fourth quarter of 2008. For information about this change, please see the section entitled "— Critical Accounting Policies — Change in DAC and reserve estimation approach."

	Nine Months Ended September 30,		Change	
	2009	2008	$	%
	(dollars in thousands)			
Revenues				
Direct premiums	$1,514,754	$1,498,369	$ 16,385	1%
Ceded premiums	(440,560)	(413,265)	(27,295)	7%
Net premiums	1,074,194	1,085,104	(10,910)	-1%
Allocated investment income	212,886	181,110	31,776	18%
Other, net	25,166	24,186	980	4%
Total revenues	1,312,246	1,290,400	21,846	2%
Benefits and Expenses				
Benefits and claims	419,744	423,342	(3,598)	*
Amortization of DAC	267,486	233,465	34,021	15%
Acquisition and operating expenses, net of deferrals	115,038	114,330	708	*
Total benefits and expenses	802,268	771,137	31,131	4%
Segment income before income taxes	509,978	519,263	(9,285)	-2%

* Less than 1%

In-force book. The following table reflects changes in our in-force book of term life insurance policies for the periods presented:

	Nine Months Ended September 30,		Change	
	2009	2008	$	%
	(dollars in millions)			
Face amount in-force (beginning of period)	$633,467	$632,086	$ 1,381	*
Issued face amount	59,639	66,770	(7,131)	-11%
Terminations and other changes	(46,765)	(56,264)	(9,499)	-17%
Face amount in-force (end of period)	$646,341	$642,592	$ 3,749	*

* Less than 1%

The in-force book was relatively unchanged, increasing $3.8 billion, or less than 1%, to $646.3 billion as of September 30, 2009 from $642.6 billion as of September 30, 2008. Issued face amount decreased $7.1 billion, or approximately 11%, due to slightly lower sales force productivity and lower average size of policies issued. Terminations and other changes decreased by $9.5 billion. The decrease in the value of the Canadian dollar, as measured against the U.S. dollar and as applied to our total book of in-force policies, resulted in a $12.6 billion decrease in terminations and other changes, which was partially offset by an increase in lapses.

Net premiums. Net premiums decreased $10.9 million, or 1%, to $1,074.2 million for the nine months ended September 30, 2009 from $1,085.1 million for the nine months ended September 30, 2008. Direct premiums increased $16.4 million, or 1%, to $1,514.8 million for the 2009 period from $1,498.4 million for the 2008 period, which was attributable to a less than 1% increase in the size of our in-force book. The increase was more than offset by an increase in ceded premiums. The increase in ceded premiums of $27.3 million, or 7%, to $440.6 million for the 2009 period from $413.3 million for the 2008 period was due to higher ceded YRT premiums, which increase over time with increases in the aging of policies as well as an overall increase in the percentage of the in-force block subject to YRT reinsurance.

Allocated investment income. Allocated investment income increased $31.8 million, or 18%, to $212.9 million for the nine months ended September 30, 2009 from $181.1 million for the nine months ended September 30, 2008. Of this increase, $8.4 million resulted from an increase in the percentage of invested assets allocated to Term Life Insurance to 82% of total invested assets for the 2009 period from 78% for the 2008 period. This increased allocation was caused by an increase in the amount needed to support the required statutory reserves and targeted capital of our insurance subsidiaries. The remaining $23.4 million increase resulted from a higher yield and growth in the book value of invested assets.

Other, net. Other, net increased $1.0 million, or 4%, to $25.2 million for the nine months ended September 30, 2009 from $24.2 million for the nine months ended September 30, 2008 primarily due to higher net interest income paid to us from reinsurers.

Benefits and claims. Benefits and claims decreased $3.6 million, or less than 1%, to $419.7 million for the nine months ended September 30, 2009 from $423.3 million for the nine months ended September 30, 2008. This decrease was primarily attributable to a $6.2 million, or 2%, decrease (improvement) in actual claims experience and was partially offset by an increase in future policy benefit reserves of $2.6 million. The minor increase in reserves resulted from a lower percentage of expected future net premiums needed to fund future claims as a result of our change in DAC and reserve estimation approach in the fourth quarter of 2008, offset by actual persistency that was higher than our pricing assumptions on older blocks of insurance, which caused a greater increase in the reserve balance in the 2009 period.

Amortization of DAC. Amortization of DAC increased $34.0 million, or 15%, to $267.5 million for the nine months ended September 30, 2009 from $233.5 million for the nine months ended September 30, 2008. The change in amortization of DAC was primarily attributable to a higher percentage of net premiums needed to amortize the higher DAC balance resulting from the change in our DAC and reserve estimation approach in the fourth quarter of 2008. The increase in actual persistency during the 2009 period relative to pricing assumptions did not materially affect DAC amortization because the higher persistency was predominantly on older blocks of insurance, which had relatively small amounts of unamortized DAC.

Acquisition and operating expenses, net of deferrals. Acquisition and operating expenses, net of deferrals, increased $0.7 million, or less than 1%, to $115.0 million for the nine months ended September 30, 2009 from $114.3 million for the nine months ended September 30, 2008. This increase resulted from:

- $8.2 million increase in sales commission during the 2009 period that could not be deferred in accordance with GAAP. These commissions related to a special incentive compensation payment to the sales force;
- $1.8 million increase in premium taxes; and
- $1.3 million lower reinsurance allowances.

These increases were partially offset by the following decreases:

- $4.3 million lower incentive compensation accruals in 2009;
- $3.2 million decrease in renewal commissions attributable to the runoff of pre-1990 policy issues;
- $1.9 million lower compensation costs in the 2009 period associated with headcount reductions taken in 4Q 2008; and
- $1.2 million lower IT related expenses.

Investments and Savings Products Segment

	Nine Months Ended September 30,		Change	
	2009	2008	$	%
	(dollars in thousands)			
Revenues				
Commissions and fees	$ 209,531	$ 299,431	$ (89,900)	-30%
Other, net	7,655	8,348	(693)	-8%
Total revenues	217,186	307,779	(90,593)	-29%
Expenses				
Commission expenses, including amortization of DAC	103,021	152,518	(49,497)	-32%
Other operating expenses	46,859	49,976	(3,117)	-6%
Total expenses	149,880	202,494	(52,614)	-26%
Segment income before income taxes	$ 67,306	$ 105,285	$ (37,979)	-36%

Commissions and fees.

The following table sets forth a breakdown of our commissions and fees and the aggregate investment value of sales of investment and savings products that generate sales-based revenue, asset values for accounts that generate asset-based revenues and the number of fee-generating accounts:

	Nine Months Ended September 30,		Change	
	2009	2008	$	%
	(in thousands)			
Revenue source				
Sales-based revenues	$ 86,679	$ 135,279	$ (48,600)	-36%
Asset-based revenues	90,262	128,607	(38,345)	-30%
Account-based revenues	32,590	35,545	(2,955)	-8%
Revenue metric				
Product sales	1,990,663	3,207,905	(1,217,242)	-38%
Average account values	25,550,096	34,472,162	(8,922,066)	-26%
Average number of fee-generating accounts	2,856	3,115	(259)	-8%

Commissions and fees decreased $89.9 million, or 30%, to $209.5 million for the nine months ended September 30, 2009 from $299.4 million for the nine months ended September 30, 2008. This decrease resulted primarily from declines in sales-based revenues and asset-based revenues of $48.6 million and $38.3 million, respectively. The decline in sales resulted from adverse economic and market conditions. Asset values declined due to lower equity valuations in the United States and Canada beginning in the second half of 2008 and continuing through the third quarter of 2009. Account-based revenue declined $3.0 million as a result of lower sales of funds for which we act as recordkeeper. Differences in the percentage change between commission and fee revenues and underlying revenue metrics were primarily attributable to changes in the product mix, none of which was deemed material on an individual basis in the comparative nine-month periods, as well as small variances attributable to averaging.

Other, net. Other, net decreased $0.7 million, or 8%, to $7.7 million for the nine months ended September 30, 2009 from $8.3 million for the nine months ended September 30, 2008. The decrease resulted from lower incentive payments received from product originators in the 2009 period.

Commission expenses, including amortization of DAC. Commission expenses, including amortization of DAC, decreased $49.5 million, or 32%, to $103.0 million for the nine months ended September 30, 2009 from $152.5 million for the nine months ended September 30, 2008. This decrease resulted from declines in sales activity and asset values as a result of adverse economic and market conditions.

Other operating expenses. Other operating expenses decreased $3.1 million, or 6%, to $46.9 million for the nine months ended September 30, 2009 from $50.0 million for the nine months ended September 30, 2008. This decrease resulted from a $1.7 million decline in administrative fees paid on Canadian segregated fund products due primarily to a decline in underlying asset values and $1.5 million lower incentive compensation accruals for the 2009 period.

Corporate and Other Distributed Products Segment

	Nine Months Ended September 30,		Change	
	2009	2008	$	%
	(dollars in thousands)			
Revenues				
Net premiums	$ 52,434	$ 52,016	$ 418	*
Net investment income	47,990	51,178	(3,188)	-6%
Commissions and fees	37,154	75,018	(37,864)	-50%
Other, net	6,262	9,413	(3,151)	-33%
Realized investment gains (losses), including OTTI	(31,473)	(59,741)	28,268	-47%
Total revenues	112,367	127,884	(15,517)	-12%
Benefits and Expenses				
Benefits and claims	32,081	32,184	(103)	*
Insurance acquisition and operating expense, net of deferrals	20,698	20,580	118	*
Other distributed product expenses and commissions	34,553	67,445	(32,892)	-49%
Other unallocated corporate expenses	41,335	62,504	(21,169)	-34%
Total benefits and expenses	128,667	182,713	(54,046)	-30%
Segment loss before income taxes	(16,300)	(54,829)	38,529	-70%

* Less than 1%

Net premiums. Net premiums increased $0.4 million, or less than 1%, to $52.4 million for the nine months ended September 30, 2009 from $52.0 million for the nine months ended September 30, 2008. This increase resulted from modest growth in disability and student life products, partially offset by declines in premiums of discontinued lines of insurance.

Net investment income. Net investment income decreased $3.2 million, or 6%, to $48.0 million for the nine months ended September 30, 2009 from $51.2 million for the nine months ended September 30, 2008. This decline resulted from a decrease in the percentage of invested assets allocated to Corporate and Other Distributed Products from 22% of invested assets for the 2008 period to 18% of invested assets for the 2009 period, which reduced net investment income by $8.4 million. The decrease in the percentage of invested assets allocated to Corporate and Other Distributed Products resulted from an increase in the allocation to Term Life Insurance due to higher statutory reserve and capital requirements. This decrease was partially offset by a $5.3 million increase resulting from a higher yield and growth in the book value of assets.

Commissions and fees. Commissions and fees decreased $37.9 million, or 50%, to $37.2 million for the nine months ended September 30, 2009 from $75.0 million for the nine months ended September 30, 2008. This decrease in commissions and fees was attributable to a decline in sales of loan products. Loan sales were depressed due to adverse economic conditions and tightening credit standards. Sales of loan products declined 56% to $1.6 billion of loans for the 2009 period from $3.7 billion of loans for the 2008 period.

Other, net. Other, net decreased $3.2 million, or 33%, to $6.3 million for the nine months ended September 30, 2009 from $9.4 million for the nine months ended September 30, 2008. This decrease was primarily due to a $2.5 million decrease in income from our print operations due to decreased sales to Citi affiliates and a $0.5 million decrease in sales of merchandise to sales representatives.

Realized investment gains (losses), including OTTI. Realized investment losses, including OTTI, decreased $28.3 million, or 47%, to a $31.5 million loss for the nine months ended September 30, 2009 from a $59.7 million loss for the nine months ended September 30, 2008. This decrease in losses resulted from higher gains from sale and lower other than-temporary impairments of invested assets.

Benefits and claims. Benefits and claims remained relatively unchanged consistent with premium volumes.

Insurance acquisition and operating expenses, net of deferrals. Insurance acquisition and operating expenses, net of deferrals, increased $0.1 million, or less than 1%, to $20.7 million for the nine months ended September 30, 2009 from $20.6 million for the nine months ended September 30, 2008. This increase resulted from a slightly larger in-force book of disability and student life policies.

Other distributed product expenses and commissions. Other distributed product expenses and commissions decreased $32.9 million, or 49%, to $34.6 million for the nine months ended September 30, 2009 from $67.4 million for the nine months ended September 30, 2008. This decrease resulted primarily from a decline in commissions expense associated with declining sales of loan products.

Other unallocated corporate expenses. Other unallocated corporate expenses decreased $21.2 million, or 34%, to $41.3 million for the nine months ended September 30, 2009 from $62.5 million for the nine months ended September 30, 2008. This decrease in other unallocated corporate expenses primarily relates to the following:

- $9.5 million of retention bonuses paid in the 2008 period;
- $4.1 million reduction in incentive compensation and staffing related expenses (including salaries and benefits) in the 2009 period;
- $4.0 million of incremental fees and expenses incurred in the 2008 period in connection with contemplated strategic and financial transactions;
- $2.9 million reduction in printing costs due to decreased sales of printing to other Citi affiliates; and
- $0.7 millions reduction in IT related and other administrative expenses.

Fiscal Year Ended December 31, 2008 as Compared to the Fiscal Year Ended December 31, 2007

Consolidated Overview

	Year Ended December 31,		Change	
	2008	2007	$	%
	(dollars in thousands)			
Revenues				
Direct premiums	$ 2,092,792	$ 2,003,595	$ 89,197	4%
Ceded premiums	(629,074)	(535,833)	(93,241)	17%
Net premiums	1,463,718	1,467,762	(4,045)	*
Net investment income	314,035	328,609	(14,574)	-4%
Commissions and fees	466,484	545,584	(79,100)	-14%
Other, net	56,187	41,856	14,331	34%
Realized investment gains (losses), including OTTI	(103,480)	6,527	(110,007)	*
Total revenues	2,196,944	2,390,338	(193,394)	-8%
Benefits and Expenses				
Benefits and claims	938,370	557,422	380,948	68%
Amortization of DAC	144,490	321,060	(176,570)	-55%
Insurance commissions	23,932	28,003	(4,071)	-15%
Insurance expenses	141,331	137,526	3,805	3%
Sales commissions	248,020	296,521	(48,501)	-16%
Goodwill impairment	194,992	—	194,992	*
Other operating expenses	152,773	136,634	16,139	12%
Total benefits and expenses	1,843,908	1,477,166	366,742	25%
Income before income taxes	353,036	913,172	(560,136)	-61%
Income taxes	185,354	319,538	(134,184)	-42%
Net Income	$ 167,682	$ 593,634	$ (425,952)	-72%

* Less than 1%

Income before income taxes. Income before income taxes decreased $560.1 million, or 61%, to $353.0 million for the year ended December 31, 2008 from $913.2 million for the year ended December 31, 2007. The decrease was primarily attributable to a $361.1 million decline in Corporate and Other Distributed Products due primarily to a goodwill impairment charge of $195.0 million and to realize impairment losses on our invested assets of $114.0 million. Term Life Insurance decreased by $171.8 million due primarily to a change in our DAC and reserve estimation approach and Investment and Savings Products decreased $27.2 million due largely to lower sales activity and declines in asset values.

Total revenues. Total revenues decreased $193.4 million, or 8%, to $2,196.9 million for the year ended December 31, 2008 from $2,390.3 million for the year ended December 31, 2007. The decrease was attributable to a $167.9 million decline in Corporate and Other Distributed Products, due primarily to realized investment losses resulting from impairment losses on our invested assets, lower allocation of net investment income and declines in the sale of loan products. Investment and Savings Products decreased by $53.4 million due primarily to declines in sales commissions received. These declines were partially offset by a $28.0 million increase in Term Life Insurance due to increased allocation of net investment income and higher subscription fees from our sales force website.

Total benefits and expenses. Total benefits and expenses increased $366.7 million, or 25%, to $1,843.9 million for the year ended December 31, 2008 from $1,477.2 million for the year ended December 31, 2007. The increase was attributable to a $199.7 million increase in Term Life Insurance, due to the change in our DAC and reserve estimation approach and a $193.2 million increase in Corporate and Other Distributed Products, which primarily resulted from a goodwill impairment charge. These declines were partially offset by a $26.2 million decrease in Investment and Savings Products due primarily to lower sales volume.

Income taxes. Income taxes decreased $134.2 million, or 42%, to $185.4 million for the year ended December 31, 2008 from $319.5 million for the year ended December 31, 2007. The effective rate was 52.4% and 35.0% for the years ended December 31, 2008 and 2007, respectively. This increase in the effective tax rate was primarily the result of the $195.0 million non-tax deductible goodwill impairment charge in 2008. Excluding the effect of the goodwill impairment charge, the effective tax rate would have been 33.2% for the year ended December 31, 2008.

Term Life Insurance Segment

	Year Ended December 31,		Change	
	2008	2007	$	%
	(dollars in thousands)			
Revenues				
Direct premiums	$2,007,339	$1,915,746	$ 91,593	5%
Ceded premiums	(613,386)	(520,165)	(93,221)	18%
Net premiums	1,393,953	1,395,581	(1,628)	*
Allocated investment income	254,566	242,331	12,235	5%
Other, net	34,333	16,983	17,350	102%
Total revenues	1,682,852	1,654,895	27,957	2%
Benefits and Expenses				
Benefits and claims	894,910	513,232	381,678	74%
Amortization of DAC	131,286	314,193	(182,907)	-58%
Acquisition and operating expenses, net of deferrals	135,007	134,031	976	1%
Total benefits and expenses	1,161,203	961,456	199,747	21%
Segment income before income taxes	$ 521,649	$ 693,439	$(171,790)	-25%

* Less than 1%

Our Term Life Insurance results set forth above for the year ended December 31, 2008 are not directly comparable to results for the year ended December 31, 2007 due to a change in our DAC and reserve estimation approach implemented in the fourth quarter of 2008. For information about this change, please see the section entitled "— Critical Accounting Policies — Change in DAC and reserve estimation approach" above. The impact of this change on our Term Life Insurance results for the year ended December 31, 2008 is illustrated in the table below:

	Year-to-Year Change		Adjustment for Change in DAC and Reserve Estimation Approach	Year-to-Year Change (Before Change in DAC and Reserve Estimation Approach)	
	$	%		$	%
			(dollars in thousands)		
Direct premiums	91,593	5%	6,870	84,723	4%
Ceded premiums	(93,221)	18%	(57,810)	(35,411)	7%
Benefits and claims	381,678	74%	328,258	53,420	10%
Amortization of DAC	(182,907)	-58%	(179,391)	(3,516)	-1%
Acquisition and operating expenses, net of deferrals	977	1%	8,188	9,165	7%
Segment income before income taxes	(171,790)	-25%	(191,718)	19,928	3%

In-force book. The following table reflects changes in our in-force book of term life insurance policies for the periods presented:

	Year Ended December 31,		Change	
	2008	2007	$	%
		(dollars in millions)		
Face amount in-force (beginning of year)	$632,086	$599,470	$32,616	5%
Issued face amount	87,279	87,619	(340)	*
Terminations and other changes	(85,898)	(55,003)	30,895	56%
Face amount in-force (end of year)	$633,467	$632,086	$ 1,381	*

* Less than 1%

The in-force book remained relatively unchanged, increasing $1.4 billion, or less than 1%, to $633.5 billion as of December 31, 2008 from $632.1 billion as of December 31, 2007. Issued face amount remained relatively consistent in 2008 as compared to 2007 due to slightly lower sales representative productivity, which was partially offset by a larger number of sales representatives. Terminations and other changes increased by $30.9 billion, of which approximately $24.5 billion resulted from decreases in the value of the Canadian dollar as measured against the U.S. dollar and applied to our total book of in-force. The remaining $6.4 billion increase in terminations and other changes resulted from increased lapses in 2008, primarily due to the weaker economy.

Net premiums. Net premiums remained relatively unchanged at $1.4 billion for the year ended December 31, 2008. Direct premiums increased $91.6 million, or 5%, to $2.0 billion for the year ended December 31, 2008 from $1.9 billion for the year ended December 31, 2007. Of this increase, $84.7 was attributable to an increase in the average size of the in-force book, and $6.9 million was attributable to the change in our DAC and reserve estimation approach. The increase was offset by an increase in ceded premiums. Ceded premiums increased by $93.2 million, of which $57.8 million was attributable to the change in our DAC and reserve estimation approach and $35.4 million was attributable to higher ceded YRT premiums, which increase over time with increases in the age of policyholders, as well as an overall increase in the percentage of the in-force book subject to reinsurance.

Allocated investment income. Allocated investment income increased $12.2 million, or 5%, to $254.6 million for the year ended December 31, 2008 from $242.3 million for the year ended December 31, 2007. Allocated investment income increased $24.0 million resulting from an increase in the percentage of invested assets allocated to Term Life Insurance to 81% of total invested assets in 2008 from 74% in 2007. This increased allocation was caused by an increase in the amount required to support our required statutory reserves and targeted capital. This increase was offset by a $11.8 million decrease in allocated investment income resulting from a lower yield partially offset by growth in the book value of invested assets.

Other, net. Other, net increased $17.4 million, or 102%, to $34.3 million for the year ended December 31, 2008 from $17.0 million for the year ended December 31, 2007. Of this increase, $15.3 million resulted from higher subscription revenues from our sales force website, which related to a change to the entry fee structure for our sales representatives. In November 2007, we reduced the upfront entry fee and began charging an ongoing fee to recruits for access to our sales force website. The remaining $1.7 million increase primarily relates to a change in net interest income associated with amounts due to or from reinsurers.

Benefits and claims. Benefits and claims increased $381.7 million, or 74%, to $894.9 million for the year ended December 31, 2008 from $513.2 million for the year ended December 31, 2007. Of this increase, $328.3 million was attributable to the change in our DAC and reserve estimation approach implemented as of December 31, 2008. Of the remaining $53.4 million, $31.7 million was attributable to the higher benefit reserve increase under the prior estimation approach in 2008 (which was applicable for the full year ended December 31, 2008) because actual persistency was higher than our pricing assumptions, which resulted in a higher percentage of net premiums needed to fund additional expected future claims. The remaining $21.7 million was due to increased claims consistent with the increases in the average size of the in-force book.

Amortization of DAC. Amortization of DAC decreased $182.9 million, or 58%, to $131.3 million for the year ended December 31, 2008 from $314.2 million for the year ended December 31, 2007. This decrease was primarily attributable to the $179.4 million impact of the change in our DAC and reserve estimation approach.

Acquisition and operating expenses, net of deferrals. Acquisition and operating expenses, net of deferrals, increased $1.0 million, or less than 1% to $135.0 million for the year ended December 31, 2008 from $134.0 million for the year ended December 31, 2007. This relatively minor increase resulted from the following:

- $5.5 million decrease in expenses resulting from an increase in reinsurance expense allowances (which offset expenses) attributable to the change in our DAC and reserve estimation approach, net of reductions due to the runoff of policies subject to coinsurance;
- $4.2 million decrease in non-deferred sales commissions attributable to the runoff of renewal commissions on pre-1990 issues; and
- $0.8 million decrease in incentive compensation expense.

The above decreases were more than offset by a $6.5 million increase in licensing and training costs due to the change in the entry fee structure for our sales representatives implemented in November 2007 and a $5.0 million increase in premium taxes due to an increase in the accrual rate.

Investments and Savings Products Segment

	Year Ended December 31,		Change	
	2008	2007	$	%
	(dollars in thousands)			
Revenues				
Commissions and fees	$ 374,791	$ 431,518	$ (56,727)	-13%
Other, net	11,717	8,427	3,290	39%
Total revenues	386,508	439,945	(53,437)	-12%
Expenses				
Commission expenses, including amortization of Deferred Policy Acquisition Costs	193,148	218,979	(25,831)	-12%
Other operating expenses	68,197	68,580	(383)	-1%
Total expenses	261,345	287,559	(26,214)	-9%
Income before income taxes	$ 125,163	$ 152,386	$ (27,223)	-18%

Commissions and fees.

The following table sets forth a breakdown of our commissions and fees and the aggregate investment value of sales of investment and savings products that generate sales-based revenue, asset values for accounts that generate asset-based revenues and the number of fee-generating accounts:

	Year Ended December 31,		Change	
	2008	2007	$	%
	(dollars in thousands)			
Revenue source				
Sales-based revenues	$ 168,614	$ 212,626	$ (44,012)	-21%
Asset-based revenues	$ 158,934	$ 170,277	$ (11,343)	-7%
Account-based revenues	$ 47,243	$ 48,615	$ (1,372)	-3%
Revenue metric				
Product sales	$ 3,966,436	$ 4,730,506	$ (764,070)	-16%
Average account values	$ 32,163,880	$ 36,374,049	$ (4,210,169)	-12%
Average number of fee-generating accounts	3,081	3,207	(126)	-4%

Commissions and fees decreased $56.7 million, or 13%, to $374.8 million for the year ended December 31, 2008 from $431.5 million for the year ended December 31, 2007. This decrease resulted from a $44.0 million decline in sales-based revenues, an $11.3 million decline in asset-based revenues and a $1.4 million decline in account-based revenues.

Sales-based revenues declined as a result of the following:

- $29.2 million due to lower sales activity, as the amount of mutual fund and variable annuity products distributed declined due to adverse economic and market conditions in the second half of 2008;
- $8.8 million due to the phase-in of a new variable annuity product in 2008 on which we earn lower sales-based commissions;
- $3.8 million due to the cancellation of an underwriting concession fee arrangement with Legg Mason in 2008; and
- $2.2 million due to additional compensation we received from a variable annuity originator based on sales volume in 2007 that was not earned in 2008.

Asset-based revenues decreased by $20.0 million as a result of a decline in the average aggregate asset value of client accounts. Asset values declined due to lower equity valuations and higher redemption rates during the second half of 2008. This decrease was partially offset by an $8.5 million increase in asset-based revenues due to changes in the product mix, particularly growth in the amount of Canadian segregated fund assets on which we earn higher asset-based revenues.

Account-based revenues declined $1.4 million as a result of lower sales of funds for which we act as recordkeeper.

Other, net. Other, net increased $3.3 million, or 39%, to $11.7 million for the year ended December 31, 2008 from $8.4 million for the year ended December 31, 2007. This increase resulted from higher subscription revenues from our sales force website due to a change to the entry fee structure for our sales representatives implemented in November 2007.

Commission expenses, including amortization of DAC. Commission expenses, including amortization of DAC decreased $25.8 million, or 12%, to $193.1 million for the year ended December 31, 2008 from $219.0 million for the year ended December 31, 2007. This decrease resulted primarily from declines in sales activity and asset values as a result of adverse economic and market conditions.

Other operating expenses. Other operating expenses decreased $0.4 million, or 1%, to 68.2 million for the year ended December 31, 2008 from $68.6 million for the year ended December 31, 2007. This decrease resulted from a $1.2 million decrease in incentive compensation, partially offset by a $0.8 million increase in administrative fees on Canadian segregated funds.

Corporate and Other Distributed Products Segment

	Year Ended December 31,		Change	
	2008	2007	$	%
	(dollars in thousands)			
Revenues				
Net premiums	$ 69,765	$ 72,181	$ (2,416)	-3%
Net investment income	59,469	86,278	(26,809)	-31%
Commissions and fees	91,693	114,066	(22,373)	-20%
Other, net	10,137	16,446	(6,310)	-38%
Realized investment gains (losses), including OTTI	(103,480)	6,527	(110,007)	*
Total revenues	127,584	295,498	(167,914)	-57%
Benefits and Expenses				
Benefits and claims	43,461	44,189	(728)	-2%
Insurance acquisition and operating expense, net of deferrals	25,976	26,550	(574)	-2%
Other distributed product expenses & commissions	82,641	99,729	(17,088)	-17%
Goodwill impairment	194,992	—	194,992	*
Other unallocated corporate expenses	74,290	57,683	16,607	29%
Total benefits and expenses	421,360	228,151	193,209	85%
Segment income (loss) before income taxes	$(293,776)	$ 67,347	$(361,123)	NM

* Less than 1%

Net premiums. Net premiums decreased $2.4 million, or 3%, to $69.8 million for the year ended December 31, 2008 from $72.2 million for the year ended December 31, 2007. This decrease resulted from a decline in premiums from runoff of discontinued lines of insurance, partially offset by $0.7 million attributable to growth in disability and student life products.

Net investment income. Net investment income decreased $26.8 million, or 31%, to $59.5 million for the year ended December 31, 2008 from $86.3 million for the year ended December 31, 2007. Allocated investment income decreased $24.0 million as a result of a decrease in the percentage of invested assets allocated to Corporate and Other Distributed Products, which decreased from 26% of total invested assets in 2007 to 19% of total invested assets in 2008. The decrease in the percentage of invested assets allocated to Corporate and Other Distributed Products resulted from an increase in the allocation to Term Life Insurance due to higher statutory reserve and capital requirements of our insurance subsidiaries. The remaining $2.8 million decrease resulted from a lower yield, partially offset by growth in the book value of invested assets.

Commissions and fees. Commissions and fees decreased $22.4 million, or 20%, to $91.7 million for the year ended December 31, 2008 from $114.1 million for the year ended December 31, 2007. Of this decrease, $18.0 million was attributable to a decline in sales of loan products and $4.4 million was attributable to a commission rate reduction on loan products effected in the third quarter of 2007. Loan sales were depressed in 2008 due to adverse economic conditions and the tightening credit standards. Sales of loan products declined 14% to $4.4 billion of loans in 2008 from $5.1 billion of loans in 2007.

Other, net. Other, net decreased $6.3 million, or 38%, to $10.1 million for the year ended December 31, 2008 from $16.4 million for the year ended December 31, 2007. Of this decrease, $3.9 million resulted from a change in net interest income associated with amounts due to or from reinsurers and $2.4 million resulted from a reduction in income from our print operations due to decreased sales to other Citi affiliates.

Realized investment gains (losses), including OTTI. Realized investment gains (losses), including OTTI, decreased $110.0 million to losses of $103.5 million for the year ended December 31, 2008 from gains of $6.5 million for the year ended December 31, 2007. This decrease resulted from an increase in other-than-temporary impairments on securities.

Benefits and claims. Benefits and claims decreased $0.7 million, or 2%, to $43.5 million for the year ended December 31, 2008 from $44.2 million for the year ended December 31, 2007. This slight decline is consistent with the slight decline in premiums.

Insurance acquisition and operating expenses, net of deferrals. Insurance acquisition and operating expenses, net of deferrals, decreased $0.6 million, or 2%, to $26.0 million for the year ended December 31, 2008 from $26.6 million for the year ended December 31, 2007. This decrease was primarily related to lower commissions on lower premiums and the runoff of discontinued lines of insurance.

Other distributed product expenses and commissions. Other distributed product expenses and commissions decreased $17.1 million, or 17%, to $82.6 million for the year ended December 31, 2008 from $99.7 million for the year ended December 31, 2007. This decrease resulted from a decline in commissions expense attributable to a decline in sales of loan products.

Goodwill impairment. We recognized a $195 million goodwill impairment charge resulting from a determination, based on impairment testing as of December 31, 2008, that maintaining the goodwill balance was unsupportable in light of the deterioration in financial markets and weak economic outlook, among other factors. For additional information, please see "— Critical Accounting Policies — Goodwill" above.

Other unallocated corporate expenses. Other unallocated corporate expenses increased $16.6 million, or 29%, to $74.3 million for the year ended December 31, 2008 from $57.7 million for the year ended December 31, 2007. This increase in other unallocated corporate expenses includes the following:

- $9.5 million related to retention bonuses paid in 2008;
- $5.7 million related to incremental fees and expenses incurred in connection with contemplated strategic and financial transactions in 2008;

- $4.1 million related to increased corporate expense allocations from Citi primarily for internal audit and information security services;
- $1.8 million related to increased technology spending; and
- $0.8 million increase in compensation and benefits.

The above increases were partially offset by a $4.0 million reduction in severance and other termination costs associated with more significant headcount reductions occurring in 2007 than occurred in 2008 and a $1.3 million reduction in incentive compensation.

Fiscal Year Ended December 31, 2007 as Compared to the Fiscal Year Ended December 31, 2006

Consolidated Overview

	Year Ended December 31,		Change	
	2007	2006	$	%
	(dollars in thousands)			
Revenues				
Direct premiums	$2,003,595	$1,898,419	$105,176	6%
Ceded premiums	(535,833)	(496,061)	(39,772)	8%
Net premiums	1,467,762	1,402,358	65,404	5%
Net investment income	328,609	318,853	9,756	3%
Commissions and fees	545,584	486,145	59,439	12%
Other, net	41,856	37,962	3,894	10%
Realized investment gains (losses), including OTTI	6,527	8,746	(2,219)	-25%
Total revenues	2,390,338	2,254,064	136,274	6%
Benefits and Expenses				
Benefits and claims	557,422	544,556	12,866	2%
Amortization of DAC	321,060	284,787	36,273	13%
Insurance commissions	28,003	26,171	1,832	7%
Insurance expenses	137,526	126,843	10,683	8%
Sales commissions	296,521	265,662	30,859	12%
Other operating expenses	136,634	127,849	8,785	7%
Total benefits and expenses	1,477,166	1,375,868	101,298	7%
Income before income taxes	913,172	878,196	34,976	4%
Income taxes	319,538	276,244	43,294	16%
Net Income	$ 593,634	$ 601,952	$ (8,318)	-1%

Income before income taxes. Income before income taxes increased $35.0 million, or 4%, to $913.2 million for the year ended December 31, 2007 from $878.2 million for the year ended December 31, 2006. The increase was attributable to a $18.3 million increase in Term Life Insurance due to higher net premiums and allocated net investment income, a $20.2 million increase in income before income taxes from Investment and Savings Products due primarily to stronger sales activity and higher asset values and a $3.5 million decrease in income before income taxes from Corporate and Other Distributed Products, as described below.

Total revenues. Total revenues increased $136.3 million, or 6%, to $2,390.3 million for the year ended December 31, 2007 from $2,254.1 million for the year ended December 31, 2006. The increase was primarily attributable to a $70.0 million increase in Term Life Insurance, due to higher direct premiums, and a $56.5 million increase in Investment and Savings Products, due primarily to an increase in sales. The remaining $9.7 million increase was attributable to an increase in Corporate and Other Distributed Products.

Total benefits and expenses. Total benefits and expenses increased $101.3 million, or 7%, to $1,477.2 million for the year ended December 31, 2007 from $1,375.9 million for the year ended December 31, 2006. The increase was attributable to a $51.7 million increase in Term Life Insurance, a $36.4 million increase in Investment and Savings Products and a $13.2 million increase in Corporate and Other Distributed Products, all of which are substantially proportionate to increases in segment revenues resulting from stronger results across all segments in 2007.

Income taxes. Income taxes increased $43.3 million, or 16%, to $319.5 million for the year ended December 31, 2007 from $276.2 million for the year ended December 31, 2006. The effective rate was 35.0% and 31.5% for the years ended December 31, 2007 and 2006, respectively. The increase in the effective tax rate in 2007 was primarily the result of the release of tax contingency reserves of $25.5 million during 2006 due to the closing of the IRS audit for the 1999-2002 tax years. Excluding the effect of the release of these reserves, the effective tax rate would have been 34.4% for the year ended December 31, 2006.

Term Life Insurance Segment

	Year Ended December 31,		Change	
	2007	2006	$	%
	(dollars in thousands)			
Revenues				
Direct premiums	$1,915,746	$1,813,551	$102,195	6%
Ceded premiums	(520,165)	(479,653)	(40,512)	8%
Net premiums	1,395,581	1,333,898	61,684	5%
Allocated investment income	242,331	232,502	9,829	4%
Other, net	16,983	18,466	(1,483)	-8%
Total revenue	1,654,895	1,584,866	70,029	4%
Benefits and Expenses				
Benefits and claims.	513,232	502,867	10,365	2%
Amortization of DAC.	314,193	280,675	33,518	12%
Acquisition and operating expenses, net of deferrals	134,031	126,194	7,837	6%
Total benefits and expenses	961,456	909,736	51,720	6%
Income before income taxes	$ 693,439	$ 675,130	$ 18,309	3%

In-force book. The following table reflects changes in our in-force book of term life insurance policies for the periods presented:

	Year Ended December 31,		Change	
	2007	2006	$	%
	(dollars in millions)			
Face amount in-force (beginning of year)	$599,470	$572,155	$27,315	5%
Issued face amount	87,619	84,500	3,119	4%
Terminations and other changes	(55,003)	(57,185)	(2,182)	-4%
Face amount in-force (end of year)	$632,086	$599,470	$32,616	5%

The in-force book increased $30.0 billion, or 5%, to $632.1 billion as of December 31, 2007 from $599.5 billion as of December 31, 2006. Issued face amount increased $3.1 billion, or 4%, in 2007 as compared to 2006 due to a larger number of sales representatives. Terminations and other changes decreased by $2.2 billion, or 4%, in 2007. Terminations and other changes increased by $7.8 billion as a result of increased lapses in 2007 as a

result of a higher number of policies reaching the end of their initial 20-year term and weakening economic conditions in late 2007. The increase was more than offset by a $10.0 billion decrease in terminations and other changes resulting from increases in the value of the Canadian dollar, as measured against the U.S. dollar and applied to our entire book of in-force policies.

Net premiums. Net premiums increased $61.7 million, or 5%, to 1,395.6 million for the year ended December 31, 2007 from $1,333.9 million for the year ended December 31, 2006. Direct premiums increased $102.2 million, or 6%, to $1,915.7 million for the year ended December 31, 2007 from $1,813.6 million for the year ended December 31, 2006. This increase was primarily attributable to an increase in the average size of the in-force book, which was partially offset by an increase in ceded premiums. Ceded premiums increased by $40.5 million attributable to higher ceded YRT premiums, which increase over time with increases in the age of policyholders, as well as an overall increase in the percentage of the in-force book subject to reinsurance.

Allocated investment income. Allocated investment income increased $9.8 million, or 4%, to $242.3 million for the year ended December 31, 2007 from $232.5 million for the year ended December 31, 2006. Of this increase, $2.6 million resulted from an increase in the percentage of invested assets allocated to Term Life Insurance, which increased from 73% in 2006 to 74% of combined investment income in 2007. The increased allocation was caused by an increase in the amount required to support the required statutory reserves and targeted capital of our insurance subsidiaries. The remaining $7.2 million increase resulted from growth in the book value of invested assets partially offset by a lower yield.

Other, net. Other, net decreased $1.5 million, or 8%, to $17.0 million for the year ended December 31, 2007 from $18.5 million for the year ended December 31, 2006. The decrease resulted from a $2.3 million decline in net interest income associated with amounts due to or from reinsurers and a $1.7 million decrease in other revenues. These declines were partially offset by a $2.5 increase in subscription revenues from our sales force website.

Benefits and claims. Benefits and claims increased $10.4 million, or 2%, to $513.2 million for the year ended December 31, 2007 from $502.9 million for the year ended December 31, 2006. This increase resulted from a $37.2 million increase in claims attributable to less favorable mortality experience in 2007. The increase in claims was partially offset by a $26.9 million decrease in the reserve change affecting benefits and claims. The change in reserves resulted primarily from our adoption of SOP 05-1 in January 2007, which effectively reduced the percentage of expected future net premiums needed to fund expected future claims.

Amortization of DAC. Amortization of DAC increased $33.5 million, or 12%, to $314.2 million for the year ended December 31, 2007 from $280.7 million for the year ended December 31, 2006. This increase resulted from a higher percentage of net premium revenues required to amortize the DAC balance due to lower persistency experience than reflected in our pricing assumptions resulting from our adoption of SOP 05-1.

Acquisition and operating expenses, net of deferrals. Acquisition and operating expenses, net of deferrals, increased $7.8 million, or 6%, to $134.0 million for the year ended December 31, 2007 from $126.2 million for the year ended December 31, 2006. This increase in acquisition and operating expenses, net of deferrals, related to the following:

- $3.7 million increase in sales force licensing, training and website support expenses;
- $3.1 million increase in compensation and benefits;
- $1.9 million increase in administrative expenses;
- $1.9 million decrease in reinsurance allowance as a result of the runoff of policies subject to coinsurance; and
- $1.7 million increase in premium taxes.

The above increases were partially offset by a $2.0 million decline in incentive compensation and a $2.5 million decrease in nondeferred sales commissions attributable to the runoff of renewal commissions on pre-1990 issues.

Investments and Savings Products Segment

	Year Ended December 31,		Change	
	2007	2006	$	%
	(dollars in thousands)			
Revenues				
Commissions and fees	$ 431,518	$ 374,343	$ 57,175	15%
Other, net	8,427	9,054	(627)	-7%
Total revenues	439,945	383,397	56,548	15%
Expenses				
Commission expenses, including amortization of DAC	218,979	187,883	31,096	17%
Other operating expenses	68,580	63,306	5,274	8%
Total expenses	287,559	251,189	36,370	14%
Income before income taxes	$ 152,386	$ 132,208	$ 20,178	15%

Commissions and fees.

The following table sets forth a breakdown of our commissions and fees and the aggregate investment value of sales of investment and savings products that generate sales-based revenue, asset values for accounts that generate asset-based revenues and the number of fee-generating accounts:

	Year Ended December 31,		Change	
	2007	2006	$	%
	(dollars in thousands)			
Revenue source				
Sales-based revenues	$ 212,626	$ 187,961	$ 24,665	13%
Asset-based revenues	$ 170,277	$ 137,148	$ 33,129	24%
Account-based revenues	$ 48,615	$ 49,234	$ (619)	-1%
Revenue metric				
Product sales	$ 4,730,506	$ 4,259,607	$ 470,899	11%
Average account values	$ 36,374,049	$ 31,895,722	$ 4,478,327	14%
Average number of fee-generating accounts	3,207	3,189	18	1%

Commissions and fees increased $57.2 million, or 15%, to $431.5 million for the year ended December 31, 2007 from $374.3 million for the year ended December 31, 2006. This increase resulted primarily from a $24.7 million increase in sales-based revenues and a $33.1 million increase in asset-based revenues, partially offset by a $0.6 million decline in asset-based revenues.

Sales-based revenues increased as a result of the following:

- $28.8 million due to higher sales activity, resulting from more favorable economic and market conditions in 2007, combined with changes in sales force compensation and promotional licensing initiatives;
- $1.9 million due to additional compensation we received from a variable annuity originator based on sales volume in 2007; and
- $1.7 million due to higher underwriter concession fees.

The above increases were partially offset by a $7.9 million decline due to the phase-in of a new variable annuity product on which we earn lower sales-based commissions.

Asset-based revenues increased $17.6 million due to an increase in the average aggregate asset value of client accounts. The remaining $15.5 million increase in asset-based revenues was attributable to changes in the product mix, of which $11.8 million resulted from growth in Canadian segregated fund assets on which we earn higher asset-based revenues.

Account-based revenues declined slightly as a result of a slight reduction in the number of clients with custodial accounts in 2007.

Other, net. Other, net decreased $0.6 million, or 7%, to $8.4 million for the year ended December 31, 2007 from $9.1 million for the year ended December 31, 2006. This decrease was due to a decline in miscellaneous administrative fees received from clients, partially offset by a $0.6 million increase in subscription revenues from our sales force website.

Commission expenses, including amortization of DAC. Commission expenses, including amortization of DAC, increased $31.1 million, or 17%, to $219.0 million for the year ended December 31, 2007 from $187.9 million for the year ended December 31, 2006. Of this increase, $27.6 million resulted from increased sales activity and higher average asset values and $3.5 million resulted from a change in our sales force compensation policy implemented in January 2006, which increased the commission rate on assets in respect of sales made after the implementation date.

Other operating expenses. Other operating expenses increased $5.3 million, or 8%, to $68.6 million for the year ended December 31, 2007 from $63.3 million for the year ended December 31, 2006. This increase in other operating expenses relates to the following:

- $3.5 million increase in legal settlements in 2007; and
- $3.4 million increase in administrative fees attributable to growth in Canadian segregated funds.

These increases were partially offset by a $1.4 million reduction in marketing expenses and a $0.2 million reduction in other Investment and Savings Products expenses.

Corporate and Other Distributed Products Segment

	Year Ended December 31,		Change	
	2007	2006	$	%
	(dollars in thousands)			
Revenues				
Net premiums	$ 72,181	$ 68,459	$ 3,722	5%
Net investment income	86,278	86,351	(73)	*
Commissions and fees	114,066	111,802	2,264	2%
Other, net	16,446	10,443	6,003	57%
Realized investment gains (losses), including OTTI	6,527	8,746	(2,219)	-25%
Total revenues	295,498	285,801	9,697	3%
Benefits and Expenses				
Benefits and claims	44,189	41,689	2,500	6%
Insurance acquisition and operating expense, net of deferrals	26,550	23,282	3,268	14%
Other distributed product expenses & commissions	99,729	97,042	2,687	3%
Other unallocated corporate expenses	57,683	52,930	4,753	9%
Total benefits and expenses	228,151	214,943	13,208	6%
Income (loss) before income taxes	$ 67,347	$ 70,858	$ (3,511)	-5%

* Less than 1%

Net premiums. Net premiums increased $3.7 million, or 5%, to $72.2 million for the year ended December 31, 2007 from $68.5 million for the year ended December 31, 2006. This increase resulted from a $2.0 million under-accrual of insurance premiums in 2006 that was reversed in 2007, causing a $4.0 million difference. Net premiums also increased $1.1 million due to modest growth in disability and student life products. These increases were partially offset by a $1.4 million decline in premiums from the runoff of discontinued lines of insurance.

Net investment income. Net investment income remained relatively unchanged at $86.3 million for the year ended December 31, 2007 from $86.4 million for the year ended December 31, 2006.

Commissions and fees. Commissions and fees increased $2.3 million, or 2%, to $114.1 million for the year ended December 31, 2007 from $111.8 million for the year ended December 31, 2006. This increase included a $9.7 million increase attributable to a higher sales volume of loan products, offset by $7.4 million reduction in the commission rate received on new loan sales in 2007.

Other, net. Other, net increased $6.0 million, or 57%, to $16.4 million for the year ended December 31, 2007 from $10.4 million for the year ended December 31, 2006. Of this increase, $5.2 million resulted from a change in net interest income associated with amounts due to or from reinsurers and $1.1 million resulted from an increase in income from our print operations primarily due to increased sales to other Citi affiliates. These increases were partially offset by a reduction in miscellaneous income received from third parties.

Realized investment gains (losses), including OTTI. Realized investment gains (losses), including OTTI, decreased $2.2 million, or 25%, to gains of $6.5 million for the year ended December 31, 2007 from gains of $8.7 million for the year ended December 31, 2006. This decrease resulted from declines in portfolio trading activity in 2007.

Benefits and claims. Benefits and claims increased $2.5 million, or 6%, to $44.2 million for the year ended December 31, 2007 from $41.7 million for the year ended December 31, 2006. The increase is consistent with the increase in net premiums.

Insurance acquisition and operating expenses, net of deferrals. Insurance acquisition and operating expenses, net of deferrals, increased $3.3 million, or 14%, to $26.6 million for the year ended December 31, 2007 from $23.3 million for the year ended December 31, 2006. This increase resulted from a $2.5 million increase in commissions primarily attributable to the additional premium accruals in 2007. Other increases include a $0.5 million increase in DAC amortization and a $0.3 million increase in other general expenses.

Other distributed product expenses and commissions. Other distributed product expenses and commissions increased $2.7 million, or 3%, to $99.7 million for the year ended December 31, 2007 from $97.0 million for the year ended December 31, 2006. This increase resulted from an increase in commissions expense attributable to higher sales of loan products and other distributed products.

Other unallocated corporate expenses. Other unallocated corporate expenses increased $4.8 million, or 9%, to $57.7 million for the year ended December 31, 2007 from $52.9 million for the year ended December 31, 2006. This increase in other unallocated corporate expenses related to the following:

- $5.9 million of severance and other termination costs associated with headcount reductions in 2007; and
- $2.6 million of increased corporate expense allocations from Citi primarily for government relations, internal audit and information security services.

The above increases were partially offset by a $3.4 million reduction in legal fees and settlement costs in 2007 and a $0.3 million reduction in other Corporate and Other Distributed Products expenses.

Investments

Investment Strategy and Guidelines

We believe that we follow a conservative investment strategy designed to emphasize the preservation of our invested assets and provide adequate liquidity for the prompt payment of claims. To help ensure adequate liquidity for payment of claims, we take into account the maturity and duration of our invested asset portfolio and our general liability profile. In making investment decisions, we consider the impact of various catastrophic events to which we may be exposed. Our invested asset portfolio consists primarily of investment-grade, fixed-maturity securities. As of September 30, 2009, these securities represented 92% of our total investments and cash and cash equivalents, with the remainder invested in high-yield bond, equity securities and alternative investments.

In an effort to meet business needs and mitigate risks, our investment guidelines provide restrictions on our portfolio's composition, including limits on asset type, sector limits, credit quality limits, portfolio duration, limits on the amount of investments in approved countries and permissible security types. We may also direct our investment managers to invest some of our invested asset portfolio in currencies other than the U.S. dollar. For example, a portion of our portfolio is invested in assets denominated in Canadian dollars which, at minimum, would equal our reserves for policies denominated in Canadian dollars.

Our investment performance is subject to a variety of risks, including risks related to general economic conditions, market volatility, interest rate fluctuations, liquidity risk and credit and default risk. Investment guideline restrictions have been established in an effort to minimize the effect of these risks but may not always be effective due to factors beyond our control. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. A significant increase in interest rates could result in significant losses, realized or unrealized, in the value of our invested asset portfolio. Additionally, with respect to some of our investments, we are subject to prepayment and, therefore, reinvestment risk. Alternative investments subject us to restrictions on redemption, which may limit our ability to withdraw funds for some period of time after our initial investment. The values of, and returns on, such investments may also be more volatile.

We currently have an investment committee composed of members of our senior management team. Prior to completion of this offering, our investment committee will be expanded to include members of our board of directors. Our investment committee is responsible for establishing and maintaining our investment guidelines and supervising our investment activity. Our investment committee regularly monitors our overall investment results and our compliance with our investment objectives and guidelines, and upon completion of this offering, it will ultimately report our overall investment results to our board of directors.

Portfolio Description

As of September 30, 2009, the carrying value of our invested asset portfolio was approximately $6.3 billion, or $ billion on an actual and pro forma basis after giving effect to the Transactions. The types of assets in our portfolio are influenced by various state laws that prescribe qualified invested assets. We invest in assets giving consideration to such factors as liquidity and capital needs, investment quality, investment return, matching of assets and liabilities, and the overall composition of the invested asset portfolio by asset type and credit exposure.

Derivatives

Derivative instruments are stated at fair value based on market prices. Gains and losses arising from forward contracts used to hedge foreign investments in our portfolio are a component of realized gains and losses in the accompanying combined statements of income. We have not held a material position in derivative securities during any of the comparative periods discussed in this section and are not currently party to any material derivatives transactions.

The following table sets forth our invested assets as of September 30, 2009 on an actual and pro forma basis after giving effect to the Transactions as of the dates indicated and as of December 31, 2008 on an actual basis:

	As of September 30, 2009				As of December 31, 2008	
	Actual		Pro Forma		Actual	
	$	%	$	%	$	%
	(dollars in thousands)					
Fixed maturity investments, at fair value	$ 6,218,572	99%	$	%	$ 5,280,005	99%
Trading securities, at fair value	19,690	*		%	11,094	*
Equity securities, at estimated fair value	41,954	*		%	36,055	*
Policy loans and other invested assets	28,364	*		%	28,304	*
Total investments	$ 6,308,580	100%	$	%	$ 5,355,458	100%

* Less than 1%

Fixed Maturity Investments and Equity Securities Available for Sale

As of September 30, 2009, the fair value of our available-for-sale fixed maturity investments was approximately $6.2 billion and $ billion on an actual and pro forma basis after giving effect to the Transactions and concurrent transactions, respectively. The cost or amortized cost, gross unrealized gains and losses and estimated fair value of our fixed maturity and equity securities available for sale as of September 30, 2009, on an actual and pro forma basis after giving effect to the Transactions, were or would have been as set forth in the following table:

	As of September 30, 2009							
	Actual				Pro Forma			
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(in thousands)							
Fixed maturity investments available-for-sale, carried at fair value								
U.S. government and agencies	$ 37,750	$ 1,176	$ (345)	$ 38,581	$	$	$	$
Foreign government	320,543	36,844	(773)	356,614				
States and political subdivisions	10,839	823	(1)	11,661				
Corporates	3,794,982	252,221	(68,887)	3,978,316				
Mortgage-and asset-backed securities	1,848,254	71,374	(86,228)	1,833,400				
Total Fixed Maturities	6,012,368	362,438	(156,234)	6,218,572				
Total Equities	40,889	3,791	(2,726)	41,954				
Total	$ 6,053,257	$ 366,229	$ (158,960)	$ 6,260,526	$	$	$	$

The scheduled maturity distribution of our available-for-sale fixed maturity portfolio as of September 30, 2009 on an actual and pro forma basis after giving effect to the Transactions is as follows:

	As of September 30, 2009			
	Actual		Pro Forma	
	Cost or Amortized cost	Estimated Fair Value	Cost or Amortized Cost	Estimated Fair Value
	(in thousands)			
Due in one year or less	$ 437,840	$ 446,931	$	$
Due after one year through five years	1,771,237	1,884,342		
Due after five years through ten years	1,506,773	1,622,324		
Due after ten years	448,264	431,575		
Mortgage-and asset-backed securities	1,848,254	1,833,400		
Total	$ 6,012,368	$ 6,218,572	$	$

A portion of our fixed maturity investment portfolio is invested in residential mortgage-backed securities and other asset-backed securities. These holdings as of September 30, 2009 on an actual and pro forma basis after giving effect to the Transactions were approximately $1.8 billion and $, respectively. Mortgage-backed securities are constructed from pools of mortgages and may have cash flow volatility as a result of changes in the rate at which prepayments of principal occur with respect to the underlying loans. Excluding limitations on access to lending and other extraordinary economic conditions, prepayments of principal on the underlying loans can be expected to accelerate with decreases in market interest rates and decline with increases in market interest rates.

Portfolio Performance

Unrealized Gains and Losses — Available-for-Sale Securities

The information presented below, including pro forma information, relates to invested assets at a certain point in time and is not necessarily indicative of the status of the portfolio at any time after September 30, 2009, the balance sheet date. Information about unrealized gains and losses is subject to rapidly changing conditions, including volatility of financial markets and changes in interest rates. Management considers a number of factors in determining if an unrealized loss is other-than-temporary, including our ability and intent to hold the security until recovery, or since the adoption of FSP 115-2 and FAS 124-2 in the first quarter of 2009, the intent to sell or whether it is more-likely-than-not we would be required to sell the investment before the expected recovery of the amortized cost basis. Furthermore, since the timing of recognizing realized gains and losses is largely based on management's decisions as to the timing and selection of invested assets to be sold, the tables and information provided below should be considered within the context of the overall unrealized gain (loss) position of the portfolio.

For fixed maturity and equity securities that were in an unrealized loss position as of September 30, 2009, the aggregate fair value, gross unrealized loss, and length of time that the security has been in a continuous unrealized loss position are presented in the table below:

	September 30, 2009			
	Less than 12 months		12 months or longer	
	Fair value	Unrealized losses	Fair value	Unrealized losses
	(in thousands)			
Fixed maturities				
U.S. government and agencies	$ —	$ —	$ 4,754	$ (345)
Foreign government	7,224	(28)	27,486	(745)
States and political subdivisions	—	—	566	(1)
Corporate	107,837	(3,530)	677,820	(65,357)
Mortgage- and asset-backed securities	21,102	(356)	512,205	(85,872)
Total fixed maturities	136,163	(3,914)	1,222,831	(152,320)
Equity securities	319	(5)	10,047	(2,721)
Total	$ 136,482	$ (3,919)	$ 1,232,878	$ (155,041)

Off-Balance Sheet Transactions

We have no off-balance sheet arrangements (as defined in the rules and regulations of the SEC) that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Liquidity and Capital Resources

After the completion of this offering, we will conduct all our operations through our operating subsidiaries. Dividends and other payments to us from our subsidiaries will be our principal sources of cash. Our primary uses of funds at our holding company level will include the payment of general operating expenses, the payment of dividends and the payment of principal and interest to Citi under the Citi note. The liquidity requirements of our subsidiaries principally relate to the liabilities associated with their distribution and underwriting of insurance products (including the payment of claims), distribution of investment and savings products, operating expenses, income taxes and the payment of dividends. For a discussion of our dividend policy and historical dividends, please see the section entitled “Dividends.”

Historically, our insurance subsidiaries have used cash flow from operations associated with our in-force book of term life insurance to fund their liquidity requirements. Our insurance subsidiaries’ principal cash inflows from operating activities are derived from policyholder premiums and investment income earned on invested assets that support our statutory capital and reserves. We also derive cash inflows from the distribution of investment, savings and other products. The principal cash inflows from investment activities result from repayments of principal and investment income.

Our distribution and underwriting of term life insurance places significant demands on our liquidity, particularly when we experience growth. We pay a substantial majority of the sales commission during the first year following the sale of a policy. Our underwriting activities also require significant cash outflows at the inception of a policy’s term. As a result, we require significant liquidity to fund the growth of our term life insurance business. Following the Citi reinsurance transactions (without giving effect to any other factors), we will lose approximately 80% of the cash flows from our existing in-force book of term life insurance policies. This will place significant demands on our liquidity in the near to intermediate term. We do not believe that anticipated cash flows from operations will provide us with sufficient liquidity to meet our operating requirements for several years until our premium revenue base from policies issued after the Citi reinsurance

transactions has matured to a level sufficient to sustain our growth. For this reason, we expect to retain relatively high capital reserves following this offering to help fund and sustain our growth. We believe that a combination of cash flows from operations and excess capital reserves will be sufficient to fund our operations for the next twelve months and until such time as our premium revenue base has matured sufficiently to fund our ongoing operations.

We may seek to enhance our liquidity position though borrowings from third party sources, sales of debt or equity securities, reserve financing or some combination of these sources. The Model Regulation entitled "Valuation of Life Insurance Policies," commonly known as "Regulation XXX," requires insurers to carry statutory reserves for term life insurance policies with long-term premium guarantees which are often significantly in excess of the reserves that insurers deem necessary to satisfy claim obligations. Accordingly, many insurance companies have sought ways to reduce their capital needs by financing these excess reserves through structured finance transactions, bank financing or reinsurance arrangements. Although we have not used reserve financing in the past, as a publicly-traded company with an increased capital needs profile resulting from the Citi reinsurance transactions, we may desire to enter into these types of arrangements in future periods. Recent market conditions have limited the availability of, and increased the costs associated with, reserve financing alternatives.

Cash flows

Net cash provided by operating activities was $538.4 million and $515.2 million for the nine months ended September 30, 2009 and 2008, respectively, and $670.1 million, $608.0 million and $683.1 million for the years ended December 31, 2008, 2007 and 2006, respectively. Cash flows from operating activities are affected primarily by the timing of premiums received, commissions and fees received, benefits paid, commissions paid to sales representatives, administrative and selling expenses, investment income, and cash taxes. Our principal source of cash historically has been premiums received on term life insurance policies in-force. The increase in cash provided by operating activities for the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008 of $23.2 million was primarily the result of increases of cash from net investment income, growth in our term life insurance in-force and a reduction in income taxes paid, offset by a decrease of cash provided by our investment and savings products due to the decline in sales caused by adverse economic and market conditions. The increase in cash provided by operating activities for the year ended December 31, 2008, compared to the year ended December 31, 2007, of $62.1 million was primarily the result of approximately $63 million more cash paid during the year ended December 31, 2007, as a result of amending existing coinsurance agreements. This was also the primary reason for the decrease in cash provided by operating activities for the year ended December 31, 2007, compared to the year ended December 31, 2006, of $75.1 million.

We typically generate positive cash flows from operating and financing activities, as premiums, commissions and fees collected from our insurance and investment and savings products exceed benefits and commissions paid, and we invest the excess. Accordingly, in analyzing our cash flow we focus on the change in the amount of cash available and used in investing activities. Net cash (used in) provided by investing activities was $216.3 million and $341.5 million for the nine months ended September 30, 2009 and 2008, respectively, and $(562.3) million, $118.6 million and $(88.2) million for the years ended December 31, 2008, 2007 and 2006, respectively.

The decrease in cash used by investing activities for the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008 of $125.2 million was primarily the result of increasing cash and cash equivalent positions in anticipation of the Transactions. The increase in cash used in investing activities for the year ended December 31, 2008, compared to the year ended December 31, 2007, of $680.9 million was primarily the result of purchasing higher yielding fixed maturity securities as short-term rates dropped and interest rate spreads widened. The increase in cash provided by investing activities for the year ended December 31, 2007, compared to the year ended December 31, 2006, of $206.8 million was primarily the result of increasing our cash position while short-term rates were high relative to longer-term investments.

Net cash used in financing activities was $38.5 million and $265.6 million for the nine months ended September 30, 2009 and 2008, respectively, and $436.2 million, $336.1 million and $424.1 million for the years ended December 31, 2008, 2007 and 2006, respectively, and primarily represents dividends paid to Citi.

Risk-based capital

The NAIC has established RBC standards for U.S. life insurers, as well as a risk-based capital model act, or the RBC Model Act, that it has recommended for adoption by the states. The RBC Model Act requires that life insurers annually submit a report to state regulators regarding their RBC based upon four categories of risk: asset risk, insurance risk, interest rate risk and business risk. The capital requirement for each is determined by applying factors that vary based upon the degree of risk to various asset, premiums and reserve items. The formula is an early warning tool to identify possible weakly capitalized companies for purposes of initiating further regulatory action.

As of September 30, 2009, the RBC of each of our U.S. life insurance subsidiaries exceeded the level of RBC that would require any of them to take or become subject to any corrective action. We expect that our RBC, after the Transactions, will be well in excess of statutory requirements to fund our anticipated growth. We intend to take a conservative approach toward RBC levels for a period of time following this offering, particularly in light of our anticipated growth. Over time, our management may opt to reduce RBC levels to levels that are more in line with similar companies.

In Canada, an insurer's minimum capital requirement is overseen by OSFI and determined as the sum of the capital requirements for five categories of risk: asset default risk, mortality/morbidity/lapse risks, changes in interest rate environment risk, segregated funds risk and foreign exchange risk. Primerica Life Canada is currently in compliance with Canada's minimum capital requirements, as determined by OSFI.

Contractual Cash Payment Obligations

Our contractual obligations as of December 31, 2008, including payments due by period, are presented in the table below. Through September 30, 2009, our contractual cash payment obligations have not materially changed outside the ordinary course of business.

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(in thousands)		
Purchase obligations(1)	$ 36,067	$ 25,192	$ 10,059	$ 816	$ —
Operating lease obligations(2)	33,400	6,498	11,952	9,150	5,800
Other policyholders' funds(3)	324,081	324,081	—	—	—
Policy claims and future policy benefits(4)	225,641	225,641	—	—	—
Current income tax payable	12,299	12,299	—	—	—
Due to affiliates(5)	10,349	10,349	—	—	—
Total contractual obligations	$ 641,837	$ 604,060	$ 22,011	$ 9,966	$ 5,800

(1) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms. These obligations consist primarily of accounts payable and certain accrued liabilities, including committed funds related to meetings and conventions for our independent sales force, plus a variety of vendor commitments funding our ongoing business operations.

(2) Our operating lease obligations primarily relate to office and warehouse space and office equipment.

(3) Other policyholders' funds primarily represent claim payments left on deposit with us.

(4) Policy claims and future policy benefits include estimated benefits and commission obligations offset by estimated future premiums on in-force insurance. Estimated claim and benefit obligations are based on mortality and lapse assumptions comparable with our historical experience. The obligations in this table have not been discounted at present value. The liabilities for future policy benefits, claims, and other payables recorded on our combined balance sheets are recorded in accordance with ASC 944-605-25-3 and represent the discounted value of estimated future policy benefits based on locked-in, original pricing assumptions less the discounted value of estimated future "net benefit" premiums. The amounts in the above table are less than the related balance sheet liabilities because the balance sheet liabilities use only the "net benefit" premiums, which are approximately half of the total premium. In addition, the best estimate claims in the table are less than claims based on the original pricing assumptions. Due to the significance of the assumptions used, the amounts presented could materially differ from actual results. For our life insurance policies, the estimated future premiums exceeded the estimated benefit and commission obligations in all periods presented, and therefore we include the obligation, which is zero, as shown. We expect to fully fund the obligations for insurance liabilities from cash flows from general account investments and future premiums.

(5) Due to affiliates primarily relates to funds due to Citi for vested, unpaid stock awards. Additional information is included in Note 10 — "Related-Party Transactions" to our combined financial statements appearing elsewhere in this prospectus.

Separate account liabilities as of December 31, 2008 were approximately $1.6 billion. These liabilities are fully offset by the associated separate account assets that would be paid if any of the related contracts were to be redeemed early or if the underlying guarantees were to be executed. Therefore these amounts are not reflected in our contractual obligation disclosure. Please see Note 8 — "Separate Accounts" to our combined financial statements appearing elsewhere in this prospectus for additional details.

As of December 31, 2008, we had obligations to provide up to $12.3 million in additional capital contributions to invest in mezzanine debt securities. We have excluded this amount from our contractual cash payment obligation table because the future funding will increase our assets in the underlying investment fund and will continue to be presented as assets on our combined balance sheet. Additionally, the timing of the funding is uncertain, although the obligation will expire in 2012.

As of December 31, 2008, we carried a $20.1 million liability for uncertain tax positions on unrecognized tax benefits. These amounts are not included in our contractual cash payment obligation table because of the difficulty in making reasonably reliable estimates of the occurrence or timing of cash settlements with the respective taxing authorities.

Deferred income tax liabilities as of December 31, 2008 were approximately $551.0 million. These liabilities represent temporary differences between the tax bases of assets and liabilities and their respective book bases, which will result in taxable amounts in future years when the liabilities are settled at their reported financial statement amounts. Due to the uncertainty of both the timing of the reversal of temporary differences and the uncertainty of future tax rates, we have not included deferred income tax liabilities in the contractual obligations disclosure.

As of December 31, 2008, we have no capital lease obligations and no long-term debt.

For additional information concerning our commitments and contingencies, see Note 15 — "Commitments and Contingencies" to our combined financial statements appearing elsewhere in this prospectus.

Qualitative and Quantitative Disclosure about Market Risk

Market risk is the risk of the loss of fair value resulting from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and equity prices. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying financial instruments are traded. The following is a discussion of our market risk exposures and our risk management practices.

During 2008 and early 2009, credit markets experienced reduced liquidity, higher volatility and widening credit spreads across asset classes, mainly the result of marketplace uncertainty arising from higher defaults in sub-prime and Alt-A mortgage loan collateral underlying residential mortgage-backed securities.

We enter into market-sensitive instruments primarily for purposes other than trading. The carrying value of our invested asset portfolio as of September 30, 2009 and December 31, 2008 was $6.3 billion and $5.4 billion, respectively, of which 99% was invested in fixed maturity securities. The primary market risk to our invested asset portfolio is interest rate risk associated with investments in fixed maturity securities.

We are exposed to equity risk on our relatively small portfolio of common stocks and other equities. We are also indirectly exposed to equity risk on investment and savings products where we generate revenues based on sales and asset values. Our revenue-based equity price risk is inherently mitigated because we offer only broadly diversified investment and savings products to our clients. We do not intentionally select or promote products for the purpose of minimizing our equity risk exposure.

We also have exposure to foreign currency exchange risk to the extent we conduct business in Canada. For the years ended December 31, 2008, 2007 and 2006, 15%, 13% and 12%, respectively, of our revenues from operations, excluding net investment gains (losses), were generated by our Canadian operations. The Canadian dollar strengthened rapidly relative to the U.S. dollar from August 2005 through 2007 until the trend was reversed in 2008 when the Canadian dollar weakened relative to the U.S. dollar. A strong Canadian dollar relative to the U.S. dollar results in higher levels of reported revenues, expenses, net income, assets, liabilities and accumulated other comprehensive income (loss) in our U.S. dollar combined financial statements and a weaker Canadian dollar has the opposite effect. Historically, we have not hedged this exposure, although we may elect to do so in future periods.

Sensitivity analysis

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

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

Interest rate risk. One means of assessing exposure of our fixed maturity securities portfolio to interest rate changes is a duration-based analysis that measures the potential changes in market value resulting from a hypothetical change in interest rates of 100 basis points across all maturities. This is sometimes referred to as a parallel shift in the yield curve. Under this model, with all other factors constant and assuming no offsetting change in the value of our liabilities, we estimated that such an increase in interest rates would cause the market value of our fixed maturity securities portfolio to decline by approximately $187 million, or 3.0%, based on our actual securities positions as of September 30, 2009, or approximately $ million, or %, based on our pro forma securities positions as of September 30, 2009.

Canadian currency risk. One means of assessing exposure to changes in Canadian currency exchange rates is to model effects on reported income using a sensitivity analysis. We analyzed our combined currency exposure for the nine months ended September 30, 2009 and the year ended December 31, 2008. Net exposure was measured assuming a 10% decrease in Canadian currency exchange rates compared to the U.S. dollar. We estimated that such a decrease would decrease our actual and pro forma net income before income taxes for the nine months ended September 30, 2009 by approximately $8.8 million and $ million, respectively.

Equity market risk. One means of assessing exposure to changes in equity market prices is to estimate the potential changes in market values on our equity investments resulting from a hypothetical broad-based decline in equity market prices of 10%. Under this model, with all other factors constant, we estimated that such a decline in equity market prices would cause the market value of our actual and pro forma equity investments as of September 30, 2009 to decline by approximately $4.2 million and $ million, respectively.

Fluctuations in equity market prices also affect our investment and savings products. Our commission and fee revenues related to the sale of these products and asset values will decline in periods in which equity markets decline substantially. Equity market volatility has adversely affected, and may continue to adversely impact, our revenues and returns of these products.

BUSINESS

We are a leading distributor of financial products to middle income households in North America with approximately 100,000 licensed sales representatives. We assist our clients in North America in meeting their needs for term life insurance, which we underwrite, and mutual funds, variable annuities and other financial products, which we distribute primarily on behalf of third parties. We insure more than 4.3 million lives and more than two million clients maintain investment accounts with us. Our distribution model uniquely positions us to reach underserved middle income consumers in a cost effective manner and has proven itself in both favorable and challenging economic environments.

Our mission is to serve middle income families by helping them make informed financial decisions and providing them with a strategy and means to gain financial independence. Our distribution model is designed to:

Address our clients' financial needs: Our sales representatives use our proprietary financial needs analysis, or FNA, tool and an educational approach to demonstrate how our products can assist clients to provide financial protection for their families, save for their retirement and manage their debt. Typically, our clients are the friends, family members and personal acquaintances of our sales representatives. Meetings are generally held in informal, face-to-face settings, usually in the clients' own homes.

Provide a business opportunity: We provide an entrepreneurial business opportunity for individuals to distribute our financial products. Low entry costs and the ability to begin part-time allow our recruits to supplement their income by starting their own independent businesses without incurring significant start-up costs or leaving their current jobs. Our unique compensation structure, technology, training and back-office processing are designed to enable our sales representatives to successfully grow their independent businesses.

Our Clients

Our clients are generally middle income consumers, defined by us to include households with $30,000 to $100,000 of annual income, representing approximately 50% of U.S. households, according to the 2008 U.S. Census Bureau Current Population Survey. We believe that we understand the financial needs of the middle income segment well:

- **They have inadequate or no life insurance coverage.** Individual life insurance sales in the United States declined from 12.5 million policy sales in 1975 to 9.6 million in 2007, according to LIMRA. During the same period, the population of the United States increased from 216 million to 301 million. Today more than 40% of families with children in the United States do not have individual life insurance coverage, according to LIMRA. We believe that term life insurance, which we have provided to middle income clients for many years, is generally the best option for them to meet their life insurance needs due to its lower initial cost versus cash value life insurance and the protection that it provides at critical points in our clients' life cycle.
- **They need help saving for retirement and other personal goals.** The recent decline in the market value of retirement account assets has intensified the challenges of middle income families to save for retirement and their children's education. By developing personalized savings programs for our clients using our proprietary FNA tool and offering a wide range of mutual fund, variable annuity and segregated fund products sponsored and managed by reputable firms, our sales representatives are well equipped to help clients develop long-term savings and retirement plans to address their financial needs.
- **They need to reduce their consumer debt.** Many middle market families have numerous debt obligations for credit card, auto loan, home-equity and mortgage debt. We help our clients address these financial burdens, including through debt consolidation loans that allow them to consolidate their debt and accelerate its repayment and personalized client-driven debt management techniques that help them reduce and ultimately pay off their debts.

- **They prefer to meet face-to-face when considering financial products.** In a 2008 survey conducted by LIMRA, 72% of U.S. middle market consumers indicated their desire to speak with a professional about at least one financial product or service, including, notably, a lifetime income plan and retirement savings plan, with the majority expressing a preference to meet face-to-face. Our business model is designed to directly address the face-to-face preference expressed by the majority of middle market consumers in a cost-effective manner.

We believe that our educational approach and distribution model best position us to address these needs profitably, which traditional financial services firms have found difficult to accomplish.

Our Distribution Model

The high fixed costs associated with in-house sales personnel and salaried career agents and the smaller-sized sales transactions typical of middle income consumers have forced many other financial services companies to focus on more affluent consumers. Product sales to affluent consumers tend to be larger, generating more sizable commissions for the selling agent, who usually works on a full-time basis. As a result, this segment has become increasingly competitive. Our distribution model — borrowing aspects from franchising, direct sales and traditional insurance agencies — is designed to reach and serve middle income consumers efficiently. Key characteristics of our unique distribution model include:

- **Independent entrepreneurs:** Our sales representatives are independent contractors building and operating their own businesses. This "business-within-a-business" approach means that our sales representatives are entrepreneurs who take responsibility for selling products, recruiting sales representatives, setting their own schedules and managing and paying the expenses associated with their sales activities, including office rent and administrative overhead.
- **Part-time opportunity:** By offering a flexible part-time opportunity, we are able to attract a significant number of recruits who desire to earn supplemental income and generally concentrate on smaller-sized transactions typical of middle income consumers. Virtually all of our sales representatives begin selling our products on a part-time basis, which enables them to hold jobs while exploring an opportunity with us.
- **Incentive to build distribution:** When a sale is made, the selling representative receives a commission, as does the representative who recruited him or her, which we refer to as "override compensation." Override compensation is paid through several levels of the selling representative's recruitment and supervisory organization. This structure motivates existing sales representatives to grow our sales force by providing them with commission income from the sales completed by their recruits.
- **Innovative compensation system:** We have developed an innovative system for compensating our independent sales force that is primarily tied to and contingent upon product sales. We advance to our representatives a significant portion of their insurance commissions upon their submission of an insurance application and the first month's premium payment. In addition to being a source of motivation of our sales force, this upfront payment provides our sales force with immediate cash flow to offset costs associated with originating the business. In addition, monthly production bonuses on term life insurance sales are paid to sales representatives whose downline sales organizations meet certain sales levels. With compensation primarily tied to sales activity, our compensation approach accommodates varying degrees of individual sales representative productivity, which allows us to use a large group of part-time representatives cost effectively and gives us a variable cost structure. In addition, following this offering, we will incentivize our sales representatives with equity compensation, which will align their interests with the performance of our company.
- **Large dynamic sales force:** The members of our sales force primarily target and serve their friends, family members and personal acquaintances through individually driven networking activities. We believe that this "warm markets" approach is an effective way to distribute our products because it facilitates face-to-face interaction initiated by a trusted acquaintance of the prospective customer, which is difficult

to replicate using other distribution approaches. Due to the large size of our sales force, attrition and our active recruiting of new sales representatives, our sales force is constantly renewing itself by adding new members, which allows us to continue to access an expanding base of our sales representatives' contacts. By relying on a very large and ever-renewing sales force that has access to and a desire to help friends, family members and personal acquaintances, we are able to reach a wide market without engaging costly media channels.

- **Sales force leadership:** A sales representative who has built a successful organization can achieve the sales designation of RVP and can earn higher commissions and bonuses. RVPs open and operate offices for their sales organizations and devote their full attention to their Primerica businesses. RVPs also support and monitor the part-time sales representatives on whose sales they earn override commissions in compliance with applicable regulatory requirements. RVPs' efforts to expand their businesses are a primary driver of our success.
- **Motivational culture:** Through sales force recognition events and contests, we seek to create a culture that inspires and rewards our sales representatives for their personal success. We believe this motivational environment is a major reason that many sales representatives join and achieve success in our business.

Structure and Scalability of Our Sales Force

Our sales force consists of independent representatives. When new sales representatives are recruited by existing sales representatives, they join our sales force with an "upline" relationship with the sales representative who recruited them and the RVP organization of which such sales representative is a part. As new sales representatives are successful in recruiting other sales representatives, they begin to build their own organization of sales representatives who become their "downlines." Sales representatives are encouraged to recruit other sales representatives and build their own downline organizations in order to earn override commissions on sales made by members of their downline. Our sales representatives view building their own downlines as building their own business within a business.

While the substantial majority of our sales representatives are part-time, approximately 4,000 serve as RVPs and devote their full attention to our organization. RVPs establish and maintain their own offices, which we refer to as field offices, and fund the cost of administrative staff, marketing materials, travel and training and recognition events for the sales representatives in their respective downlines. Field offices maintained by RVPs provide a location for conducting recruiting meetings, training events and sales related meetings, disseminating our Internet-streamed TV programming, conducting compliance functions, and housing field office business records.

Our sales-related expenses are primarily variable costs that fluctuate with product sales volume and consist primarily of sales commissions paid to our sales representatives and, to a lesser extent, both fixed and variable costs associated with our incentive programs, sales management, training, information technology, compliance and administrative activities.

With the support of our home office staff, RVPs play a major role in training, motivating and monitoring our sales representatives. Because the primary determinant of a sales representative's compensation is the size and productivity of his or her downline, our distribution model provides financial rewards to our sales representatives who successfully recruit, support and monitor productive sales representatives for our company. We believe that new tools and technology, coupled with our new equity award program, will incentivize our sales representatives to become RVPs. The new tools and technology that we have made available to our RVPs will enable them to reduce the time spent on administrative responsibilities associated with their sales organization so they can devote more time to the sales and recruiting activities that drive our growth. Please see "— Sales Force Support and Tools" below.

Both the structure of our sales force and the capacity of our support capabilities provide us with a high degree of scalability as we grow our business. Our support systems and technology are capable of supporting a large sales force and a high volume of transactions. In addition, the sharing of training and oversight activities between us and RVPs allows us to grow without incurring proportionate overhead expenses to accommodate the increase in sales representatives, clients, product sales and transactions.

Recruitment of Sales Representatives

Our ongoing recruitment, training and licensing of new sales representatives are critical for our success. Our sales force is our sole distribution channel. Our recruiting process is designed to recruit new sales representatives and to reach new prospective clients. Recruits often become our clients or provide us with access to their friends, family members and personal acquaintances, which expand our market reach. As a result, we have developed, and continue to seek to improve, a systematic approach to recruiting new sales representatives and training them so they can obtain the requisite licensing to succeed.

Similar to other distribution systems that rely upon part-time sales representatives and typical of the life insurance industry generally, we experience wide disparities in the productivity of individual sales representatives. Many new recruits elect not to obtain the requisite licenses, and many of our licensed sales representatives are only marginally active or are inactive in our business each year. We plan for this disparate level of sales representative productivity and view a continuous recruiting cycle as a key component of our distribution model. Our distribution model is designed to address the varying productivity associated with using part-time sales representatives by paying sales compensation based on sales activity, emphasizing the recruiting of new sales representatives and continuing ongoing initiatives to address barriers to licensing new recruits. Our sales force compensation structure, by providing override commissions to sales representatives on the sales generated by their downline sales organization, aligns our interest in recruiting new representatives with the interests of our sales representatives.

We recruit and offer training to new sales representatives in very large numbers. The table below highlights the number of new recruits and newly insurance-licensed sales representatives, and the number of newly insurance-licensed sales representatives, during each of the three prior calendar years and for the nine months ended September 30, 2009:

	Nine Months Ended September 30, 2009	Year Ended December 31,		
		2008	2007	2006
Number of new recruits(1)	173,730	235,125	220,950	204,316
Number of newly insurance-licensed sales representatives(2)	28,890	39,383	36,308	35,233
Average number of insurance-licensed sales representatives during the applicable period	100,682	99,361	97,103	96,998

(1) We define new recruits as individuals who have submitted an application to join our sales force, together with payment of our $99 fee to commence their pre-licensing training. We do not approve certain new recruits to join our sales force, and others elect to withdraw from our sales force prior to becoming active in our business.

(2) On average, it requires approximately three months for our sales representatives to complete the necessary applications and pre-licensing coursework and to pass the applicable state or provincial examinations in order to obtain a license to sell our term life insurance products. As a result, individuals recruited to join our sales force within a given fiscal period may not become licensed sales representatives until a subsequent fiscal period.

During the past three years, we experienced modest growth in the number of new recruits, the number of recruits who obtained insurance licenses and the average number of insurance-licensed sales representatives in

our sales force. Only a fraction of our new recruits complete the requirements to obtain their individual life insurance licenses due to the time commitment required to obtain licenses and various regulatory hurdles.

We have launched several recruiting and licensing initiatives in recent years that are designed to help us maintain and increase our recruiting and licensing activity and ultimately to grow the aggregate size of our licensed sales force, including:

- reducing the initial fees charged to new recruits to join our sales force from $199 to $99 plus $25 for the first month's subscription to our Primerica Online website;
- providing our sales force with the ability to register new recruits almost instantaneously using their personal data assistant devices, or PDAs, which allows our new recruits to get started in building their businesses immediately;
- developing a wide array of courses, training tools and incentives that assist and encourage new recruits to obtain the requisite licenses; and
- taking a leadership role within industry and trade associations in an effort to reduce unnecessary regulatory barriers to licensing.

Recruiting sales representatives is primarily undertaken by our existing sales representatives, who identify prospects and share with them the benefits of associating with our organization. Our sales representatives attempt to showcase our organization as dynamic and capable of changing lives for the better by demonstrating the success achieved by members of our sales force.

After the initial contact, prospective recruits typically are invited to an "opportunity meeting," which is conducted by an RVP at a field office. The objective of such meetings is to inform recruits about our mission and their opportunity to join our sales force. At the conclusion of each opportunity meeting, prospective recruits are asked to complete an application and pay a $99 fee to commence their pre-licensing training and licensing examination preparation programs. Recruits also pay $25 per month for a subscription to Primerica Online, our extensive website for our sales force. Recruits are not obligated to purchase any of our products in order to become a sales representative, although they often elect to do so.

Recognizing that our successful sales representatives generally are active in our business in the evenings and on the weekends, we have created a "Partnership Program" for the spouses and significant others of our sales representatives to provide them with meaningful roles in our business. For example, a sales representative's partner is typically recognized with the sales representative for awards and honors. Moreover, it is common for a partner to serve as an office manager or administrator in a field office, which reduces overhead for that RVP and creates a sense of shared enterprise for the partner.

The requirement that our sales representatives obtain licenses to sell many of our products is a hurdle for our recruits. In order to minimize this impediment, we provide our new recruits with training opportunities such as test preparation tools and classes to help them become licensed, generally at no additional cost to them, and offer financial incentives and recognition programs to encourage recruits to become licensed and to drive growth of our sales force generally. We also have sought to join others in the life insurance industry in seeking to address regulatory barriers to licensing, including efforts to modify individual state licensing laws and regulations.

Sales Force Motivation, Training and Communication

Motivating and training our sales force are critical activities for our success and that of our sales representatives. We use multiple channels to reach our approximately 100,000 licensed sales representatives to deliver motivational and substantive messages.

Motivation. Through our proven system of sales force recognition events and contests, we provide our sales representatives with incentives to engage in activities that drive our results. Motivation is driven in part by our sales representatives' belief that they can achieve a higher level of financial success by building their own business as a Primerica sales representative. The opportunity to help others to address financial challenges is also a significant source of motivation for many of our sales representatives, as well as for our management and employees. Our mission-driven and motivational culture is, we believe, a major reason that many sales representatives join and succeed in our business.

We motivate our sales representatives to succeed in our business by:

- compensating our sales representatives to reward product sales by them and their downline organizations;
- helping our sales representatives learn financial fundamentals so they can confidently and effectively assist our clients;
- reducing the administrative burden on our sales force, which allows them to devote more of their time to building a downline organization and selling products; and
- creating a culture in which sales representatives are encouraged to achieve goals through the recognition of their sales and recruiting achievements.

We seek to motivate our sales representatives not only through compensation, but also by providing recognition for individual efforts and achievements. We do this through incentive trips, monthly promotion incentives and other types of performance recognition. Successful sales representatives, as well as relatively new sales representatives who are beginning to achieve success in our sales organization, are recognized on our intranet site and in print materials that are distributed to our entire sales force. Additionally, many RVPs host their own recognition events and create incentive programs that they sponsor for the sales representatives in their downline organizations.

In order to give our sales representatives a sense that they are part of a larger enterprise than their field office, we conduct numerous local, regional and national meetings. These meetings are a vehicle to inform and motivate our sales force. For example, in the spring and summer of 2009 we conducted six regional meetings of our sales representatives. Approximately 65,000 of our sales representatives registered to attend these meetings. We have periodically held a convention for all of our sales representatives, the most recent of which was held in 2007 at the Georgia Dome in Atlanta, Georgia, attracting approximately 50,000 registrants. We believe the fact that so many of our sales representatives elect to attend our meetings at their own expense demonstrates their commitment to our organization.

Training. Our sales representatives must hold licenses in order to sell most of our products. Our in-house insurance licensing training center makes available insurance pre-licensing classes in 42 states, Puerto Rico and nine Canadian provinces to meet applicable state and provincial licensing requirements and prepare recruits to pass applicable life insurance licensing exams. In 2008, more than 80,000 recruits attended approximately 5,500 classes, conducted by over 500 instructors, many of whom are also sales representatives. We also provide, through a third party, the opportunity for online pre-licensing courses in 41 states and the District of Columbia, as well as correspondence courses in 21 states and the District of Columbia. We contract with third party training firms to conduct exam preparation and pre-licensing training for our sales representatives who wish to become licensed to sell our investment and savings products in those states where licenses are required.

Because we believe that helping our new recruits secure requisite licensing is a way for us to grow our business, we continue to develop courses, tools and incentives to help new recruits become licensed sales representatives. Among other tools, we provide to our sales force (generally at no cost to them) an online exam simulator, exam preparation review classes in addition to state or province mandated life insurance pre-licensing classes, and life insurance exam review videos. If new recruits use our online exam simulator and pass our practice exams, we agree to pay for them to take the state exam again if they do not pass the first time. We also developed a "Builders Track Scoreboard," an interactive tool on our Primerica Online website that provides new

recruits a step-by-step guide to getting started in building their Primerica businesses, including encouragement to use our licensing exam preparation courses and tools.

Other internal training program opportunities include sales, management skills, business ownership, product and compliance training modules and videos designed to equip our sales representatives to succeed in their businesses. Many RVPs conduct sales training in field offices either on nights or weekends in order to allow sales representatives with weekday jobs or family commitments to attend.

Communication. We communicate with our sales force through multiple communication channels, including:

- Primerica Online, our Internet site for sales representatives, is designed to be a support system for our sales representatives. It provides sales representatives with access to their Primerica e-mail, bulletins and alerts, business tracking tools and real-time updates on their pending life applications and new recruits. It contains an extensive library of Primerica-approved presentations, logos, graphics and audio and visual sales tools, all of which can be easily downloaded by our sales representatives. Through Primerica Online, we provide real-time recognition of sales representatives' successes, and "scoreboards" for sales force production, contests and trips. Primerica Online also is a gateway to our product providers and product support, a vehicle to monitor production and track sales activity and a comprehensive training tool that helps new recruits become licensed and start building their businesses. Approximately 150,000 of our licensed and not yet licensed sales representatives subscribe to Primerica Online, and an average of approximately 20,000 sales representatives visit and use this website every day. Sales representatives generally pay a $25 monthly fee to subscribe to full-service Primerica Online, which helps cover the cost of maintaining this support system.
- Our in-house TV network is broadcast to our sales force by Internet-streaming video. Our full-service television studio allows us to create original broadcasts and videos professionally and quickly. This video programming offers senior management opportunities for weekly updates to our sales force, as well as a vehicle for training and motivational materials. We broadcast a live weekly program each Monday hosted by our home office management or RVPs that focuses on new developments and provides motivational messages to our sales force, and each Wednesday we broadcast a training oriented program to our sales force. We also profile successful sales representatives in our programming, allowing these individuals to share their secrets for succeeding in our business. In 2008, we produced more than 138 different shows or broadcasts and produced more than 130 training and motivational videos and audios.
- Our publication department and print facility produce many brochures to motivate and inform our sales force. We make available for sale to our sales force sales pieces, recruiting materials, business cards and stationery. We have a full-service publications department and a printing and distribution facility that provides total communications services from web design and print presentations to graphic design and script writing. RVPs receive a weekly mailing from us that includes materials promoting our current incentives as well as the latest news about our product offerings.
- Our GoSolo voice messaging tool and mass texting allow us to widely distribute motivational and informational voice message, broadcasts and text messages to our sales force. GoSolo is a subscription service provided by a third party to our sales representatives.

Sales Force Support and Tools

Our information systems and technology are designed to support a sales and distribution model that relies on a large and ever-changing group of predominantly part-time representatives to assist them in building their own businesses. We provide our sales representatives with sales tools that allow both new and experienced sales representatives to offer financial information and products to their clients. Among the most significant of these tools are:

Our FNA Tool. Our FNA is a proprietary, needs-based analysis tool that is made available to our sales force. The FNA gives our sales representatives the ability to collect and synthesize client financial data and

develop a personalized financial needs analysis for the client that is both understandable to the client and integrated with product recommendations that meet the client's financial needs. The FNA, while not a financial plan, provides our clients with a personalized explanation of how our products and prudent financial practices, such as regular saving and accelerating the repayment of high cost credit card debt, can help them reach their financial goals. When preparing a FNA, our sales representatives collect key financial and personal data from their clients and input it into our FNA software. The resulting financial needs analysis provides clients with a snapshot of their current financial position and identifies their needs in terms of financial protection (our insurance products), savings (our mutual fund, variable annuity and segregated funds products) and debt management (our loan products). The FNA enables the sales representative to present financial alternatives to the client and is a multi-product sales tool.

Our PDA-based Point-of-Sale Application Tool. Our point-of-sale PDA software, TurboApps, is an internally developed system that streamlines the application process for our insurance products and mortgage loan products. This application populates client information from FNA files to eliminate redundant data collection and provides real-time corrections of incomplete or illegible applications. In addition, the TurboApps application is received by both the home office and the supervising RVP from the sales force electronically, which results in expedited processing of our life insurance product and mortgage loan product sales. Integrated with our paperless field office management system described below and with our home office systems, our TurboApps tool allows us to realize the efficiencies of "straight-through-processing" of application data and other information collected on our sales representatives' PDAs. We have recently added PDA applications to support our recruiting activity. We are currently in the process of developing similar applications for certain of our U.S. mutual fund products and our Canadian mutual fund and segregated fund products.

Virtual Base Shop. In an effort to ease the administrative burden on RVPs and simplify sales force operations, we make available to RVPs a secure intranet-based paperless field office management system as part of the Primerica Online subscription. This virtual office is designed to automate the RVP's administrative responsibilities and can be accessed by all sales representatives in an RVP's immediate downline sales organization, which we refer to as his or her "base shop." As of July 2009, more than 3,400 RVPs had activated their virtual office site.

Our Morningstar Investment Presentation Tools. We have licensed from Morningstar two web-based sales presentation tools, Portfolio Solutions and Global Hypo. In addition, we have contracted with Ibbotson Associates Advisors, LLC, a leading asset allocation advisory firm and a subsidiary of Morningstar, to build detailed asset allocation portfolios for nine leading mutual fund firms. These tools allow our sales representatives to illustrate for clients and prospective clients the long-term benefits of proper asset allocation and the resulting wealth creation over specific time horizons. We believe these tools offer our clients and prospective clients the benefit of objective third party advice from an industry leader and help establish the credibility of our sales representatives and our products.

Client Account Manager. Together with Morningstar, we are developing and expect to release shortly a Client Account Manager, which is a client portfolio management tool to assist our sales representatives with monitoring individual client investment accounts. The Client Account Manager is expected to provide our sales representatives with additional product sales opportunities for our investment and savings products. Specifically, the Client Account Manager will provide our representatives with better access to detailed account information for both their active clients' accounts and legacy accounts (*i.e.*, accounts that they have inherited upon departure of the representative who established the accounts) in order to better service these customers. We expect that having more detailed information about clients' existing fund positions will allow our sales representatives to have more client contact and allow them to present additional investment recommendations to clients and cross-sell additional products.

In addition to these sales related tools, we also make available other technology to support our sales force in managing their businesses and in serving our clients, including:

- a toll-free sales support call center to address each sales representative's questions and to assist with paperwork, underwriting and licensing related to our insurance products;
- a "tele-underwriting" process that allows clients to provide us needed medical information without disclosing it to our sales representatives, who are often friends, family members and personal acquaintances;
- our Primerica Online Internet site offers our sales force the ability to track the status of pending life insurance applications using the Life Manager feature and track the progress of their new recruits (in terms of training and licensing) using the Recruit Manager feature; and
- sixteen other websites to communicate with, inform and assist prospective clients, clients, recruits, sales representatives and employees.

Performance-Based Compensation Structure

Our sales representatives can earn compensation based upon:

- sales commissions payable based on their personal sales;
- override commissions payable based on the sales by their downlines;
- bonuses and other compensation payable to them based on their own sales performance, the aggregate sales performance of their downlines and other criteria; and
- participation in our contests and promotions.

Our compensation system is rooted in our origin as an insurance agency. Commissions to sales representatives with overrides to sales managers and general agents are common in the insurance industry. Over time, modifications have been made to leverage the entrepreneurial spirit of our sales force.

Today, our compensation system pays a commission to the "selling representative" who actually sells the product and override commissions to several levels of the selling representative's upline organization. Commissions are calculated and paid based on the commission rates in effect at the time of the related sale. Commission rates are periodically provided to the sales force for each particular product. With respect to term life insurance sales, commissions payable are calculated based on the total first-year premium (excluding policy fee) for all policies and riders. Override commissions may be paid up to eleven levels of the selling representative's upline organization.

In addition to paying override commissions to encourage our sales representatives to grow our sales force, it is critical to the motivation of our sales force for us to compensate them for the sale of our term life insurance products as quickly as possible after the sale. We advance a majority of the insurance commission upon the submission of a completed application and the first month's premium payment. The advance, if any, may be an amount up to 75% of the first-year annual commission, or generally nine months of premium. As the client makes their premium payment, the advance commission is recovered. If premium payments are not made by the client and the policy terminates, any outstanding advance commission is charged back. The chargeback would equal that portion of the advance that was made but not earned by the representative because the client did not pay the full premium for the period of time for which the advance was made to the representative, *i.e.*, nine months. Chargebacks, which occur in the normal course of business, may be recovered by reducing any amounts otherwise payable to the representative (such as advances on new sales or earned commissions on other sales).

The remainder of life insurance sales commissions is earned when the first 12 months of premium is received from the client. The up-front payment philosophy of our commission structure is consistent with the needs of our sales representatives to offset costs of their businesses. Sales representatives and their upline

organizations are contractually obligated to repay us any advanced commissions paid that are ultimately not earned due to the underlying policy lapsing prior to the full commission being earned. We also hold back a portion of the commissions earned by our sales representatives as a reserve out of which we are entitled to fund these chargebacks. The amounts held back are referred to as "deferred compensation account commissions," or DCA commissions. DCA commissions are available to reduce debts owed by sales representatives. DCA commissions provide an upline representative with a cushion against the chargeback obligations of downline representatives. DCA commissions currently being withheld will be released as to all sales representatives once the commissions have been retained for 32 months and, as to all terminated sales representatives, at the time of termination. Generally, commissions are not paid in the second year or thereafter with respect to a policy. One of our riders provides for coverage increases each year. For such rider, commissions in the second year or thereafter are only paid with respect to the premium increase related to the increased benefit. Additionally, renewal commissions are paid on some older in-force policies, and after they cross over a policy anniversary compensation is paid on conversions.

In addition to commissions for the sale of term life insurance, compensation is paid to our sales force for the sale of mutual funds, variable annuities, loans, long term care insurance, prepaid legal protection and our Primerica DebtWatchers™ products, and for the referral of customers seeking auto and home insurance. For mutual funds and variable annuities, commissions are paid both on the sale and on the total of the assets under management, and are calculated based on the dealer re-allowance and 12(b)(1) fees actually paid to us. Loan commissions are payable for the sourcing of loans and are calculated based on a fixed percentage of the total face amount of the loan, minus closing fees and points. Long term care insurance commissions are calculated based on the amount of premium received. Prepaid legal protection program commissions and Primerica DebtWatchers™ commissions are payable in fixed amounts on the sale of the respective product. For auto and homeowner's insurance products, referral fees are paid for referrals that result in completed applications. In addition to this compensation, from time to time other incentive compensation and bonuses may be payable for certain of these products. Currently, bonuses are payable to the selling representative or to select override levels, or both, for achieving specified production levels for the sale of term life insurance, investment and savings products, loans and prepaid legal protection, and for auto and home insurance referrals. All compensation is subject to limitations and restrictions imposed by applicable law and the sales representative's agreements with us.

To encourage our most successful RVPs to build large downline sales organizations that generate strong sales volumes, we have established the Primerica Ownership Program to provide certain qualifying RVPs a contractual right to sell their business to another RVP or transfer it to a qualifying family member.

In addition, becoming a publicly-traded company will allow us to use equity awards to align the interests of our sales force with the performance of our company.

Sales Force Licensing

The states, provinces and territories in which our sales representatives operate generally require our sales representatives to obtain and maintain licenses to sell our insurance and securities products. Our sales representatives may also be required to maintain licenses to sell certain of our other financial products.

In order to sell insurance products, our sales representatives must be licensed by their resident state (U.S.) or province or territory (Canada) and by any other state, province or territory in which they do business. In addition, in most states our sales representatives must be designated by our applicable insurance subsidiary in order to sell our insurance products.

In order to sell securities products, our U.S. sales representatives must be registered with FINRA and licensed as both Series 6 and Series 63 registered sales representatives of our broker-dealer subsidiary and by each state in which they sell securities products. To sell variable annuity products, our sales representatives must have the licenses and FINRA registrations noted above and be appointed by the annuity underwriter in the states in which they market annuity products.

Our Canadian sales representatives selling mutual fund products are required to be licensed by the securities commissions in the provinces and territories in which they sell mutual fund products. Our Canadian sales representatives who are licensed to sell our insurance products do not need any further licensing to sell our segregated funds products in Canada.

Due to recently enacted federal regulation, we anticipate that all of our sales representatives who intend to offer and sell our mortgage loan products in the United States will be required to be registered or licensed by the end of 2010. Currently, our sales representatives in a number of states are not required to be individually licensed to offer our loan products. In the remaining states, our sales representatives are required to be individually licensed as mortgage or loan originators, brokers, solicitors or agents. Please see "— Regulation — Regulation of Loan Products" below.

In Canada, our sales representatives do not sell loan products due to licensing restrictions, but they are compensated for referring clients to the applicable lender without having to be licensed as a mortgage broker.

Our sales representatives must pass applicable examinations in order to be licensed to sell our insurance, securities and loan products. We provide our sales representatives access to in-person and online life insurance licensing exam preparation classes and other support to assist them in obtaining necessary life insurance licensing. Please see "— Sales Force Motivation, Training and Communication" above. To encourage new recruits to obtain their life insurance license, we either pay directly or reimburse the sales representative for certain licensing-related fees and expenses, if the sales representative passes the applicable exam and obtains the applicable life insurance license.

Supervision and Compliance

To ensure compliance with various federal, state, provincial and territorial legal requirements, we and RVPs share responsibility for maintaining an overall compliance program that involves compliance training, and supporting and monitoring the activities of our sales representatives. Our Office of the General Counsel and our Field Supervision Department work with RVPs to develop appropriate compliance procedures and systems.

RVPs generally must obtain a principal license (Series 26 FINRA in the United States and Branch Manager license in Canada), as a result of which they have supervisory responsibility over the activities of their downline sales organizations. Additional supervision is provided by approximately 500 Offices of Supervisory Jurisdiction, or OSJs, who are select RVPs who receive additional compensation for assuming additional responsibility for supervision and compliance monitoring across all product lines. These OSJs are required to periodically inspect our field offices and report any compliance issues they observe to us.

All of our sales representatives are required to participate in our annual compliance meeting, a program administered by our senior management and our legal staff at which we provide a compliance training overview across all product lines and require the completion of compliance checklists by each of our licensed sales representatives for each product he or she offers. Additionally, our sales representatives receive periodic compliance newsletters regarding new compliance developments and issues of special significance. Furthermore, the OSJs are required to complete an annual training seminar that focuses on securities compliance and field supervision.

Our Field Supervision Department regularly runs surveillance reports designed to monitor the activity of our sales force. These surveillance reports are reviewed by our surveillance administrators. If we detect any unusual or suspicious activity, our Field Supervision Department commences an appropriate investigation and, when appropriate, refers such activity to our legal department for disciplinary action. Our Field Supervision Department has a team of Primerica employees who regularly assist the OSJs and communicate compliance requirements to them to ensure that they properly discharge their supervisory responsibilities. These Primerica employees also periodically inspect the OSJ offices.

Our Field Audit Department regularly conducts audits of all sales representative offices throughout North America, including scheduled and "no-notice" audits. In 2008, we performed almost 5,000 audits in the United States and Canada. Our policy is to conduct approximately 50% of the field office audits on a "no-notice" basis. The auditors review all regulatory required records that are not maintained at our home office. All compliance deficiencies noted by the auditor must be corrected, and we carefully monitor all corrective action. Field offices that fail the audit are subject to a follow-up audit in 150 days. Continued audit deficiencies are addressed through a progressive disciplinary structure that includes fines, reprimands, probations and terminations.

The Office of the General Counsel has responsibility for the legal affairs of the company, along with compliance, government relations and corporate governance. This office is also responsible for investigating and making recommendations about disciplinary actions against sale representatives, if appropriate.

Our Products

Our products are tailored to appeal to middle income consumers. We believe our face-to-face "home delivery" of products and financial needs analysis adds sufficient value to the client to allow us to compete on the basis of product value and service in addition to price. Reflecting our philosophy of helping middle income clients with their financial product needs and to ensure compatibility with our distribution model, our products generally incorporate the following criteria:

- **Consistent with Good Individual Finance Principles:** Products must be consistent with good personal finance principles for middle income consumers, such as reducing debt, minimizing expenses and encouraging long-term savings.
- **Complementary:** Products are designed to complement, not to compete with or cannibalize, each other. For example, term life insurance does not compete with mutual funds because term life has no cash value or investment element.
- **Ongoing Needs Based:** Products must meet the ongoing financial needs of many middle income consumers so that the likelihood of a potential sale is high in most homes.
- **Distributable:** Products must be appropriate for distribution by our sales force, which requires that the application and approval process must be simple to explain and understand, and the likelihood of approval must be sufficiently high to justify the investment of time by our sales representatives.

We organize and manage our business through three operating segments: Term Life Insurance Products, Investment and Savings Products and Corporate and Other Distributed Products.

Operating Business Segment	Principal Products	Principal Sources of Products (Applicable Geographic Territory)
Term Life Insurance Products	*Term Life Insurance*	Primerica Life Insurance Company (U.S. (except New York), Puerto Rico and Guam)(1) National Benefit Life Insurance Company (New York)(1) Primerica Life Insurance Company of Canada (Canada)(1)
Investment and Savings Products	*Mutual Funds*	Legg Mason Global Asset Management (U.S.) Van Kampen Investments (U.S.) Pioneer Investments (U.S.) Invesco AIM Investments (U.S.) American Funds (U.S.) Franklin Templeton (U.S.) Concert™ Funds (a family of Primerica-branded "funds of funds" comprised of AGF Funds) (Canada) AGF Funds (Canada)
	Variable Annuities	MetLife Investors USA Co. (U.S.) First MetLife Investors (U.S.)
	Segregated Funds	Primerica Life Insurance Company of Canada (Canada)(1)
Corporate and Other Distributed Products	*Mortgage Loans — Debt Consolidation or Refinance*	Citicorp Trust Bank, fsb (U.S.)(2) Citicorp Home Mortgage, a division of CitiFinancial Canada, Inc. (Canada)(2)
	Unsecured Loans	Citibank, N.A. (U.S., except California)(2) Citicorp Trust Bank, fsb (California)(2)
	Primerica DebtWatchers™	Equifax Consumer Services LLC, a wholly owned subsidiary of Equifax Inc. (U.S. and Canada)
	Long-Term Care Insurance	Genworth Life Insurance Company and its affiliates (U.S.)
	Prepaid Legal Services	Prepaid Legal Services, Inc. (U.S. and Canada)
	Mail-Order Student Life	National Benefit Life Insurance Company (U.S., except Alaska, Hawaii, Montana, Washington and the District of Columbia)(1)
	Short-Term Disability Benefit Insurance	National Benefit Life Insurance Company (New York and New Jersey)(1)
	Auto and Homeowners' Insurance	Various insurance companies, as offered through Answer Financial, Inc. (an independent agent for various third party property and casualty insurance companies) (U.S.)

(1) Indicates subsidiaries of Primerica

(2) Indicates affiliate of Citi (excluding Primerica and its subsidiaries)

Term Life Insurance Products

Through our three life insurance company subsidiaries — Primerica Life, NBLIC and Primerica Life Canada — we offer term life insurance to clients in the United States, Puerto Rico, Guam and Canada. In 2008, we were the largest provider of individual term life insurance in the United States based on the amount of in-force premiums collected, according to LIMRA.

We believe that term life insurance is a better alternative for middle income clients than cash value life insurance. Term life insurance provides a guaranteed death benefit if the insured dies during the fixed coverage period of the policy in return for the periodic payment of premiums. Term insurance products, which are sometimes referred to as pure protection products, have no savings or investment features, but provide payment of a specified amount upon the death of the insured individual, thereby providing financial protection for his or her named beneficiaries. By buying term life insurance rather than cash value life insurance, a policyholder initially pays a lower premium and, as a result, may have funds available to invest to fund retirement and other needs. We also believe that a person's need for life insurance is inversely proportional to that person's need for retirement savings, a concept we refer to as the "theory of decreasing responsibility." Young adults with children, new mortgages and other obligations need to buy higher amounts of insurance to protect their family from the loss of future income resulting from the death of a primary bread winner. With its lower initial premium, term life insurance lets young families buy more coverage for their premium dollar when their needs are greatest and still have the ability to have funds for their retirement and educational savings needs.

Our term life insurance products are designed to be easily understood by, and meet the needs of, our middle income clients. Clients purchasing our term life insurance products, whose average age was 37 in 2008, generally seek stable, longer-term income protection products for themselves and their families. In response to this demand, we offer term life insurance products, with level premium coverage periods that range from ten to 35 year policies with 20 year terms or more accounting for 82% of policies we issued in 2008. Death benefits are payable upon the death of the insured while the policy is in-force. Policies remain in-force until the expiration of the coverage period or until the policyholder ceases to make premium payments and terminates the policy. Our currently issued policies expire when the primary insured reaches age 95 (80 for NBLIC clients in New York). Premiums are guaranteed not to rise above a certain amount each year during the life of the policy. The initial guarantee period for policies issued in the United States equals the initial term period, up to a maximum of 20 years. After 20 years, we have the right to raise the premium, subject to limits provided for in the applicable policy. In Canada, the amount of the premium is guaranteed for the entire term of the policy.

Our term life insurance policies may be customized through the addition of riders to provide coverage for specific protection needs, such as mortgage and college expense protection. These additional riders are available individually for both the primary insured and a spouse. We offer an Increasing Benefit Rider that allows for a 5% or 10% annual increase in coverage (subject to a maximum lifetime increase of $500,000) without new underwriting. All children under the age of 25 in a family may be insured under one rider for one premium. Providing insurance for an entire family under one policy results in only one policy fee, premium banding for the total coverage on the primary insured and spouse, and reduced administrative expenses. The term "premium banding" refers to levels of death benefits payable on a term life insurance policy at which the cost to the insured of each $1,000 of death benefits payable decreases. Our premium bands are currently $150,000, $250,000 and $500,000. The death benefits attributable to an insured individual and his or her insured spouse are combined for purposes of determining which premium band will be used to calculate individual premiums. Therefore, the couple together may be charged premiums that are less per person per $1,000 of death benefits payable than they would otherwise be charged as individuals. The average size of the policies that we issued in 2008 was approximately $300,000.

The following table sets forth selected financial information regarding our term life insurance products as of the dates and for the periods indicated:

	As of or for the Nine Months Ended September 30,		As of or for the Year Ended December 31,		
	2009	2008	2008	2007	2006
Life insurance issued					
Number of policies issued	173,295	182,868	241,173	244,733	245,520
Face amount issued (thousands)	$ 59,639	$ 66,770	$ 87,279	$ 87,619	$ 84,503
Life insurance in-force					
Number of policies in-force	2,340,716	2,374,943	2,363,792	2,386,633	2,394,342
Face amount in-force (millions)	$ 646,341	$ 642,590	$ 633,467	$ 632,086	$ 599,470

Pricing and Underwriting. We believe that effective pricing and underwriting are significant drivers of the profitability of our life insurance business, and we have established our pricing assumptions to be consistent with our underwriting practices. We set pricing assumptions for expected claims, lapses, investment returns and expenses based on our own relevant experience and other factors. These other factors include:

- expected changes from relevant experience due to changes in circumstances, such as (i) revised underwriting procedures affecting future mortality and reinsurance rates, (ii) new product features, and (iii) revised administrative programs affecting sales levels, expenses, and client continuation or termination of policies; and
- observed trends in experience that we expect to continue, such as general mortality improvement in the general population and better or worse persistency due to changing economic conditions.

Our strategy is to price our insurance products competitively for our target risk categories. Our insurance products are based on unisex rates, which we believe complements our one policy per family philosophy.

Under our current underwriting guidelines, we individually assess each insurable adult applicant and place them into one of four risk classifications, based on current health, medical history and other factors. Each of these four classifications (preferred plus, preferred, non-tobacco and tobacco) has specific health criteria. We may decline an applicant's request for coverage if his or her health or activities create unacceptable risks for us. All underwriting decisions are made by our underwriting professionals.

Because many policies are sold to friends, family members and personal acquaintances of our sales representatives, we do not have our sales representatives collect sensitive and personal medical information from an applicant. Our sales representatives ask applicants a series of yes or no questions regarding the applicant's medical history. If we believe that follow up regarding an applicant's medical history is warranted, then a third party provider using its trained personnel contacts the applicant by telephone to obtain a detailed medical history. The resulting "tele-underwriting report" is electronically transmitted to us and is evaluated in our underwriting process. During the underwriting process, we may consider information about the applicant from third party sources such as the Medical Information Bureau, motor vehicle bureaus and physician statements as well as from personal financial documents, such as tax returns and personal financial statements.

To accommodate the significant volume of insurance applications that we process, we and our sales force use technology to make our operations more efficient. Our sales representatives submit approximately 50% of our life insurance applications to us in electronic form using our proprietary PDA-based system, TurboApps. The TurboApps system ensures that the application is submitted error-free, collects the applicant's electronic signatures and populates the RVP's sales log. Paper applications we receive are scanned and transmitted to a third party data entry company. Our proprietary review and screening system automatically either confirms that an application meets regulatory and other requirements, or alerts our application processing staff to any deficiencies with the application. If any deficiencies are noted, then our application processing staff telephones the sales representative to obtain the necessary information. Once an application is complete, the pertinent

application data is uploaded to our life insurance administrative systems, which manage the underwriting process by electronically analyzing data and recommending underwriting decisions and communicating with the sales representative and third party providers.

Claims Management. Our insurance subsidiaries process an average of more than $2.5 million in benefit claims each day on policies underwritten by us and sold by our sales representatives. These claims fall into three categories: death; waiver of premium (applicable to disabled policyholders who purchased a rider pursuant to which Primerica agrees to waive remaining life insurance premiums during a qualifying disability); or terminal illness. The claim may be reported by our sales representative, a beneficiary or, in the case of terminal illness, the policyholder. Following are the benefits paid by us for each category of claim for the nine months ended September 30, 2009 and 2008 and the years ended December 31, 2008, 2007 and 2006:

	Nine Months Ended September 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
			(in thousands)		
Death	$ 697,487	$ 687,298	$ 913,651	$ 872,276	$ 793,919
Waiver of premium	15,815	13,693	18,547	15,711	13,129
Terminal illness (1)	7,280	5,587	7,326	7,298	5,200

(1) We consider claims paid for terminal illness to be loans made to the beneficiary that are repaid to us upon death of the beneficiary from the death benefit.

In the United States, after coverage has been in-force for two years, we may not contest the policy for misrepresentations in the application or the suicide of the insured. In Canada, we have a similar two-year contestability period, but we are permitted to contest insurance fraud at any time. As a matter of policy, we do not contest any coverage issued by us to replace the face amount of another insurance company's individual coverage to the extent the replaced coverage would not be contestable by the replaced company. We believe this approach helps our sales representatives sell replacement policies, as it reassures clients that claims made under their replacement policies are not more likely to be contested as to the face amount replaced. Through our claims administration system, we record, process and pay the appropriate benefit with respect to any reported claim. Our claims system is used by our home office investigators to order medical and investigative reports from third party providers, calculate amounts due to the beneficiary (including interest) and report payments to the appropriate reinsurance companies.

Financial Strength Ratings. Ratings with respect to financial strength are an important factor in establishing our competitive position and maintaining public confidence in us and our ability to market our products. Ratings organizations review the financial performance and condition of most insurers and provide opinions regarding financial strength, operating performance and ability to meet obligations to policyholders. Primerica Life and its subsidiaries, NBLIC and Primerica Life Canada, have been assigned a financial strength rating of "A+" (superior; second highest of 16 ratings) by A.M. Best Co. Primerica Life currently has an insurer financial strength rating of "AA" (very strong; third highest of 22 ratings) from Standard & Poor's. Primerica Life Canada and NBLIC are not rated by Standard & Poor's. The ratings accorded Primerica Life, NBLIC and Primerica Life Canada by A.M. Best have been placed under review with negative implications by A.M. Best pending the successful completion of this offering. Standard & Poor's has also placed Primerica Life's ratings on credit watch. The ratings of A.M. Best and Standard & Poor's are subject to downgrade. No assurance is given that we will maintain our current ratings. Ratings for insurance companies are not designed for investors and do not constitute recommendations to buy, sell or hold any security.

Reinsurance. We use reinsurance primarily to reduce the volatility risk with respect to mortality. Since 1994, we have reinsured death benefits in the United States on a yearly renewal term, or YRT, basis. Currently, we automatically reinsure 90% of all U.S. insurance policies that we underwrite with respect to the first $4 million per life of coverage, excluding coverage under certain riders. With respect to our Canadian insurance

policies, we reinsure face amounts above $500,000 per life on an excess yearly renewable term basis. For all risk in excess of $4 million per life, we reinsure on a case-by-case or "facultative" basis. We also reinsure substandard cases on a facultative basis to capitalize on the extensive experience some of our reinsurers have with substandard cases. A substandard case has a level of risk that is acceptable to us but at higher premium rates than a standard case because of the health, habits or occupation of the applicant.

Either we or our reinsurers are entitled to discontinue the applicable reinsurance program, as to future policies written, by giving 90 days' advance notice to the other. Use of reinsurance does not discharge us, as the insurer, from liability on the insurance ceded. We, as the insurer, are required to pay the full amount of the death benefit even in circumstances where we are entitled to or able to receive payments from our reinsurer. The principal reinsurers to which we cede risks have retained strong financial strength ratings; however, two of our reinsurers have financial strength ratings that are well below where they were when we entered into our contracts. As of December 31, 2008, approximately 93% of our statutory ceded reserve is placed with reinsurers with A.M. Best financial strength ratings of "A-" or above. As of December 31, 2008, our total future policy benefits reinsured to all reinsurers was approximately $636 million.

As of December 31, 2008, approximately 61.7% of the total face amount that we reinsured was ceded to the following four reinsurers:

	As of December 31, 2008	
Reinsurer	Reinsurance Receivable (in millions)	AM Best Rating
Swiss Re Life & Health America Inc.	175.5	A
Scor Global Life Reinsurance Companies	138.2	A-
Generali USA Life Reassurance Company	112.1	A-
RGA Reinsurance Company	61.8	A+

Under our YRT reinsurance agreements, including those with the reinsurers identified in the table above, the reinsurer insures our obligation to pay for death benefits that underlie the insurance policies that we issue and, in return, we pay the reinsurers premiums that are calculated based on the net amount of risk reinsured under the reinsurance agreement. Our relationships with the reinsurers are structured so that, subject to certain criteria, we automatically cede, and the reinsurer automatically accepts, its share of risk for all policies below the binding limit (currently $4 million of face amount). Risks which are not reinsured on an automatic basis may still be accepted for reinsurance, provided that the reinsurer approves each individual risk before it accepts liability. The YRT reinsurance agreements were put in place for our term life policies issued in 1994 and thereafter.

Both we and the reinsurer are entitled to discontinue the reinsurance agreement as to future policies by giving 90 days' advance notice to the other. However, the reinsurer's ability to terminate coverage for existing policies is limited to circumstances such as a material breach of contract or nonpayment of premiums by us. Generally, we have the option of recapturing some or all of the YRT reinsurance in the event that we increase our retention limits or the percentage of risk that we retain. The premiums payable to the reinsurer are based on rates shown in the agreements that are expected to continue indefinitely. The reinsurer has the right to increase rates with certain restrictions. If the reinsurer increases rates, we have the right to immediately recapture the business.

Under our coinsurance reinsurance agreements, including those with Swiss Re Life & Health America Inc., the reinsurer receives their share of the premiums received from our policyholders. The reinsurer pays us an allowance to reimburse us for our expenses associated with acquiring and administering the business. The coinsurance agreements were in place for business written prior to 1991.

Either party may offset any balance due from one party to the other. In addition, if the reinsurer becomes insolvent, impaired or unable to pay their debts, we may recapture the business.

In connection with this offering, we will enter into coinsurance agreements with three affiliates of Citi, pursuant to which we will cede between 80% and 90% of the risks and rewards of our term life insurance policies that will be in-force at December 31, 2009. Please see the section entitled "Certain Relationships and Related Party Transactions — Relationship with Citi Following this Offering — Citi Reinsurance Transactions."

Reserves. We calculate and maintain reserves for the estimated future payment of claims to our policyholders based on actuarial assumptions and in accordance with GAAP. We use mortality, persistency, expense and interest rate assumptions which are based upon our experience and expectations for the future at the time the policy is issued. In accordance with GAAP, these assumptions are "locked-in" at the time the policy is issued. We review our reserve assumptions annually in setting reserves for the current year of issue.

Investment and Savings Products

We believe that middle income families have significant unmet retirement and education-related savings needs. Using our FNA tool, we help our clients understand their current financial situation and how they can use time-tested financial principles, such as prioritizing personal savings, compounding, thinking long-term and diversification, to reach their retirement and educational savings goals. While we seek to meet individual needs, most of our clients fall into one of several distinct segments of the savings and retirement spectrum that we serve, such as clients who are actively saving, clients who are nearing retirement and clients who are retired. Our investment and savings products are comprised of basic saving and investment vehicles that seek to meet the needs of clients in each of these three segments.

Through our U.S. licensed broker-dealer subsidiary, PFS Investments, and our Canadian licensed dealer and insurance company, PFSL Investments Canada and Primerica Life Canada, respectively, and our licensed sales representatives, we distribute and sell to our clients mutual funds, variable annuities and segregated funds. Approximately 25,000 of our sales representatives are licensed to distribute mutual funds in the United States and Canada. Approximately 14,000 of our sales representatives are licensed and appointed to distribute variable annuities in the United States and approximately 9,000 of our sales representatives are licensed to sell segregated funds in Canada. In the United States, we distribute mutual fund products of several third party mutual fund companies and variable annuity products of MetLife and its affiliates. In Canada, we offer our own Primerica-branded mutual funds, as well as mutual funds of other companies, and offer our Primerica-branded segregated fund products, which are underwritten by Primerica Life Canada.

The following tables set forth selected financial information regarding our mutual fund, variable annuity and segregated funds business as of the date and for the periods indicated:

	Nine Months Ended September 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
			(in thousands)		
Product sales					
Mutual funds	$ 1,316,919	$ 2,310,331	$ 2,808,957	$ 3,432,883	$ 3,155,787
Variable annuities	673,743	897,574	1,157,479	1,297,623	1,103,820
Total sales for which we earn sales-based revenues	1,990,663	3,207,905	3,966,436	4,730,506	4,259,607
Segregated funds	190,581	419,689	491,953	458,962	405,080
Total	$ 2,181,243	$ 3,627,594	$ 4,458,389	$ 5,189,468	$ 4,664,687
Average asset values					
Mutual funds	$ 18,630,797	$ 26,063,942	$ 24,209,867	$ 28,006,958	$ 25,081,017
Variable annuities	5,202,632	6,324,060	6,004,225	6,625,010	5,620,547
Segregated funds	1,716,667	2,084,159	1,949,788	1,742,081	1,194,159
Total	$ 25,550,096	$ 34,472,162	$ 32,163,880	$ 36,374,049	$ 31,895,722
Average number of fee generating accounts					
Recordkeeping accounts	2,856	3,115	3,081	3,207	3,189
Custodial accounts	2,069	2,245	2,223	2,302	2,258
Segment Commissions & Fees					
Sales-based	$ 86,679	$ 135,279	$ 168,614	$ 212,626	$ 187,961
Asset-based	90,262	128,607	158,934	170,277	137,148
Account-based	32,590	35,545	47,243	48,615	49,234

Mutual Funds. In the United States, our licensed sales representatives primarily distribute mutual funds from six select asset management firms: American Funds; AIM; Franklin Templeton; Legg Mason; Pioneer and Van Kampen.

All of these firms have diversified product offerings, including domestic and international stock, bond and money market funds. Each firm has individual funds with long track records, some more than 30 years with good relative performance, and each firm continually evaluates its fund offerings and adds new funds on a regular basis. Additionally, this group of funds has products in diversified asset classes and varied investment styles, and many of the managers of these funds have trading operations on multiple continents. We believe this group of select asset management firms provides funds that generally meet the investment needs of our clients. Recently, three of these fund families (Legg Mason, Van Kampen and American Funds) accounted for in the aggregate between 85% and 90% of our mutual fund sales. Legg Mason and Van Kampen each have large wholesaling teams that support our sales force in distributing their mutual fund products. We have selling agreements with each of these fund companies, as well as with approximately 40 other companies. Our selling agreements with Legg Mason, Van Kampen and American Funds authorize us to receive purchase orders for shares of mutual funds or similar investments underwritten by the fund company and to sell and distribute the shares on behalf of the fund company. All purchase orders are subject to acceptance or rejection by the relevant fund company in its sole discretion. Purchase orders received by the fund company from us are accepted only at the then-applicable public offering price for the shares ordered (the net asset value of the shares plus an applicable sales charge). For sales of shares that we initiate, we are paid commissions based upon the dollar amount of the sales and earn marketing and distribution fees (so called "trail commissions" or "12b-1 fees") on mutual fund products sold based on asset values in our client accounts. Pursuant to our selling agreement with Legg Mason, we also receive, as consideration for our retail distribution channel and mutual fund sales infrastructure, a mutual fund support fee based upon a percentage of sales and clients' asset value held in Legg Mason funds.

In Canada, our sales representatives offer Primerica-branded Concert™ Series funds (accounting for 54% of our sales of mutual fund products in Canada) and the funds of three third party asset management firms (accounting for 38% of our mutual fund sales in Canada). Our Concert™ Series of funds are six different asset allocation funds with varying investment objectives ranging from fixed income to aggressive growth. Each Concert™ Fund is a fund of funds that allocates fund assets among equity and income mutual funds of the AGF Group, a major asset management firm in Canada. The asset allocation within each Concert™ Series fund is determined on a contract basis by Legg Mason. The principal non-proprietary funds that we offer our clients in Canada are funds of AGF, Mackenzie and AIM. Like our U.S. fund family select list, the asset management partners we have selected in Canada have a diversified offering of stock, bond and money market funds, including domestic and international funds with a variety of investment styles.

A key part of our investment philosophy for our clients is the long-term benefits of dollar cost averaging through systematic investing. To accomplish this, we assist our clients by facilitating monthly investment into their mutual fund account by bank draft against their checking accounts. Qualified retirement plans account for 55% and 72% of the mutual fund assets for which we serve as nominee in the United States and Canada, respectively. Our high concentration of retirement plan accounts and our systematic savings philosophy are beneficial to us as these accounts tend to have lower redemption rates than the industry and, therefore, generate more asset-based revenues.

Variable Annuities. Our licensed sales representatives in the United States also distribute variable annuities underwritten and provided by two MetLife insurance companies. Variable annuities are insurance products that enable our clients to invest in accounts with attributes similar to mutual funds, but also have benefits not found in mutual funds, including death benefits that protect beneficiaries from market losses due to a market downturn and income benefits that guarantee future income payments for the life of the policyholder(s). MetLife bears the insurance risk on the variable annuities that we distribute. MetLife, with our assistance, has developed a series of private label annuity products specifically designed to meet the needs of our clients. The most recent product in the series, PrimElite IV, launched in June 2007, includes certain improvements to the previous products sold by adding new living benefits and a unique pricing structure that provides clients with lower fees on larger-sized variable annuity investments.

In connection with MetLife's acquisition of The Travelers Life and Annuity Company, we entered into an agreement pursuant to which MetLife, as the successor to The Travelers Life and Annuity Company, has the right to be the exclusive provider of the annuity products that we distribute in the United States and Puerto Rico until July 1, 2010. From July 1, 2010 to the contract's expiration on June 30, 2015, the agreement provides MetLife with the non-exclusive right to supply annuity products, during which period MetLife is entitled to have the same access to our sales force as we provide any other supplier of a comparable annuity product. If, prior to July 1, 2012, we expand our product offerings to include new (i) private label variable life insurance or variable annuity products or (ii) life insurance or annuity products to be sold on an exclusive basis (other than the types of life insurance and annuity products that we distributed on July 1, 2005), MetLife has the right to make a proposal to supply us with these new products. While we have discretion to determine the criteria for selecting the provider(s) of these new products, if MetLife proposes to provide us with these new products, we have agreed to select MetLife as our provider of these products if MetLife's proposal, taken as a whole, compares as well as the most favorable proposal we receive from other potential providers of these products.

Segregated Funds. In Canada, we offer segregated fund products, which are branded as our "Common Sense Funds," that have some of the characteristics of our variable annuity products distributed in the United States. Our Common Sense Funds are underwritten by Primerica Life Canada and offer our clients the ability to participate in a diversified managed investment program that can be opened for as little as C$25. The investment objective of segregated funds is long-term capital appreciation combined with some guarantee of principal. Unlike mutual funds, our segregated fund product guarantees clients at least 75% of their net contributions (net of withdrawals) at the earlier of the date of their death or at the segregated fund's maturity date, which is selected by the client. The portfolio consists of both equities and bonds with the equity component consisting of a pool of large cap Canadian equities and the bond component consisting of Canadian federal government zero coupon treasuries. The portion of the segregated fund portfolio allocated to zero coupon treasuries are held in sufficient quantity to satisfy the guaranties payable at the maturity date of the segregated fund. As a result, our potential exposure to market risk is very low as it comes from the guarantees payable upon the death of the client prior to the maturity date. With the guarantee level at 75% and in light of the time until the scheduled maturity of our segregated funds contracts, we currently do not need to allocate any corporate capital as reserves for segregated fund contract benefits.

Many of our Canadian clients invest in segregated funds through a registered retirement savings plan, or RRSP, which is similar to an IRA in the United States in that contributions are made to the RRSP on a pre-tax basis and income is earned on a tax-deferred basis. Our Common Sense Funds are managed by AGF Funds, one of Canada's leading investment management firms, and a leading provider of our mutual fund products.

529 Plans. We also sell college savings plans, which are known as 529 Plans, throughout the United States. We sell the Legg Mason Scholar's Choice College Savings Plan and the Van Kampen Higher Education 529 Plan. In 2008, 529 plan sales comprised less than 1% of the total sales revenue of our Investment and Savings Product Segment.

Revenue and Sales Force Compensation. In the United States, we earn revenue from our investment and savings products business in three ways: commissions earned on the sale of such products; fees earned based upon client asset values; and account-based revenue. On the sale of mutual funds and variable annuities, we earn a "dealer reallowance" or commission on the dollar amount of new purchases as well as "trail commissions," or 12b-1 fees, on the assets held in our clients' accounts. On mutual fund and variable annuity sales, we pay a percentage of the dealer reallowance and trail commissions we receive as sales compensation to our sales representatives. We also receive marketing and support fees from most of our fund providers. These payments are typically a percentage of sales or a percentage of the total clients' asset values, or a combination of both.

With respect to several of the fund companies offered in the United States, we receive custodial fees for services performed as a non-bank custodian for certain of our clients' retirement plan accounts, and earn revenue for performing account-based recordkeeping services. We also receive fees for the financing of advance commissions paid to our sales representatives for the sale of certain Legg Mason funds.

We perform recordkeeping services on behalf of several of our select U.S. fund companies. We receive compensation on a per account basis for these services. To assist us in performing these recordkeeping services, we have engaged third parties (including a Citi affiliate) to perform certain back-office transfer agent functions and a portion of the client and agent telephone servicing. We also maintain an operations and phone service center at our Duluth, Georgia offices to support our recordkeeping platform.

In Canada, we earn revenue from the sales of our investment and savings products in two ways: commissions on mutual fund sales and fees paid based upon clients' asset values (mutual fund trail commissions, and asset management fees from segregated funds and Concert™ Series mutual funds). On the sale of mutual funds, we earn a dealer reallowance or commission as well as trail commissions on the assets held in our clients' accounts. We pay a percentage of the dealer reallowance and trail commissions we receive with respect to mutual fund sales as compensation to our Canadian sales representatives. On the sale of segregated funds, we earn a fee based on the total asset value of these assets. For segregated funds, we pay as compensation to our sales representatives a sales commission on segregated fund sales and a fee paid quarterly based on clients' asset values.

PFS Investments is a broker-dealer registered with FINRA and is subject to regulation by the SEC, FINRA and the Municipal Securities Rulemaking Board (with respect to 529 plans only), as well as by state securities agencies. PFS Investments operates as an introducing broker-dealer. As such, it performs the suitability review of investment recommendations in accordance with FINRA requirements, but it does not hold client accounts. PFSL Investments Canada is a mutual fund dealer registered with the MFDA, the national self-regulatory organization for the distribution side for the Canadian mutual fund industry, and is also registered with provincial securities commissions throughout Canada. As a registered mutual fund dealer, it performs the suitability review of mutual fund investment recommendations, but like our U.S. broker-dealer, it does not hold client accounts. Our U.S. and Canadian broker-dealers do not hold any client funds; rather, client funds are held by the mutual fund in which such client funds are invested or by MetLife in the case of variable annuities sold in the United States. As noted above, our Canadian segregated fund product is an insurance contract underwritten by Primerica Life Canada and the assets and corresponding reserves are contained on its balance sheet, but the assets are held in trust for the benefit of the contract owners.

Other Distributed Products

We also offer debt consolidation loans, a Primerica DebtWatchers℠ product that allows clients create a plan for paying off debt, long-term care insurance, prepaid legal services and auto/home insurance. While many of these products are Primerica-branded, all of them are underwritten or otherwise provided by a third party. We also offer mail-order student life and short-term disability benefit insurance, which we underwrite through our New York insurance subsidiary, NBLIC.

Loan Products. Managing debt continues to be a major challenge for our middle income clients. The decline in home values and the tightening of the credit markets generally have exacerbated the problem. We help clients manage their debt through the use of a debt consolidation loan, which provides them with the means to consolidate and accelerate the repayment of existing debt. Our loan product sales process is designed to be straightforward, low pressure and educational. Historically, we have offered fixed rate, fixed term and fully amortizing loans appropriate for a middle income client and have sold loan products exclusively for lenders that are affiliates of Citi, except in Puerto Rico where we previously sold loan products of a third party lender.

Our Loan Products and Loan Products Operations. Our subsidiary, Primerica Mortgages, is a loan broker, not a lender, and our loan products are currently provided by lenders affiliated with Citi. All underwriting, processing of loan applications and credit decisions are handled by our lenders. As a loan broker in the United States, we receive a brokerage commission based on a fixed percentage of the loan amount on loans that are closed.

We offer fixed rate, fixed term, fully amortizing debt consolidation/refinance mortgage loans in all states but not in Washington D.C. and a debt consolidation/refinance mortgage loan product in Canada. Additionally, we offer a fixed rate, fixed term, fully amortizing debt consolidation unsecured loan product in the United States.

In Canada, we offer a debt consolidation loan product and assist clients with developing debt reduction/elimination strategies. Due to regulatory requirements, our sales representatives in Canada only refer clients to the lender and are not involved in the loan application and closing process.

We currently offer our loan products on an exclusive basis on behalf of Citi-affiliated lenders. Our mortgage lenders provide a dedicated staff to administer the loan products and support our sales representatives. Our mortgage lenders also support our sales representatives in the field with geographically dispersed marketing managers.

Recent Challenges Affecting Our Loan Business. Our loan business is in a period of significant transition. In response to recent economic conditions and consistent with steps taken by other lenders generally, beginning in 2008, our lenders began implementing more rigorous credit standards, including more restrictive loan-to-value ratio requirements and more restrictive underwriting criteria, which adversely affected the number of loans that we sold in the second half of 2008 and continues to do so in 2009. We anticipate these rigorous standards will be maintained in the near term and may become more restrictive in the future.

The number of our sales representatives in the United States who are authorized to sell our mortgage loan products has decreased and will continue to decrease due to the implementation of individual licensing requirements mandated by the recently enacted SAFE Act. The SAFE Act requires all states to enact laws that will mandate that our U.S. sales representatives be individually licensed or registered if they intend to offer the mortgage loan products that we distribute. We currently anticipate that the SAFE Act requirements will cause a significant reduction in the scale of our loan product distribution business in the near term.

Currently, our representatives sell mortgage and unsecured loans of Citi-affiliated lenders. Although we anticipate that we will have a transition period with our lenders following this offering, our lenders are under no obligation to continue serving as our lenders after this offering or after the transition period, if any, expires. Please see the section entitled “Risk Factors — Risks Related to Our Loan Business.”

Primerica DebtWatchers™. In the second half of 2009, we began offering our Primerica DebtWatchers™ product in the United States and in three provinces in Canada. Primerica DebtWatchers™ allows clients to create a simple-to-understand plan for paying off their debt and provides clients with periodic updates of their credit score and other personal credit information. Currently, our sales representatives do not need an individual license to sell this product. Primerica DebtWatchers™ is co-branded with and supported by Equifax Consumer Services LLC, a subsidiary of Equifax Inc., one of the nation’s three major credit reporting services.

Key features of our Primerica DebtWatchers™ product offered in the United States include the ability for the client to use information from their Equifax Credit Report™ to assemble a simple-to-understand plan for paying off all of their debt and access to four Equifax Credit Reports™ per year so that clients can review and monitor their FICO® score and Equifax Credit Report™.

Primerica DebtWatchers is a trademark of Primerica Client Services, Inc. Equifax Credit Report is a trademark of Equifax Inc. FICO is a trademark of Fair Isaac Corporation.

Other Products. We also offer our U.S. clients Primerica-branded long-term care insurance, underwritten and provided by Genworth Life Insurance Company and its affiliates, and offer our U.S. and Canadian clients a Primerica-branded prepaid legal services program on a subscription basis that is underwritten and provided by Prepaid Legal Services, Inc. The prepaid legal services program offers a network of attorneys in each state to assist subscribers with legal matters such as drafting wills, living wills and powers of attorney, trial defense and

motor vehicle-related matters. We receive a commission based on our sales of these policies and contracts. Through an arrangement with Answer Financial, Inc., or Answer Financial, an independent insurance agency, our sales representatives in the United States may refer clients to Answer Financial to receive multiple, competitive, auto and homeowners insurance quotes. Answer Financial's comparative quote process allows clients to easily identify the underwriter (e.g., Hartford, Travelers, Progressive, SAFECO and Chubb) that is most competitively priced for their type of risk. Commissions that we receive under this program, which is called "Primerica Secure," are based on policy sales and premiums. Sales representatives receive a flat referral fee payment for each completed auto and homeowner's insurance application.

Our sale or referral of long-term care insurance, pre-paid legal services and auto and home insurance products in 2008 resulted in revenues of approximately $3.7 million, $9.7 million and $3.0 million, respectively.

NBLIC also sells mail-order student life insurance and short-term disability benefit insurance, which is a state-mandated policy for certain employees in the states of New York and New Jersey. These products, which are not distributed by our sales force, generated aggregate revenues in 2008 of approximately $25 million and $40 million, respectively. NBLIC also has discontinued insurance operations relating to its prior sales of universal life, interest sensitive whole life, traditional whole life and term insurance, auto and home insurance and annuity products.

Investments

As of September 30, 2009, on a pro forma basis to reflect the Transactions, we had total cash and invested assets of $ and an additional $ held in our separate accounts, for which we do not bear investment risk. We manage our assets to meet diversification, credit quality, and yield and liquidity requirements of our insurance policy liabilities by investing primarily in fixed- maturities, including government, municipal and corporate bonds, mortgage- and other asset-backed securities and private placement debt securities. We also invest in short-term securities and other investments, including a small position in equity securities. In all cases, our investments are required to comply with restrictions imposed by applicable laws and insurance regulatory authorities.

We use a third party investment advisor to manage our investing activities. Our investment advisor reports to and is supervised by our Investment Committee, which has adopted and approved an investment policy statement that guides and directs our investment advisor in its activities on our behalf. Our investment advisor meets with our Investment Committee periodically, but no less frequently than monthly.

For further information regarding our invested assets, please see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments" and "— Portfolio Performance."

Regulation

Our operations are subject to extensive laws and governmental regulations, including administrative determinations, court decisions and similar constraints. The purpose of the laws and regulations affecting our operations is primarily to protect our clients and not our stockholders. Many of the laws and regulations to which we are subject are regularly re-examined, and existing or future laws and regulations may become more restrictive or otherwise adversely affect our operations.

State insurance laws regulate most aspects of our U.S. insurance businesses, and our insurance subsidiaries are regulated by the insurance departments of the states in which they are domiciled and in which they sell insurance policies. Our Canadian insurance business is principally regulated by both provincial and federal insurance regulatory authorities. Our insurance products and our businesses also are affected by U.S. federal, state and local tax laws and Canadian federal and provincial tax laws. Insurance products that constitute "securities," such as variable annuities, also are subject to U.S. federal and state securities laws and regulations. The SEC, FINRA and state securities authorities regulate and supervise these products.

Our securities operations are subject to U.S. federal and state and Canadian federal and provincial securities and related laws. The SEC, state securities authorities, FINRA and similar Canadian federal and provincial authorities are the principal regulators of these operations.

Insurance and securities regulatory authorities (including state law enforcement agencies and attorneys general or their non-U.S. equivalents) from time to time make inquiries regarding compliance by us and our subsidiaries with insurance, securities and other laws and regulations regarding the conduct of our insurance and securities businesses. We cooperate with such inquiries and take corrective action when warranted.

Our loan business is subject to U.S. federal and state laws and regulations, including federal and state banking laws and regulations, in many jurisdictions.

Insurance Regulation

Our U.S. insurance subsidiaries are licensed to transact business in all states and jurisdictions in which they conduct insurance business. Specifically, Primerica Life, a Massachusetts insurance company, is licensed to transact business in 49 states, the District of Columbia, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands and in the Virgin Islands, and NBLIC, a New York insurance company, is licensed to transact business in all 50 states, the District of Columbia and the Virgin Islands. Primerica Life is not licensed to transact business in New York, where we transact business through NBLIC. U.S. state insurance laws regulate all aspects of our U.S. insurance business. Such regulation is vested in state agencies having broad administrative and in some instances discretionary power dealing with many aspects of our business, which may include, among other things, premium rates and increases thereto, reserve requirements, marketing practices, advertising, privacy, policy forms, reinsurance reserve requirements, acquisitions, mergers, and capital adequacy, and is concerned primarily with the protection of policyholders and other consumers rather than stockholders. At any given time, a number of financial or market conduct examinations of our subsidiaries may be ongoing. From time to time, regulators raise issues during examinations or audits of our subsidiaries that could, if determined adversely, have a material impact on us.

Our Canadian insurance subsidiary, Primerica Life Canada, is federally incorporated and provincially licensed and transacts business in all Canadian provinces and territories. Provincial and federal insurance laws regulate all aspects of our Canadian insurance business. Our Canadian insurance subsidiary is regulated federally by OSFI, and provincially by the Superintendents of Insurance for each province and territory. OSFI regulates insurers' corporate governance, financial and prudential oversight, and regulatory compliance, while provincial and territorial regulators oversee insurers' market conduct practices and related compliance.

Most U.S. states and Canadian provinces and territories, as well as the Canadian federal government, have laws and regulations governing the financial condition of insurers, including standards of solvency, types and concentration of investments, establishment and maintenance of reserves, reinsurance and requirements of capital adequacy, and the business conduct of insurers, including sales and marketing practices, claim procedures and practices, and policy form content. In addition, U.S. state insurance law and Canadian provincial insurance law usually require licensing of insurers and their agents.

In Canada, OSFI conducts periodic detailed examinations of insurers' business and financial practices, including the control environment, internal and external auditing and minimum capital adequacy, surpluses and related testing, legislative compliance and appointed actuary requirements, and insurers' regulatory compliance, including anti-money laundering practices, outsourcing, related party transactions, privacy and corporate governance. Provincial regulators also conduct periodic market conduct examinations of insurers doing business in their jurisdiction.

Our U.S. insurance subsidiaries are required to file detailed annual reports with the United States supervisory agencies in each of the jurisdictions in which they do business, and their business and accounts are subject to examination by such agencies at any time. These examinations generally are conducted under NAIC

guidelines. Under the rules of these jurisdictions, insurance companies are examined periodically (generally every three to five years) by one or more of the supervisory agencies on behalf of the states in which they do business. At any given time, a number of financial or market conduct examinations of our insurance subsidiaries may be ongoing. Over the past decade, no such insurance department examinations have produced any significant adverse findings regarding any of our insurance subsidiaries.

Specific examples of the types of insurance laws and regulations applicable to us or our U.S. or Canadian insurance subsidiaries are described below.

Insurance Holding Company Regulation; Limitations on Dividends. Many states, including the states in which our insurance subsidiaries are domiciled, have enacted legislation or adopted regulations regarding insurance holding company systems. These laws require registration of and periodic reporting by insurance companies domiciled within the jurisdiction which control or are controlled by other corporations or persons so as to constitute an insurance holding company system. These laws also affect the acquisition of control of insurance companies as well as transactions between insurance companies and companies controlling them.

We are a holding company, and we have no operations. Our sole asset is the capital stock of our subsidiaries. The states in which our insurance subsidiaries are domiciled impose certain restrictions on our insurance subsidiaries' ability to pay dividends to us. These restrictions are based in part on the prior year's statutory income and surplus. In general, dividends up to specified levels are considered ordinary and may be paid without prior approval. Dividends in larger amounts are considered extraordinary and are subject to approval by the insurance commissioner of the state of domicile.

During the nine months ended September 30, 2009 and the years ended December 31, 2008 and 2007, we paid $38.5 million (none of which were deemed extraordinary), $436.2 million (none of which were deemed extraordinary) and $336.1 million (none of which were deemed extraordinary) of dividends, respectively, to Citi.

The three insurance subsidiaries that are entitled to pay dividends to us are Primerica Life, NBLIC and Primerica Life Canada. During the nine months ended September 30, 2009, Primerica Life paid no dividends to Citi. For the years ended December 31, 2008 and December 31, 2007, Primerica Life paid $353.0 million (none of which were deemed extraordinary) and $263.0 million (none of which were deemed extraordinary) of dividends, respectively, to Citi. During the nine months ended September 30, 2009, NBLIC paid no dividends to Primerica Life. For the years ended December 31, 2008 and December 31, 2007, NBLIC paid $8.0 million (none of which were deemed "extraordinary") and $125.0 million ($94.5 million of which was deemed extraordinary) of dividends, respectively, to Primerica Life. During the nine months ended September 30, 2009, Primerica Life Canada paid no dividends to Primerica Life. For the years ended December 31, 2008 and December 31, 2007, Primerica Life Canada paid $4.9 million (none of which were deemed extraordinary) and $106.9 million (none of which were deemed extraordinary) of dividends, respectively, to Primerica Financial Services (Canada) Ltd., which, in turn, paid equivalent dividends to Primerica Life.

The following table sets forth the cash dividends paid to us and the statutory dividend capacity (amount within the limitations of the applicable regulatory authorities, as further described below) for Primerica Life, NBLIC and Primerica Life Canada:

	Cash and Securities Dividends Paid			Dividend Capacity		
	Nine Months Ended September 30, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	Nine Months Ended September 30, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
			(in thousands)			
Primerica Life	—	$ 353,000	$ 263,000	$ —	$ 353,449	$ 263,339
NBLIC	—	8,000	125,000	25,448	31,686	30,494
Primerica Life Canada	—	4,866	106,928	260,878	176,590	172,248

For Primerica Life, the statutory dividend capacity is based on the greater of (1) 10% of the previous year-end statutory capital and surplus or (2) the previous year's statutory net gain from operations (not including pro rata distributions of any class of the insurer's own securities). Dividends that, together with the amount of other distributions or dividends made within the preceding 12 months, exceed this statutory limitation are referred to as extraordinary dividends. Extraordinary dividends require advance notice to the Massachusetts Division of Insurance, Primerica Life's primary state insurance regulator, and are subject to potential disapproval. For dividends exceeding these thresholds, Primerica Life must provide notice to the Massachusetts Division of Insurance and receive responses indicating that the Massachusetts Division of Insurance did not object to the payment of those dividends.

For NBLIC, the statutory dividend capacity is based on the lesser of (1) 10% of the previous year-end statutory capital and surplus or (2) the previous year's statutory net gain from operations, not including realized capital gains. Dividends that, together with the amount of other distributions or dividends in any calendar year, exceed this statutory limitation are considered to be extraordinary dividends. Extraordinary dividends require advance notice to the New York Department of Insurance, NBLIC's primary state insurance regulator, and are subject to potential disapproval. For dividends exceeding these thresholds, NBLIC must provide notice to the New York Department of Insurance and receive responses indicating that the New York Department of Insurance did not object to the payment of those dividends.

In Canada, dividends can be paid subject to the paying insurance company continuing to meet the regulatory requirements for capital adequacy and liquidity and upon 15 days' minimum notice to OSFI.

As a holding company with no significant business operations of our own, we will depend on dividends or other distributions from our operating subsidiaries as the principal source of cash to meet our obligations, including the payment of interest on, and repayment of, principal of any debt obligations.

Market Conduct Regulation. The laws and regulations governing our U.S. and Canadian insurance businesses include numerous provisions governing the marketplace activities of insurers, including policy filings, payment of insurance commissions, disclosures, advertising, product replacement, sales and underwriting practices and complaints and claims handling. The state insurance regulatory authorities in the United States and the federal and provincial regulators in Canada generally enforce these provisions through periodic market conduct examinations. Since January 1, 2008, we have not received any material adverse findings resulting from any insurance department examinations of our U.S. insurance subsidiaries or from any federal or provincial examinations of our Canadian insurance subsidiary.

Filing of Financial Statements. State insurance laws and regulations require our U.S. insurance subsidiaries to file with state insurance departments publicly-available quarterly and annual financial statements, prepared in accordance with statutory guidelines that generally follow NAIC uniform standards. Canadian federal insurance laws and regulatory requirements require our Canadian insurance subsidiary to file quarterly and annual financial statements with OSFI. These annual financial statements are prepared in accordance with legal and regulatory requirements, including Canadian GAAP principles and the standards of the Canadian Institute of Chartered Accountants.

Change of Control. The laws and regulations of the jurisdictions in which our U.S. insurance subsidiaries are domiciled require approval of the insurance commissioner prior to acquiring control of the insurer. In considering an application to acquire control of an insurer, the insurance commissioner generally will consider such factors as experience, competence, the financial strength of the applicant, the integrity of the applicant's board of directors and executive officers, the acquirer's plans for the management and operation of the insurer, and any anti-competitive results that may arise from the acquisition. The states in which our insurance subsidiaries are domiciled have enacted laws which require regulatory approval for the acquisition of "control" of insurance companies. Under these laws, there exists a presumption of "control" when an acquiring party acquires 10% or more of the voting securities of an insurance company or of a company which itself controls an

insurance company. Therefore, any person acquiring 10% or more of our common stock would need the prior approval of the state insurance regulators of these states, or a determination from such regulators that "control" has not been acquired.

In addition, Canadian federal insurance law requires approval of the Minister of Finance prior to any change of control of an insurer, whether direct or indirect, or to acquire, directly or through any controlled entity or entities, a significant interest (*i.e.*, more than 10%) of any class of its shares. In considering an application for a change of control of an insurer, OSFI will consider the financial resources of the applicant, the soundness of the business plan presented by the applicant, and the business record, experience, character and integrity of the applicant, as well as whether the persons who will operate the insurer after the change of control are suitably competent and experienced in the operation of a financial institution and whether the change of control is in the best interests of the policyholders and the Canadian financial system.

These U.S. and Canadian laws regarding change of control may discourage potential acquisition proposals and may delay, deter or prevent a change of control involving us, including through transactions, and in particular unsolicited transactions, that some or all of our stockholders might consider to be desirable.

Policy and Contract Reserve Sufficiency Analysis. Under the laws and regulations of their jurisdictions of domicile, our U.S. insurance subsidiaries are required to conduct annual analyses of the sufficiency of their life insurance statutory reserves. In addition, other U.S. jurisdictions in which these subsidiaries are licensed may have certain reserve requirements that differ from those of their domiciliary jurisdictions. In each case, a qualified actuary must submit an opinion that states that the aggregate statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient provision for the associated contractual obligations and related expenses of the insurer. If such an opinion cannot be provided, the affected insurer must set up additional reserves by moving funds from surplus. Our U.S. insurance subsidiaries most recently submitted these opinions without qualification as of December 31, 2008 to applicable insurance regulatory authorities.

Our Canadian insurance subsidiary also is required to conduct regular analyses of the sufficiency of its life insurance statutory reserves. Life insurance reserving and reporting requirements are completed by our Canadian insurance subsidiary's appointed actuary. Materials provided by the appointed actuary are filed with OSFI as part of our annual filing and are subject to OSFI's review. Based upon this review, OSFI may institute remedial action against our Canadian insurance subsidiary as OSFI deems necessary. Our Canadian insurance subsidiary has not been subject to any such remediation or enforcement by OSFI.

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

In Canada, OSFI has authority to request an insurer to enter into a prudential agreement implementing measures to maintain or improve the insurer's safety and soundness. OSFI also may issue orders to an insurer directing it to refrain from unsafe or unsound practices or to take action to remedy financial concerns. OSFI has neither requested that our Canadian insurance subsidiary enter into any prudential agreement nor has OSFI issued any order against our Canadian insurance subsidiary.

RBC. The NAIC has established RBC standards for U.S. life insurance companies, as well as a model act to be applied at the state level. The model act provides that life insurance companies must submit an annual RBC report to state regulators reporting their RBC based upon four categories of risk: asset risk, insurance risk,

interest rate risk and business risk. For each category, the capital requirement is determined by applying factors to various asset, premium and reserve items, with the factor being higher for those items with greater underlying risk and lower for less risky items. The formula is intended to be used by insurance regulators as an early warning tool to identify possible weakly capitalized companies for purposes of initiating further regulatory action. If an insurer's RBC falls below specified levels, the insurer would be subject to different degrees of regulatory action depending upon the level. These actions range from requiring the insurer to propose actions to correct the capital deficiency to placing the insurer under regulatory control. As of December 31, 2008, Primerica Life and NBLIC had combined statutory capital, and Primerica Life Canada had statutory capital, in excess of or substantially in excess of the applicable thresholds.

In Canada, an insurer's minimum capital requirement is overseen by OSFI and determined as the sum of the capital requirements for five categories of risk: asset default risk, mortality/morbidity/lapse risks, changes in interest rate environment risk, segregated funds risk and foreign exchange risk.

NAIC Pronouncements, Reviews and Ratings. Although we and our insurance subsidiaries are subject to state insurance regulation, in many instances the state regulations emanate from NAIC model statutes and pronouncements. Certain changes to NAIC model statutes and pronouncements, particularly as they affect accounting issues, may take effect automatically in the various states without affirmative action by the states. Although with respect to some financial regulations and guidelines, states sometimes defer to the interpretation of the insurance department of the state of domicile, neither the action of the domiciliary state nor the action of the NAIC is binding on a non-domiciliary state. Accordingly, a state could choose to follow a different interpretation. Also, regulatory actions with prospective impact can potentially have a significant impact on currently sold products. In addition, accounting and actuarial groups within the NAIC have studied whether to change the accounting standards that relate to certain reinsurance credits, and if changes were made, whether they should be applied retrospectively, prospectively only, or in a phased-in manner. A requirement to reduce the reserve credits on ceded business, if applied retroactively, would have a negative impact on our statutory capital. The NAIC is also currently working on reforming state regulation in various areas, including comprehensive reforms relating to insurance reserves.

The NAIC also has established guidelines to assess the financial strength of insurance companies for U.S. state regulatory purposes. The NAIC conducts annual reviews of the financial data of insurance companies primarily through the application of 13 financial ratios prepared on a statutory basis. The annual statements are submitted to state insurance departments to assist them in monitoring insurance companies in their state and to set forth a desirable range in which companies should fall in each such ratio.

The NAIC suggests that insurance companies that fall outside the "usual" range in four or more financial ratios are those most likely to require analysis by state regulators. However, according to the NAIC, it may not be unusual for a financially sound company to have several ratios outside the "usual" range, and the NAIC typically expects 15% of the companies it tests to be outside the "usual" range in four or more categories.

For the year ended December 31, 2008, our U.S. insurance subsidiaries were within the "usual" range for all 13 ratios.

Statutory Accounting Principles. Statutory accounting principles, or SAP, is a basis of accounting developed by U.S. insurance regulators to monitor and regulate the solvency of insurance companies. In developing SAP, insurance regulators were primarily concerned with evaluating an insurer's ability to pay all its current and future obligations to policyholders. As a result, statutory accounting focuses on conservatively valuing the assets and liabilities of insurers, generally in accordance with standards specified by the insurer's domiciliary jurisdiction. Uniform statutory accounting practices are established by the NAIC and generally adopted by regulators in the various U.S. jurisdictions. These accounting principles and related regulations determine, among other things, the amounts our insurance subsidiaries may pay to us as dividends and differ somewhat from GAAP principles, which are designed to measure a business on a going-concern basis. GAAP

gives consideration to matching of revenue and expenses and, as a result, certain expenses are capitalized when incurred and then amortized over the life of the associated policies. The valuation of assets and liabilities under GAAP is based in part upon best estimate assumptions made by the insurer. Stockholder's equity represents both amounts currently available and amounts expected to emerge over the life of the business. As a result, the values for assets, liabilities and equity reflected in financial statements prepared in accordance with GAAP may be different from those reflected in financial statements prepared under SAP. We cannot predict whether or when regulatory actions may be taken that could adversely affect our company or the operations of our insurance subsidiaries. Interpretations of regulations by regulators may change and statutes, regulations and interpretations may be applied with retroactive effect, particularly in areas such as accounting or reserve requirements.

Canadian law requires the use of Canadian GAAP in the preparation of the financial statements of our Canadian insurance subsidiary. The primary source of these principles is the Standards of the Canadian Institute of Chartered Accountants.

State Insurance Guaranty Funds Laws. Under insurance guaranty fund laws in most states, insurance companies doing business therein can be assessed up to prescribed limits for policyholder losses incurred by insolvent companies. Although we cannot predict with certainty the amount of any future assessments, most insurance guaranty fund laws currently provide that an assessment may be excused or deferred if it would threaten an insurer's own financial strength. Our insurance subsidiaries were assessed immaterial amounts in 2008, which will be partially offset by credits against future state premium taxes.

Additional Oversight in Canada. FCAC is a Canadian federal regulatory body. It is responsible for ensuring that federally regulated financial institutions, which include Primerica Life Canada, comply with federal consumer protection laws and regulations, voluntary codes of conduct and their own public commitments. FINTRAC is Canada's financial intelligence unit. Its mandate includes ensuring that entities subject to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, which includes Primerica Life Canada, comply with reporting, recordkeeping and other obligations under that act. Our Canadian insurance subsidiary is also subject to privacy laws under the jurisdiction of federal and provincial privacy commissioners, anti-money laundering laws enforced by the FINTRAC and OSFI, and the consumer complaints provisions of federal insurance laws under the mandate of the FCAC, which requires insurers to belong to a complaints ombud-service and file a copy of their complaints handling policy with the FCAC.

In addition to federal and provincial oversight, our Canadian insurance subsidiary is also subject to the guidelines set out by the Canadian Life and Health Insurance Association, or CLHIA. CLHIA is an industry association that works closely with federal and provincial regulators to establish market conduct guidelines and sound business and financial practices addressing matters such as sales representative suitability and screening, insurance illustrations and partially guaranteed savings products.

Our Canadian insurance subsidiaries are currently in compliance with these laws, regulations and guidelines.

Regulation of Investment and Savings Products

Certain of our U.S. subsidiaries, including PFS Investments and PSS, are subject to extensive securities regulation in the United States. As a matter of public policy, regulatory bodies in the United States are charged with safeguarding the securities and other financial markets and with protecting investors participating in those markets. In the United States, the SEC is the federal agency responsible for administering the federal securities laws. PFS Investments is registered as a broker-dealer with the SEC and is also a member of FINRA, and is registered as a broker-dealer in all 50 states. As such, all aspects of its business are regulated, including sales methods and charges, trade practices, the use and safeguarding of customer securities, capital structure, recordkeeping, conduct and supervision of its employees. In particular, PFS Investments is subject to the SEC's uniform net capital rule, Rule 15c3-1, which specifies the minimum net capital a broker-dealer must maintain and also requires that a significant part of the broker-dealer's assets be kept in relatively liquid form. The uniform net

capital rule imposes certain requirements that may have the effect of preventing a broker-dealer from distributing or withdrawing capital and may require that prior notice to the regulators be provided prior to making capital withdrawals. Our sales representatives who sell securities products through PFS Investments (including, in certain jurisdictions, variable annuities) are required to be registered representatives of PFS Investments. As a result, our sales representatives are also regulated by the SEC and FINRA and are further subject to applicable state and local laws.

PFS Investments is also approved as a non-bank custodian under IRS regulations and, in that capacity, may act as a trustee for certain retirement accounts and is subject to IRS examinations.

In addition to the licensing requirements for PFS Investments and its sales representatives, PFS Investments is required to make certain monthly and annual filings with FINRA, including:

- monthly FOCUS reports, which include, among other things, financial results and net capital calculations; and
- annual audited financial statements, prepared in accordance with GAAP.

PSS is registered with the SEC as a transfer agent and, accordingly, is subject to SEC rules and examinations. As a registered transfer agent engaged in the recordkeeping business, PSS must keep current the information in its Form TA-1 (which PSS filed with the SEC upon its registration as a transfer agent) and, on an annual basis, must file a Form TA-2, which is an activity report that highlights the registrant's activities for the immediately preceding year. We intend to dissolve PSS prior to the consummation of this offering, and the business of PSS will be carried on by its parent entity.

Our Canadian dealer subsidiary, PFSL Investments Canada, is registered as a mutual fund dealer in all Canadian provinces and territories. Accordingly, PFSL Investments Canada is registered with and regulated by the MFDA, which is the self-regulatory organization for mutual fund dealers, as well as all provincial and territorial securities commissions. PFSL Investments Canada is subject to periodic review by both the MFDA and the provincial and territorial securities commissions to assess its compliance with, among other things, applicable capital requirements, sales practices and procedures and administrative compliance. These regulators have broad administrative powers, including the power to limit or restrict the conduct of our business for failure to comply with the law or regulations. Possible sanctions that may be imposed include the suspension of individual sales representatives, limitations on the activities in which the dealer may engage, suspension or revocation of the dealer registration, censure or fines.

In addition to the licensing requirements for PFSL Investments Canada and its sales representatives, PFSL Investments Canada is required to make certain monthly and annual filings with the MFDA and the provinces and territories, including annual audited financial statements and unaudited monthly financial questionnaires and reports.

Our sales representatives who sell mutual funds through PFSL Investments Canada are required to be registered with the provincial or territorial securities commissions in those provinces and territories in which they operate as registered representatives of PFSL Investments Canada and also are subject to regulation by the MFDA.

We may also be subject to similar laws and regulations in the states, provinces and other countries in which we offer the products described above or conduct other securities-related activities. We are currently in compliance with all U.S. and Canadian filing requirements applicable to us, as described above.

Regulation of Loan Products

In the United States, state mortgage banking and brokering laws and unsecured lending laws regulate many aspects of our loan product distribution business. In the United States and Puerto Rico, Primerica Mortgages is regulated by state banking commissioners and other equivalent regulators. Our loan product distribution business must comply with the laws, rules and regulations, as well as judicial and administrative decisions, in all of the jurisdictions in which we are licensed to offer mortgage and unsecured loans, as well as an extensive body of federal laws and regulations. These state and federal laws and regulations address the type of loan products that can be offered to consumers through predatory lending and high cost loan laws and the type of licenses that must be obtained by individuals and entities seeking to solicit loan applications from consumers.

The SAFE Act requires all states to enact laws that require that our U.S. sales representatives be individually licensed or registered if they intend to offer the mortgage loan products that we distribute in the United States. Prior to the enactment of the SAFE Act, our sales representatives were not required to be individually licensed or registered to sell mortgage loan products in a majority of states. By the end of 2010, we anticipate that all of our sales representatives who engage in our loan business will be subject to the SAFE Act licensing or registration requirements. We expect that the SAFE Act requirements will materially reduce the size of our loan sales force. We expect this reduction in the number of members of our sales force authorized to sell our mortgage loan products in the United States to result in a significant reduction of the scale of our loan product distribution business at least in the near term. Please see the section entitled "Risk Factors — Risks related to our Loan Business — New licensing requirements will continue to significantly reduce the size of our loan sales force."

In addition, our loan product distribution business is subject to various other federal laws, including the Truth In Lending Act and its implementing regulation, Regulation Z, the Equal Credit Opportunity Act and its implementing regulation, Regulation B, the Fair Housing Act and the Home Ownership Equity Protection Act. We are also subject to RESPA and its implementing regulation, Regulation X, which requires timely disclosures related to the nature and costs of real estate settlement amounts and limits those costs and compensation to amounts reasonably related to the services performed.

In Canada, our loan activities are more limited and our sales representatives only provide mortgage loan referrals to Citicorp Home Mortgage, a registered mortgage broker. Our sales representatives are not required to obtain mortgage loan licensure from any regulatory entity in order to make these referrals.

Other Laws and Regulations

USA Patriot Act and Similar Regulations. The USA Patriot Act of 2001, enacted in response to the terrorist attacks on September 11, 2001, contains anti-money laundering and financial transparency laws and mandates the implementation of various regulations applicable to broker-dealers and other financial services companies, including insurance companies. The Patriot Act seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering. The Canadian federal laws include anti-money laundering provisions similar to the Patriot Act, including provisions regarding suspicious transaction reporting, identification of clients and anti-money laundering procedures and controls.

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

Canadian federal and provincial privacy laws require that Canadian financial institutions, including insurance companies and broker-dealers, take necessary measures to protect consumer information and maintain adequate controls for the collection, use, disclosure and destruction of personal information.

Certain Regulation Related to Our Affiliation with Citi As long as Citi will continue to own at least a majority interest in us following this offering, our employees will continue to be considered employees of Citi for purposes of determining whether their compensation is subject to restrictions under EESA, as amended by ARRA. There is a possibility that the compensation payable to certain members of our senior management team, in particular our Named Executive Officers who are listed in the Summary Compensation Table in this prospectus, could be restricted. The rules established under these laws include, among other requirements, restrictions on bonuses, retention awards and incentive compensation. If these restrictions were to apply to any of our Named Executive Officers or other senior executives, it could limit our ability to provide such incentives to these executives. These rules also include restrictions on severance and change in control payments. As discussed below, prior to this offering, none of our Named Executive Officers or other senior executives had individual severance or change in control arrangements (other than the termination and change in control provisions of their equity and deferred cash awards). If these rules were to apply to any of these executives, it could restrict our ability to enter into any such individual severance or change in control arrangements with them.

Following this offering, we also will continue to be regulated by the FRB under the BHC Act. We will remain subject to this regulatory regime until Citi is no longer deemed to control us for bank regulatory purposes, which may not occur until Citi has significantly reduced its ownership interest in us. The ownership level at which the FRB would consider us no longer controlled by Citi will depend on the circumstances at the time, such as the extent of our relationship with Citi and could be less than 5%. For so long as we are subject to the BHC Act, we are subject to examination by various banking regulators. As a result, the FRB has broad enforcement authority over us, including the power to prohibit us from conducting any activity that, in the FRB's opinion, is unauthorized or constitutes an unsafe or unsound practice in conducting our business. The FRB may also impose substantial fines and other penalties for violations of applicable banking laws, regulations and orders.

Other Regulation. Additionally, we are subject to the Right to Financial Privacy Act and its implementing regulations, Regulation S-P, Fair Credit Reporting Act, the Health Insurance Portability and Accountability Act, the Gramm-Leach-Bliley Act, the Foreign Corrupt Practices Act, the Sarbanes-Oxley Act, the Telemarketing and Consumer Fraud and Abuse Prevention Act, the Telephone Consumer Protection Act, the FTC Act, the Unfair Trade Practices Act and the Electronic Funds Transfer Act and the Servicemembers Civil Relief Act. We are also required to follow certain economic and trade sanctions programs that are administered by the Office of Foreign Asset Control that prohibit or restrict transactions with suspected countries, their governments, and in certain circumstances, their nationals.

Information Technology

We have built a sophisticated information technology platform that is designed to support our clients, operations and sales force. Located at our Duluth, Georgia campus, our data center houses an enterprise-class IBM mainframe that serves as the repository for all client and sales force data and as a database server for our distributed environment. Our on-line and batch processing systems allow us to process approximately 1.25 million transactions on a daily basis. Our IT infrastructure supports 43 core business applications.

Our business applications, many of which are proprietary, are supported by 146 application developers and 88 data center staff at our Duluth, Georgia campus. Our information security program is based on industry best practices. Our information security team consists of 24 staff members providing services that include project consulting, threat management, application and infrastructure assessments, secure configuration management and information security administration.

Our infrastructure supports a combination of local and remote recovery solutions for business resumption in the event of a disaster. In the event of either a campus-wide destruction of all buildings or the inability to access

our main campus in Duluth, Georgia, our business recovery plan provides that our employees may perform their work functions via a dedicated business recovery site located 25 miles from our main campus, by remote access from an employee's home or by relocation of employees to our New York or Ontario offices. Both our primary data center and our business recovery center facilities have external independent power supplies that are capable of supporting our business for an unlimited time period. We have a contract with IBM which, if necessary, allows us to relocate our data center to an out-of-region IBM center.

Corporate Structure and History

We and our subsidiaries are all indirect subsidiaries of Citi. The Primerica business is conducted by disparate entities, which will become our wholly owned subsidiaries prior to this offering. We conduct our principal business activities in the United States through four principal entities: Primerica Financial Services, Inc., our general agency and marketing company, or PFS Inc.; Primerica Life, our principal life insurance company; PFS Investments, our securities products company and broker-dealer; and Primerica Mortgages, our loan broker company. Our Canadian operations are primarily conducted by Primerica Life Canada, our Canadian life insurance company, and PFSL Investments Canada Ltd., our Canadian licensed mutual fund dealer. Primerica Life, domiciled in Massachusetts, owns several subsidiaries, including a New York life insurance company, NBLIC, and Primerica Financial Services (Canada) Ltd., a holding company for its Canadian operations. Other smaller subsidiaries are also included such as Primerica Services, Inc., Primerica Client Services, Inc., Primerica Finance Corporation, and Primerica Convention Services, Inc.

These U.S. and Canadian entities, which currently are wholly owned indirect subsidiaries of Citigroup Inc., will be transferred to us prior to the completion of this offering in a reorganization, pursuant to which we will issue to Citigroup Insurance Holding Corporation shares of our common stock, which represent all outstanding shares of our capital stock, and the $ million Citi note. Prior to the reorganization, we will have no material assets or liabilities. Immediately following the reorganization, we will be a holding company, and our primary asset will be the capital stock of our subsidiaries, and our primary liability will be the Citi note. We will remain a majority-owned subsidiary of Citi immediately following the completion of its sale of approximately % of our outstanding common stock in this offering. Citi intends to divest its remaining interest in us as soon as is practicable, subject to market and other conditions.

We were incorporated in Delaware in October 2009 to serve as a holding company for the Primerica business. However, we trace our core business of offering term life insurance policies through a sales organization of independent sales representatives to 1977. In 1977, Arthur L. Williams, Jr. formed A.L. Williams & Associates, Inc., an independent general agency that was dedicated to selling term life insurance through a sales force of seven RVPs and 85 sales representatives. A.L. Williams grew rapidly from its inception and became one of the top sellers of individual life insurance in the United States. The operations of A.L. Williams form the foundation of our general agency subsidiary, Primerica Financial, and of our sales force. Our insurance and securities operations are also well seasoned. Primerica Life was formed in 1927 under the name of Fraternal Protective Insurance Company, and PFS Investments was formed in 1981 under the name of First American National Securities, Inc.

Primerica Life, PFS Investments and the assets and operations of Primerica Financial were acquired by Citi through a series of transactions in the late 1980s.

Competition

We operate in a highly competitive environment with respect to the sale of financial products. Because our product offerings include several different financial products, we compete directly with a variety of financial institutions, such as insurance companies, insurance brokers, banks, finance companies, credit unions, loan brokers, broker-dealers, mutual fund companies and other national and international financial products and services companies, depending on the type of product we are offering. We compete directly with these entities for the sale of products to clients and, to a lesser extent, for retaining our more productive sales representatives.

Competitors with respect to our term life insurance products consist both of stock and mutual insurance companies, as well as other financial intermediaries, such as AIG, Allstate, Ameriprise, Genworth Financial, MetLife, Protective, Prudential, State Farm and USAA. Competitive factors affecting the sale of life insurance products include the level of premium rates, benefit features, risk selection practices, compensation of sales representatives and financial strength ratings from ratings agencies such as A.M. Best.

In offering our securities products, our sales representatives compete for clients with a range of other advisors, broker-dealers and direct channels, including wirehouses, regional broker-dealers, independent broker-dealers, insurers, banks, asset managers, registered investment advisors, mutual fund companies and other direct distributors, such as Edward Jones, Raymond James and Waddell & Reed. The mutual funds that we offer face competition from other mutual fund families and alternative investment products, such as exchange traded funds. Our annuity products compete with products from numerous other companies, such as Hartford, Lincoln National, MetLife and Nationwide. Competitive factors affecting the sale of annuity products include price, product features, investment performance, commission structure, perceived financial strength, claims-paying ratings, service and distribution capabilities.

Competitors with respect to our loan products consist of a variety of financial institutions such as banks, savings and loan associations, credit unions and other lenders, including certain Internet-based lenders.

Employees

As of September 30, 2009, we had 1,789 employees in the United States and 195 employees in Canada. In addition, as of September 30, 2009, we had 464 on-call employees in the United States and 78 on-call employees in Canada who provide certain training services on an as-needed hourly basis. None of our employees is a member of any labor union and we have never experienced any business interruption as a result of any labor disputes.

As our approximately 100,000 licensed sales representatives are independent contractors and not employees, they are not counted among these numbers.

Properties

We lease all of our office, warehouse, printing, communications and distribution properties. Our executive offices and home office for all our domestic U.S. operations, located in Duluth, Georgia, include approximately 385,000 square feet of general office space under leases expiring in May 2013 and June 2013. We also lease approximately 175,000 square feet of warehouse, general office and distribution space used for business continuation purposes in or around Duluth, Georgia under leases expiring in June 2013, February 2018 and June 2018, respectively. NBLIC subleases approximately 32,000 square feet of general office space from a subsidiary of Citi under a sublease expiring in August 2014. Our Canadian operations lease approximately 35,000 square feet of general office space in Mississauga, Ontario, under a lease expiring in April 2018 and approximately 13,000 square feet for our warehouse and printing operation in Mississauga, Ontario, under a lease expiring in April 2018. We believe that our existing facilities are adequate for our current requirements and for our operations in the foreseeable future.

Legal Proceedings

We and our subsidiaries are involved in legal, regulatory and arbitration proceedings concerning matters arising in the normal course of our business. These include proceedings specific to us as well as proceedings generally applicable to business practices in the industries in which we operate. We may also be subject to litigation arising out of our general business activities, such as our investments, contracts, leases and employment relationships.

As with other financial products firms, the level of regulatory activity and inquiry concerning our businesses is significant. From time to time, we receive requests for information from, and have been subject to review or

examination by, state, provincial or territorial departments of insurance and banking, the SEC, FINRA, MFDA and various other regulatory authorities concerning our business activities and practices, including sales and product features of, or disclosures pertaining to our term insurance, mutual fund, variable annuity and loan products and supervision of our sales representatives. The number of reviews and investigations has increased in recent years with regard to many firms in the financial services industry, including our company. We have cooperated and will continue to cooperate with the applicable regulators regarding their inquiries.

These legal and regulatory proceedings are subject to uncertainties and we are unable to estimate with certainty the possible loss or range of loss that may result in connection with such proceedings. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties and other relief and reputational losses that could have a material adverse effect on the manner in which we conduct our business or on our business, financial condition and results of operations. We regularly review all pending litigation matters in which we are involved and establish reserves deemed appropriate by management for such matters when a probable loss estimate can be made.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors, nominees for director, executive officers and other key officers upon completion of this offering. Upon completion of this offering, our board of directors will consist of seven members. It is expected that each of our director nominees, including our Lead Independent Director, will be appointed by written consent of our sole stockholder and become directors upon the consummation of this offering. It is expected that our board of directors will have determined that a majority of our directors satisfy the listing standards for independence of the New York Stock Exchange.

Name	Age	Position
D. Richard Williams(1)	53	Chairman of the Board and Co-Chief Executive Officer
John A. Addison, Jr.(2)	52	Chairman of Primerica Distribution, Co-Chief Executive Officer and Director
Peter W. Schneider	53	Executive Vice President, General Counsel, Secretary and Chief Administrative Officer
Glenn J. Williams	50	President
Alison S. Rand	42	Executive Vice President and Chief Financial Officer
Gregory C. Pitts	47	Executive Vice President and Chief Operating Officer
(3)		Lead Independent Director
(4)		Director Nominee
(5)		Director Nominee
(6)		Director Nominee
(7)		Director Nominee

(1) Class director.

(2) Class director.

(3) Will be one of our Class directors when elected upon the consummation of this offering.

(4) Will be one of our Class directors when elected upon the consummation of this offering.

(5) Will be one of our Class directors when elected upon the consummation of this offering.

(6) Will be one of our Class directors when elected upon the consummation of this offering.

(7) Will be one of our Class directors when elected upon the consummation of this offering.

Set forth below is information concerning our directors and executive officers as of the date of this prospectus.

D. Richard Williams will be the Chairman of our Board of Directors, has served as our co-Chief Executive Officer since 1999 and has served our company since 1989 in various capacities, including as the Chief Financial Officer and Chief Operating Officer of Primerica Financial. Mr. Williams joined the American Can Company, a predecessor to Citi, in 1979 and eventually headed the company's Acquisition and Development area for financial services and was part of the team responsible for the acquisition of Primerica. Mr. Williams earned both his B.S. degree in 1978 and his M.B.A. in 1979 from the Wharton School of the University of Pennsylvania. He serves on the boards of trustees for the Fernbank Museum of Natural History and the Woodruff Arts Center.

John A. Addison, Jr. will be the Chairman of Primerica Distribution, has served as our co-Chief Executive Officer since 1999 and has served our company in various capacities since 1982 when he joined us as a business systems analyst. Mr. Addison has served in numerous officer roles with Primerica Life and Primerica Financial. He served as Vice-President and Senior Vice President of Primerica Life. He also served as Executive Vice-President and Group Executive Vice-President of Marketing. In 1995, he became President of Primerica Financial and was promoted to co-CEO in 1999. Mr. Addison earned his B.A. in economics from the University of Georgia in 1979 and M.B.A. from Georgia State University in 1988.

Peter W. Schneider has served as our Executive Vice President and General Counsel since 2000. In October 2009, he also became our Secretary. Mr. Schneider earned both his B.S. in political science and industrial relations in 1978 and J.D. in 1981 from the University of North Carolina at Chapel Hill. He worked at the law firm of Paul, Weiss, Rifkind, Wharton & Garrison as an associate from 1981-1984 and at the law firm of Rogers & Hardin first as an associate from 1984-1988 and then as a partner from 1988-2000. Mr. Schneider serves on the boards of directors of the Georgia Chamber of Commerce, the Northwest YMCA and the Carolina Center for Jewish Studies.

Glenn J. Williams has served as our Executive Vice President since 2000 and President since 2005. Mr. Williams served as the President and Chief Executive Officer of Primerica Financial Services (Canada) Ltd. from 1996-2000, Executive Vice President from 1995-1996, Senior Vice President from 1994-1995 and Vice President from 1985-1994. He worked as a customer service representative at Primerica Investments from 1983-1985 and started with us as a sales representative in 1981. Mr. Williams earned his B.S. in education from Baptist University of America in 1981. Mr. Williams serves in leadership roles at Hebron Baptist Church and Hebron Christian Academy.

Alison S. Rand has served as our Executive Vice President and Chief Financial Officer since 2000. Ms. Rand served as Senior Vice President from 1999-2000, Vice President from 1997-1999 and the Director of Financial Reporting from 1995-1997. Prior to 1995, Ms. Rand worked in the audit department of KPMG LLP. Ms. Rand earned her B.S. in accounting from the University of Florida in 1990 and is a certified public accountant. She is a board member of Imagine it!, the Children's Museum of Atlanta and the Georgia Council of Economic Education. She is also a Vice Chair of the Talent Development Program Trustee Council of the Atlanta Symphony Orchestra and serves on the Terry College of Business Executive Education CFO Roundtable.

Gregory C. Pitts was named our Chief Operating Officer in December 2009 and has served as Chief Executive Officer of Primerica Financial Services Home Mortgages, Inc. since 2005. Mr. Pitts served as Executive Vice President of Primerica from 1995-2009, with responsibilities within the Term Life Insurance, Investment and Savings Products and information technology divisions. Mr. Pitts joined Primerica in June 1985 as a business systems analyst within the Investment and Savings Products division and held various operating roles within the division through 1995. Mr. Pitts earned his B.A. in general business from the University of Arkansas in 1985.

will serve as our Lead Independent Director when elected upon completion of this offering. The principal responsibilities of our Lead Independent Director are to consult with the Chairman of the Board regarding the agenda for meetings of the board of directors, schedule and prepare agendas for meetings of independent directors, preside over meetings of independent directors and executive sessions of board meetings where management directors are excluded and to act as principal liaison between independent directors and the Chairman of the Board on sensitive issues and raise issues with management on behalf of the independent directors when appropriate. The Lead Independent Director shall also perform such other duties and may exercise such other powers as may from time to time be assigned by our bylaws or by the board of directors.

Composition of Board; Classes of Directors

Our board of directors will consist of seven persons. rules require us to appoint a majority of directors who are "independent," as defined under the rules of the , within one year of listing thereon. We intend to appoint at least four "independent" directors as soon as possible, but in any event within the time period prescribed by the .

Our board of directors is divided into three classes, denominated as class I, class II and class III. Members of each class will hold office for staggered three-year terms. At each annual meeting of our stockholders beginning in 2011, the successors to the directors whose term expires at that meeting will be elected to serve until the third annual meeting after their election or until their successors have been elected and qualified. Messrs. will serve as class I directors whose terms expire at the 2011 annual meeting of stockholders.

Messrs. will serve as class II directors whose terms expire at the 2012 annual meeting of stockholders. Messrs. will serve as class III directors whose terms expires at the 2013 annual meeting of stockholders.

For so long as Citi beneficially owns at least 50% of the voting power of all of our outstanding common stock, the prior written consent of Citi will be required under our certificate of incorporation for any determination of the members of the board of directors, including the Lead Independent Director, and the filling of newly-created vacancies on our board of directors.

Committees of the Board of Directors

The standing committees of our board of directors are described below.

Audit Committee

The Audit Committee is currently composed of (Chairman), and . Messrs. and are considered by our board of directors to be independent under the applicable standards of the and the Exchange Act. We intend to replace with an independent director in accordance with the transition period rules and regulations of the SEC and , which provide that our Audit Committee must have one independent member at the time of our listing, a majority of independent members within 90 days of such listing and a fully independent Audit Committee within one year of our listing. qualifies as an "audit committee financial expert" as such term is defined in the regulations under the Exchange Act. The Audit Committee is responsible for the oversight of the integrity of our combined financial statements, our systems of internal control over financial reporting, our risk management, the qualifications and independence of our independent registered accounting firm, the performance of our internal auditor and independent auditor and our compliance with legal and regulatory requirements. The Audit Committee also has the sole authority and responsibility to select, determine the compensation of, evaluate and, when appropriate, replace our independent registered public accounting firm.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is composed of (Chairman), and . Messrs. and are considered by our board of directors to be independent under the applicable standards of the . We intend to replace Messrs. with an independent director in accordance with the transition period rules and regulations of the , which provide that our Nominating and Corporate Governance Committee must have one independent member at the time of our listing, a majority of independent members within 90 days of such listing and a fully independent Nominating and Corporate Governance Committee within one year of our listing. The Nominating and Corporate Governance Committee will be responsible for identifying and recommending candidates for election to our board of directors and each committee of our board of directors, and developing and recommending a set of corporate governance principles to the board of directors.

Compensation Committee

The Compensation Committee will initially be composed of (Chairman), and . Messrs. and are considered by our board of directors to be independent under the applicable standards of the . We intend to replace with an independent director in accordance with the transition period rules and regulations of the , which provide that our Compensation Committee must have one independent member at the time of our listing, a majority of independent members within 90 days of such listing and a fully independent Compensation Committee within one year of our listing. The Compensation Committee is responsible for annually reviewing and approving the corporate goals and objectives relevant to the compensation of the Chief Executive Officer and evaluating and approving the corporate goals and objectives relevant to the compensation of the

Chief Executive Officer and evaluating his or her performance in light of these goals; determining the compensation of our executive officers and other appropriate officers; reviewing and reporting to the board of directors on compensation of directors and board committee members; and administering our incentive and equity-based compensation plans.

Compensation Committee Interlocks and Insider Participation

We do not anticipate any interlocking relationships between any member of our Compensation Committee and any of our executive officers that would require disclosure under the applicable rules promulgated under the federal securities laws.

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of the 2009 compensation and benefits programs for each of the individuals listed in the Summary Compensation Table, our Named Executive Officers, as well as our anticipated compensation programs following this offering. Since we were a wholly owned subsidiary of Citi prior to this offering, Citi has primarily been responsible for determining our historical compensation strategy. Following this offering, our compensation committee will be responsible for establishing our compensation philosophy and programs and determining appropriate payments and awards to our executive officers. Therefore, the initial post-offering compensation and benefits programs described below are not necessarily indicative of how we will compensate our Named Executive Officers in the future.

Objectives of Our Executive Compensation Program

As a wholly owned subsidiary of Citi, we have historically shared the compensation objectives of Citi, including the desire to attract and retain the best talent, motivate and reward executives to perform by linking incentive compensation to both financial and non-financial performance, align the long-term interests of management with those of Citi stockholders, and provide compensation at levels that are competitive with those of other executives in the financial services market. Our Named Executive Officers, as well as our employees generally, participate in various Citi compensation plans and programs. These plans and programs are designed to encourage Citi employees, including our senior executives and employees generally, to strive to achieve strategic goals and objectives while encouraging prudent decisions around taking risks to improve performance and avoiding unnecessary and excessive risk.

Our performance will depend, in part, on our ability to attract, engage and retain employees focused on growing our sales force and serving our clients in a financially efficient manner. Therefore, in connection with this offering, we have developed a compensation philosophy that aligns our compensation programs with these business objectives, promotes good corporate governance and seeks to achieve the following additional objectives:

- aligning our executives' financial interests with those of our stockholders;
- providing our employees and sales force with the opportunity to share in the growth of our enterprise through share ownership;
- recognizing the need to balance short-term financial and strategic objectives against long-term objectives and internal assessments of performance against external assessments;
- aligning annual cash variable incentive compensation with financial results and economic market conditions;
- recognizing individual performance and contribution, while rewarding stock price appreciation, executive retention, and corporate financial performance; and

- avoiding pay programs that encourage excessive or unreasonable risk-taking, misalign the timing of rewards and financial or operational performance, or otherwise fail to promote the creation of long-term stockholder value.

Compensation Structure

Set forth below is a discussion of each element of compensation, the reason that we provide each element, and how that element fits into our overall compensation philosophy.

Base Salary. Base salary, while not specifically linked to our performance, is necessary to compete for and retain talent and is only one component of total compensation for our Named Executive Officers. Consistent with our compensation philosophy, base salary is determined by considering several factors, including the individual's experience, performance, position, and tenure with us, and internal and external pay equity. We believe that the base salaries of our Named Executive Officers are consistent, on an aggregate basis, with those provided to executives in the overall financial services and direct sales markets.

Incentive Compensation. As is traditional in the financial services industry, each of our executive's total compensation generally includes a discretionary bonus opportunity. Historically, bonus pools have been determined by Citi in accordance with Citi performance, and then allocated among Citi's various businesses in accordance with each business's performance. Citi determines awards for individual executives after evaluation of their individual accomplishments for the year as discussed in more detail below. Generally, a portion of total compensation is paid in the form of an annual cash bonus, and the remainder is paid in the form of an equity award that vests over several years. The cash portion rewards short-term performance, while the equity portion increases retention and rewards our sustained growth that is linked directly to the enhancement of stockholder value.

Citi Employee Option Grant Program. In October 2009, Citi granted options to acquire Citi stock to certain of its employees, including our Named Executive Officers. These option grants were made to incentivize and retain employees in light of the loss in value of their outstanding equity awards. Options were granted in lieu of restricted stock, which has traditionally been the form of equity awards granted to employees, because, with options, employees only realize value if shareholders realize value. The terms of these grants are described in more detail in the discussion of the Summary Compensation Table and Grants of Plan-Based Awards Table below.

Our proposed incentive compensation programs following this offering will likely vary from our practices under the Citi incentive compensation plans. Our incentive compensation programs that will be in effect following this offering are in the process of being developed, but we expect that equity awards will be a key component of post-offering compensation. Following this offering, we intend to use equity compensation incentives to align the interests of our executives with the interests of our stockholders, promote long-term growth, develop a culture of ownership and increase stability. In order to further align executive compensation with our long-term performance, we intend to have a "clawback" policy, as described below in "— Equity Compensation in Connection with this Offering."

Health and Insurance Plans. Our Named Executive Officers are eligible to participate in Citi sponsored U.S. benefit programs, offered on the same terms and conditions as those made available to Citi's U.S. salaried employees generally. Basic health benefits, life insurance, disability benefits and similar programs are provided to ensure that employees have access to healthcare as well as income protection for themselves and their family members. Under Citi's U.S. medical plans, the portion of the premiums paid by us is dependent upon the employee's total compensation. Our more highly compensated employees pay higher premiums and, therefore, receive fewer subsidies from Citi than less compensated employees. We expect that our employees, including our Named Executive Officers, will continue to participate in most of Citi-sponsored U.S. benefit programs for a transitional period following the completion of the offering.

Retirement and Other Deferred Compensation Plans. Citi's current policy on pension plans is that executives should accrue retirement benefits on the same basis as Citi employees generally under Citi's broad-based, tax-qualified retirement plans. This approach reflects Citi's senior executive compensation principles, which generally provide that most compensation for senior executives should be performance-based. Therefore, neither Citi nor we sponsor supplemental executive retirement plans for any of our Named Executive Officers nor have we or they granted any other special retirement benefits, such as extra years of credited service under any retirement plan, to our Named Executive Officers. Our Named Executive Officers are eligible, however, to participate in the Citi 401(k) Plan, which is a broad-based, tax qualified retirement plan available to substantially all U.S. employees. The purpose of this program is to provide employees with tax-advantaged savings opportunities to assist them in saving and accumulating assets for their retirement.

All of our Named Executive Officers are participants in the Citi Pension Plan, which was closed to new entrants after December 31, 2006. The Citi Pension Plan ceased cash balance accruals for all eligible participants, including the eligible Named Executive Officers, effective December 31, 2007. In lieu of participation in the Citi Pension Plan, eligible Citi employees, including our Named Executive Officers, will receive a matching contribution to the Citi 401(k) Plan for 2009. The Citi 401(k) Plan provides a matching contribution of up to 6% of eligible pay to all employees who participate in the Citi 401(k) Plan, subject to annual limits under the Code. The matching contributions made to our Named Executive Officers' Citi 401(k) Plan accounts for 2009 are disclosed in the All Other Compensation column of the Summary Compensation Table. More information on the terms of the Citi Pension Plan is provided in the narrative following the Pension Benefits Table. Our employees, including our Named Executive Officers, will cease participation in the Citi 401(k) Plan following the completion of this offering.

Other Compensation. We do not, as a general rule, offer additional compensation in the form of material personal benefits to our Named Executive Officers.

Competitiveness of Compensation

Because our business reflects a unique combination of financial services and direct sales, there are no directly comparable companies against which we can reliably benchmark executive compensation. We also believe that the potential for confusion is increased by benchmarking compensation against a select group of "peer" companies that may be inconsistent with peers identified by various stockholders or their proxy voting advisors. In the current environment, any potential list of "peers" could be impacted by external influences, which might distort any assessment of competitive practice on a limited number of peers. Therefore, we expect to consider regularly the competitiveness of our base salaries, annual incentives, and long-term incentives by reference to multiple sources of information, including compensation survey databases and publicly-disclosed pay data for relevant competitors for executive talent. In addition, the compensation levels of our Named Executive Officers may vary based on an individual's experience and performance and the need to retain the individual. We have engaged outside compensation consultant, Towers Perrin, to assist us in developing our post-offering compensation programs and ensuring that our levels of pay fall within our targeted range.

Process for Determining Executive Officer Incentive Compensation

Formulaic approaches and quantitative bonus target goals have not historically been used to determine the incentive compensation of our Named Executive Officers. Neither Citi nor we establish specific items of corporate or individual performance by which to measure an executive's performance and determine his or her incentive compensation. Instead, each Named Executive Officer's incentive and retention compensation is determined using a discretionary, balanced approach that considers, in the context of a competitive marketplace, our overall performance and the achievement of our general business objectives, along with any specific items of our performance and individual performance deemed to be relevant, including the experience, skills, knowledge, responsibilities and individual leadership of our Named Executive Officers.

Citi is responsible for evaluating the performance and determining the incentive compensation of our Named Executive Officers. In determining this compensation, Citi takes into account, in addition to our performance, as described above, each Named Executive Officer's assessment of his or her individual performance (as discussed below) and, in the case of our Named Executive Officers other than our co-Chief Executive Officers, the recommendations of our co-Chief Executive Officers.

Citi's performance management program involves an annual review and assessment of all of our executives, including our Named Executive Officers, to measure individual performance over the course of the previous year against self-established predetermined financial and operational performance goals. Early each year, in accordance with Citi practices, each of our Named Executive Officers establishes individual goals for the coming year, which may include goals relating to personal or company performance. These goals are aligned with our goals for the period. For 2009, the self-established goals of our co-Chief Executive Officers included, among other things, achieving net income and expense goals, enhancing recruitment and employee satisfaction initiatives, sustaining current high-level regulatory and internal controls and implementing this offering. For 2009, the self-established goals of our other Named Executive Officers included, among other things, completing this offering and achieving certain function-specific goals. During the last quarter of the relevant performance year, each of our Named Executive Officers assesses individual and company performance against his or her goals. These self-assessments are one factor considered in determining our Named Executive Officers' incentive compensation. We and Citi are currently in the process of determining annual incentive compensation in respect of 2009 performance and, therefore, neither the form nor the amount of incentive compensation has been determined.

Equity Compensation in Connection with this Offering

As discussed above, in connection with and following this offering, we intend to use equity awards to align the interests of our employees (including our Named Executive Officers) with the success of our company. Therefore, it is anticipated that we will grant initial equity awards to certain employees, including our Named Executive Officers, that will consist of restricted stock awards subject to time-based vesting conditions. Restricted stock best promotes our objective of aligning the interests of our employees with the interests of our stockholders while allowing us to deliver significant potential value without excessive dilution. Thereafter, it is anticipated that equity awards will be granted on an annual basis, as described in "Compensation Structure — Incentive Compensation." In addition, to promote our objective of establishing a culture of ownership, in connection with this offering, it is intended that certain outstanding Citi equity awards will be converted into Primerica equity awards.

Moreover, following this offering, we intend to require a minimum level of share ownership for most executives, including all of the Named Executive Officers. While these requirements have not been formally established, it is our intent that these requirements reflect, for each executive, a substantial, long-term financial stake in us. Also, to further align executive compensation with our long-term performance, we intend to have a "clawback" policy, which would make cash and equity awards subject to forfeiture in certain instances if incentive or retention compensation was based upon materially inaccurate performance metrics.

Employment and Change in Control Agreements

As a general policy, neither Citi nor any of its subsidiaries enters into individual agreements with executives that provide for severance payments or change in control protection, unless necessary to attract or retain personnel.

In light of the above Citi policy, prior to this offering, none of our Named Executive Officers had individual severance or change in control arrangements, except for those applicable to their equity awards under Citi's equity programs or deferred cash awards, as described below under "— Potential Payments Upon Termination or Change in Control." Instead, each of our Named Executive Officers has historically been covered by the Citi

Separation Pay Plan, which is applicable to our employees generally and described below under "— Potential Payments Upon Termination or Change in Control." In connection with this offering, we may enter into employment agreements with certain of our Named Executive Officers or adopt a separation pay plan. The terms of these employment agreements and the separation pay plan, if any, have not yet been determined.

Summary Compensation Table

The following table sets forth information concerning the total compensation paid for services rendered to us in 2009 to our co-Chief Executive Officers, our Chief Financial Officer and our two other most highly compensated executive officers who served in such capacities as of December 31, 2009. We refer to these executives as our "Named Executive Officers" elsewhere in this prospectus.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
D. Richard Williams, Co-Chief Executive Officer	2009								
John A. Addison, Jr., Co-Chief Executive Officer	2009								
Alison S. Rand, Executive Vice President and Chief Financial Officer	2009								
Peter W. Schneider, Executive Vice President, General Counsel, Secretary and Chief Administrative Officer	2009								
Glenn J. Williams, Executive Vice President and President	2009								
Gregory C. Pitts, Executive Vice President and Chief Operating Officer	2009								

Grants of Plan-Based Awards

The following table sets forth information for each of our Named Executive Officers regarding each grant of an award made in fiscal year 2009 under any compensation plan (including plans of Citi):

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	($/Sh)	
D. Richard Williams											
John A. Addison, Jr.											
Alison S. Rand											
Peter W. Schneider											
Glenn J. Williams											
Gregory C. Pitts											

General Discussion of the Summary Compensation Table and Grants of Plan-Based Awards Table

Incentive compensation paid to Citi employees (including our Named Executive Officers) in January 2009 in respect of 2008 performance was allocated under the following guidelines:

- Employees who satisfied the Rule of 60 or the Rule of 75 (as described below) were paid a fully-vested cash amount equal to 100% of their incentive compensation award.
- Employees who did not satisfy the Rule of 60 or the Rule of 75 and received an incentive compensation award in excess of $100,000 participated in the Citi Capital Accumulation Program, or CAP.
- Employees participating in CAP received at least 25% of their incentive compensation award in the form of long-term incentive compensation (with the relative percentage of long-term incentive compensation increasing as the total incentive compensation award increased) payable 70% in the form of a deferred cash award and 30% in the form of a restricted stock award, each vesting over four years subject to continued employment. Deferred cash awards are paid under the Deferred Cash Award Plan, or DCAP.
- Employees participating in CAP received the remainder of their incentive compensation award in the form of a fully-vested cash award.

The Rule of 75 is met if an employee's age plus number of full years of service with us, when added together, is equal to at least 75. For awards granted prior to 2007, the Rule of 60 is met if either (1) the employee is at least age 55 and has completed a minimum of five years of service with us or (2) the employee has a minimum of 15 years of service with us, provided that, in either event, the employee's age plus number of full years of service equals at least 60. For awards granted in 2007 or later, the Rule of 60 is met if either (1) the employee is at least age 50 and has completed a minimum of five years of service with us or (2) the employee has a minimum of 20 years of service with us, provided that, in either event, the employee's age plus number of full years of service equals at least 60. As of December 31, 2009, Messrs. R. Williams, Addison and G. Williams met the Rule of 75, Messrs. Schneider and Pitts met the Rule of 60 for awards granted in 2007 or later only, and Ms. Rand met neither the Rule of 75 nor the Rule of 60.

Incentive compensation paid to Citi employees (including our Named Executive Officers) in respect of performance for 2005 through 2007 was allocated under the following guidelines:

- Employees who received an incentive compensation award in excess of a specified dollar threshold participated in CAP;
- Employees participating in CAP received at least 25% of their incentive compensation award in the form of long-term incentive compensation (with the relative percentage of long-term incentive compensation increasing as the total incentive compensation award increased) payable in the form of restricted stock awards vesting over four years subject to continued employment (or, in the case of employees satisfying the Rule of 60 or the Rule of 75 prior to or during the vesting term, in deferred stock units payable over four years);
- Employees participating in CAP received the remainder of their incentive compensation award in the form of a fully-vested cash award; and
- Certain employees (including our Named Executive Officers) were granted additional restricted shares on July 17, 2007 under the Citi Stock Award Program, or CSAP. These shares, to the extent still outstanding, vest on July 17, 2010, provided that the grantee continues to provide services through that date, and neither the Rule of 60 nor the Rule of 75 is applicable to these shares.

From the date a restricted stock award is made, the recipient can direct the vote and receives dividend equivalents on the underlying shares. From the date a deferred stock award is made, the recipient receives dividend equivalents but does not have voting rights with respect to the shares until the shares are delivered. The dividend or dividend equivalent is the same as the dividend paid on shares of Citi common stock. Citi declared a $.01 per share dividend on January 20, 2009, payable on February 27, 2009 to stockholders of record on February 2, 2009. On February 27, 2009, Citi announced that the dividend on its common stock was suspended.

On October 29, 2009, our Named Executive officers received nonqualified stock option grants under the Citi Employee Option Program (the "CEOG Options"). The exercise price of the CEOG Options is $4.08 (the closing price of Citigroup common stock on October 29, 2009). CEOG Options have an option term of six years from the grant date and will therefore expire on October 29, 2015. CEOG Options are scheduled to vest in three equal annual installments beginning on the first anniversary of the grant date. If any portion of the option vests, it will remain exercisable until the expiration date, unless the participant's employment is terminated for gross misconduct.

Outstanding Equity Awards at Fiscal Year Ended December 31, 2009

The following table sets forth information for each of our Named Executive Officers regarding equity awards outstanding as of December 31, 2009, based on the closing price of shares of Citi common stock on that date ($ per share):

	Option Awards					Stock Awards				
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market of Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
D. Richard Williams									
John A. Addison, Jr.									
Alison S. Rand									
Peter W. Schneider									
Glenn J. Williams									
Gregory C. Pitts									

Option Exercises and Stock Vested Table

The following table sets forth information for each of our Named Executive Officers regarding stock options exercised, and restricted stock and deferred stock awards vesting, during fiscal year 2009:

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
D. Richard Williams				
John A. Addison, Jr.				
Alison S. Rand				
Peter W. Schneider				
Glenn J. Williams				
Gregory C. Pitts				

Pension Benefits Table

The following table sets forth information for each of our Named Executive Officers regarding each plan that provides for payments or other benefits at, following, or in connection with retirement:

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
D. Richard Williams				
John A. Addison, Jr.				
Alison S. Rand				
Peter W. Schneider				
Glenn J. Williams				
Gregory C. Pitts				

The following describes the Citi Pension Plan listed in the Pension Benefits Table, which is the only pension plan under which our Named Executive Officers have accrued benefits. Effective as of January 1, 2008, the Citi 401(k) Plan provides a matching contribution of 6% of eligible pay to eligible employees, up to annual limits imposed under the Code, and matching contributions to that plan are disclosed in the All Other Compensation Column of the Summary Compensation Table.

The Citi Pension Plan

The purpose of this broad-based, tax-qualified retirement plan is to provide retirement income on a tax-deferred basis to all U.S. employees of Citi, including our employees. Effective January 1, 2002, this plan adopted a single cash balance benefit formula for most of the covered population, including our Named Executive Officers. This benefit is expressed in the form of a hypothetical account balance. Benefit credits accrued annually at a rate between 1.5% and 6% of eligible compensation; the rate increased with age and service. Interest credits are applied annually to the prior year's balance, and are based on the yield on 30-year Treasury bonds (as published by the IRS). Employees became eligible to participate in the Citi Pension Plan after one year of service, and benefits generally vested after three years of service. Effective December 31, 2006, the Citi Pension Plan was closed to new members, and effective December 31, 2007, future cash balance plan accruals ceased. All Named Executive Officers were eligible for benefit accruals under this plan and continue to earn interest credits, like other participants.

Eligible compensation generally includes base salary and wages, plus shift differential and overtime (including any before-tax contributions to a 401(k) plan or other benefit plans), incentive awards paid in cash during such year, including any amount payable for such year, but deferred under a deferred compensation agreement, commissions paid during such year, any incentive bonus or commission granted during such year in the form of restricted stock or stock options under CAP, but excluding compensation payable after termination of employment, sign-on and retention bonuses, severance pay, cash and non-cash fringe benefits, reimbursements, tuition benefits, payment for unused vacation, any amount attributable to the exercise of a stock option, or attributable to the vesting of, or an 83(b) election with respect to, an award of restricted stock, moving expenses, welfare benefits, and payouts of deferred compensation. Annual eligible compensation was limited by IRS rules to $225,000 for 2007 (the final year of cash balance benefit accrual).

The normal form of benefit under the Citi Pension Plan is a joint and survivor annuity for married participants (payable over the life of the participant and spouse) and a single life annuity for unmarried participants (payable for the participant's life only). Although the normal form of the benefit is an annuity, the hypothetical account balance is also payable as a single lump sum, at the election of the participant. The Citi Pension Plan's normal retirement age is 65 years old. All optional forms of benefit under this formula available to our Named Executive Officers are actuarially equivalent to the normal form of benefit. Benefits are eligible for commencement under the plan upon termination of employment at any age, so there is no separate eligibility for early retirement.

Potential Payments Upon Termination or Change in Control

Severance Benefits

We do not currently have employment agreements with any of our Named Executive Officers. Prior to this offering, each Named Executive Officer was eligible to participate in the Citi Separation Pay Plan. In the event of a qualifying termination of employment, the Citi Separation Pay Plan provides for two weeks of base pay for each full year of service, up to a maximum of 52 weeks, and outplacement services. Examples of qualifying termination events include corporate restructurings, reductions in staff due to economic challenges, changes in skill requirements or the sale/dissolution of a business. Employees who resign or are terminated for unacceptable job performance or misconduct are not eligible for payments under the plan. In connection with this offering, we may enter into employment agreements with certain of our Named Executive Officers that may contain severance benefits, and may adopt a separation pay plan. The terms of these arrangements, if any, have not yet been determined.

Treatment on Termination of Employment of Equity Compensation and Deferred Cash Awards Granted under the Citi Compensation Plans

The following sets forth the treatment of currently outstanding Citi equity and deferred cash awards on termination of a participant's employment. To the extent a Citi equity award is converted into a Primerica equity award, the termination of employment provisions described below will be triggered based on the Named Executive Officer's termination of employment from Primerica instead of Citi.

Voluntary Resignation

If a participant voluntarily terminates his or her employment at a time when the participant meets the Rule of 75:

- the participant's CAP awards and DCAP awards will continue to vest on schedule, provided that the participant does not compete with Citi's business operations;
- the participant's stock options (other than the CEOG Options) will vest immediately on the last day of employment and the participant may have up to two years to exercise his or her vested stock options, provided that he or she does not compete with Citi's business operations; and
- the participant's CEOG Options will vest immediately on the last day of employment (provided that the termination of the participant's employment occurs on or after October 29, 2010) and the participant may have until October 29, 2015 to exercise all of his or her CEOG Options. If the participant's termination of employment occurs prior to October 29, 2010, nonvested CEOG Options will be forfeited on his or her last day of employment, and the participant may have until October 29, 2015 to exercise his or her vested CEOG Options.
- the participant's CSAP awards will be forfeited.

If a participant terminates his or her employment at a time when the participant does not meet the Rule of 75 but meets the Rule of 60 (as defined for each applicable award):

- the participant's CAP awards (other than a participant's "premium shares" as defined below) and the participant's DCAP awards will continue to vest on schedule, provided that he or she does not compete with Citi's business operations;
- the participant's unvested premium CAP shares will be forfeited;
- the participant's stock options (other than the CEOG Options) will be forfeited on his or her termination of employment and the participant will have up to two years to exercise his or her vested stock options; and
- the participant's nonvested CEOG Options will be forfeited on his or her last day of employment, and the participant may have until October 29, 2015 to exercise his or her vested CEOG Options.

- the participant's CSAP awards will be forfeited.

Restricted stock awards and deferred stock awards under CAP prior to 2009 consist of basic shares and premium shares. The total number of shares subject to an award is determined by dividing the amount of a participant's long-term incentive compensation award by the market price of Citi stock (reduced to reflect any discount that Citi elects to apply). The number of basic shares reflects the number of shares that would have been granted based on the market price of Citi stock had no discount been applied. Any additional shares granted to reflect the discount are treated as premium shares.

If a participant voluntarily terminates his or her employment and does not meet the Rule of 75 or the Rule of 60 (as defined for each applicable award), the participant's unvested restricted stock awards (under both CAP and CSAP), stock options, and DCAP awards will be forfeited on his or her last day of employment (except, in the case of DCAP awards and basic CAP shares, in limited circumstances where the employee pursues certain educational, civic or charitable careers).

Involuntary Termination Other Than for Cause

If a participant's employment is involuntarily terminated other than for cause at a time when the participant meets the Rule of 75, the participant's CAP awards, DCAP awards, and options (except as discussed below for the CEOG options in the event of a qualifying transaction) will be treated in the same manner as described above for voluntary terminations, except that participants will not be subject to the non-competition restrictions described above. The participant's CSAP awards will be forfeited.

If a participant's employment is involuntarily terminated other than for cause and he or she meets the Rule of 60, but does not meet the Rule of 75, the participant's CAP awards (other than the premium shares) and DCAP awards will continue to vest pursuant to their existing schedule. If a participant's employment is involuntarily terminated other than for cause and he or she does not meet the Rule of 60 or the Rule of 75, the full amount of the participant's CAP awards (other than premium shares) and DCAP awards will vest immediately. In either case, a pro-rated portion of the premium shares will vest immediately. Also, in either case, the vesting of the participant's stock options will cease on his or her termination of employment, and the participant will have up to 90 days to exercise his or her vested stock options (other than the CEOG Options), and the participant's CSAP awards will be forfeited.

Except as discussed below in the event of a qualifying transaction, if a participant's employment is involuntarily terminated other than for cause and he or she does not meet the Rule of 75 (or does meet the Rule of 75 but is terminated prior to October 29, 2010), a pro-rated portion (but no less than 10) of the CEOG Options will vest immediately, and the participant will have until October 29, 2015 to exercise his or her vested CEOG Options.

If a participant's employment is terminated as a direct result of a qualifying transaction, the participant's CEOG Options will vest immediately (regardless of whether the participant meets the Rule of 75), and the participant will have until October 29, 2015 to exercise all of his or her CEOG Options. Among other events, a qualifying transaction will occur when Citigroup's stock or equity interest in the Company is reduced so that Citigroup no longer holds a significant equity interest in the Company (as determined by Citigroup in its sole discretion).

At such time as Citi owns less than 50% of our common stock, it is expected that outstanding Citi equity awards that are not converted to awards to acquire our common stock will be treated in the manner applicable to involuntary termination (and that a qualifying transaction for purposes of the CEOG Options will occur at such time). For a discussion of our intentions regarding the conversion of outstanding Citi equity awards held by our employees, please see the discussion under the section entitled "Certain Relationships and Related Party Transactions — Relationship with Citi Following this Offering — Intercompany Agreement."

Termination for Cause

If a participant's employment is terminated for cause, his or her unvested stock awards (both CAP and CSAP awards), DCAP awards, and outstanding options will be forfeited on his or her termination date.

Death or Disability

If a participant's employment terminates on account of death or disability,

- the participant's CSAP awards will vest immediately;
- the participant's unvested stock options will vest and the participant (or his or her estate) will have up to two years to exercise his or her stock options (until October 29, 2015 in the case of the CEOG Options);
- in the case of a participant's death, the participant's CAP and DCAP awards will vest and be distributed immediately; and
- in the case of a participant's disability, CAP and DCAP awards will continue to vest on schedule if he or she has met the Rule of 60 or the Rule of 75, and will vest and be distributed immediately if he or she does not meet the Rule of 60 or the Rule of 75.

Change in Control of Citi

In the event of a change in control of Citi as defined in the Citi equity plans, the Personnel and Compensation Committee of Citi may, in its discretion, accelerate, purchase, adjust, modify or terminate all awards made under the equity plans. Under Citi's equity plans, a change in control is generally defined to mean the following events:

- any person (as defined under applicable securities laws) or persons acting together becomes a beneficial owner of securities of Citi representing 25% or more of the combined voting power of Citi's then outstanding securities;
- any transaction that occurs with respect to Citi that is subject to the prior notice requirements of the Change in Bank Control Act of 1978;
- any transaction that occurs with respect to Citi that will require a party to the transaction to obtain prior approval of the Federal Reserve Board under Regulation Y;
- the adoption by Citi stockholders of a plan or proposal for the dissolution or liquidation of Citi;
- the incumbent members of Citi's board of directors ceasing to constitute a majority of the board as a result of either an actual or threatened election contest or other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the board;
- all or substantially all of the assets of Citi are sold, transferred or distributed; or
- there occurs a transaction, such as a reorganization, merger, consolidation or other corporate transaction involving Citi, in which the stockholders of Citi immediately prior to such transaction do not own more than 50% of the combined voting power of Citi or other corporation resulting from such transaction in substantially the same proportions as they held immediately prior to such transaction.

The Personnel and Compensation Committee of Citi may also, in its discretion, cause awards made under the equity plans to be assumed by the surviving corporation in a corporate transaction. With respect to equity awards subject to Section 409A of the Code, Citi's equity plans provide that the effect of a change in control and what constitutes a change in control will be specified in an executive's award agreement. The award agreements generally define a change in control as the acquisition of an executive's employer by another entity in a transaction that constitutes a change in control under Section 409A of the Code and provide that, in the event of a change in control, the executive's award will either be 100% vested or that the executive will receive the same

treatment as an executive whose employment is involuntarily terminated other than for gross misconduct. The change in control provision in the award agreements also applies to awards that are not subject to Section 409A of the Code.

Other Termination of Employment Provisions

All of our Named Executive Officers are eligible to receive the retirement benefits described in the Pension Benefits Table upon termination of employment for any reason. Except as described herein, there are no other contracts, agreements or other arrangements with our Named Executive Officers that provide for payments or benefits in connection with a termination of employment or a change in control of Citi that are not generally available to salaried employees.

The tables below set forth the estimated value of the potential payments to each Named Executive Officer, assuming the executive's employment had terminated from Citi on December 31, 2009 and that a change in control of Citi had also occurred on that date.

D. Richard Williams

Termination Without Cause or For Good Reason Prior to a Change in Control
Termination without Cause or For Good Reason Following a Change in Control
Voluntary Resignation
Termination for Cause
Change in Control
Death
Disability
Retirement

John Addison, Jr.

Termination Without Cause or For Good Reason Prior to a Change in Control
Termination without Cause or For Good Reason Following a Change in Control
Voluntary Resignation
Termination for Cause
Change in Control
Death
Disability
Retirement

Alison S. Rand

Termination Without Cause or For Good Reason Prior to a Change in Control
Termination without Cause or For Good Reason Following a Change in Control
Voluntary Resignation
Termination for Cause
Change in Control
Death
Disability
Retirement

Peter W. Schneider

Termination Without Cause or For Good Reason Prior to a Change in Control
Termination without Cause or For Good Reason Following a Change in Control
Voluntary Resignation
Termination for Cause
Change in Control
Death
Disability
Retirement

Glenn J. Williams

Termination Without Cause or For Good Reason Prior to a Change in Control
Termination without Cause or For Good Reason Following a Change in Control
Voluntary Resignation
Termination for Cause
Change in Control
Death
Disability
Retirement

Gregory C. Pitts

Termination Without Cause or For Good Reason Prior to a Change in Control
Termination without Cause or For Good Reason Following a Change in Control
Voluntary Resignation
Termination for Cause
Change in Control
Death
Disability
Retirement

We and Citi are currently in the process of determining the compensation of the members of our board of directors who do not also serve as our executive officers. Members of our board of directors who are also executive officers will not receive additional compensation for serving on our board.

Omnibus Incentive Plan

Prior to the completion of this offering, we intend to adopt an Omnibus Incentive Plan, or the Plan. The purposes of the Plan are to align the long-term financial interests of employees, directors, consultants, members of our sales force and other service providers of Primerica with those of Primerica's stockholders, to attract and retain those individuals by providing compensation opportunities that are competitive with other companies, and to provide incentives to those individuals who contribute significantly to the long-term performance and growth of Primerica and its subsidiaries. To accomplish these purposes, the Plan will provide for the issuance of stock options, stock appreciation rights, restricted stock, deferred stock, stock units, unrestricted stock and cash-based awards.

The following description summarizes the expected features of the Plan.

Summary of Plan Terms

Shares Subject to the Plan. A total of shares of our common stock will be reserved and available for issuance under the Plan. The number of our shares of common stock authorized for grant under the Plan is subject to adjustment, as described below.

The aggregate number of shares of our common stock that may be granted to any single individual during a calendar year in the form of options, SARs, restricted stock, deferred stock and/or stock units may not exceed .

We intend to file with the SEC a registration statement on Form S-8 covering the shares issuable under the Plan. Please see "Shares Eligible for Future Sale—S-8 Registration Statement."

Administration of the Plan. The Plan will be administered by our compensation committee. To the extent required for employees subject to Section 162(m) of the Code, the plan administrator will consist of an independent committee of the board of directors, or the independent committee, that complies with the applicable requirements of Section 162(m) of the Code and Section 16 of the Exchange Act.

The independent committee will determine which employees, consultants, directors, members of our sales force and other individuals are eligible to receive awards under the Plan. In addition, the independent committee will interpret the Plan and may adopt any administrative rules, regulations, procedures and guidelines governing the Plan or any awards granted under the Plan as it deems to be appropriate.

Types of Awards. The following types of awards may be made under the Plan. All of the awards described below are subject to the conditions, limitations, restrictions, vesting and forfeiture provisions determined by the independent committee, in its sole discretion, subject to such limitations as are provided in the Plan.

Non-qualified Stock Options. An award of a non-qualified stock option grants a participant the right to purchase a certain number of shares of our common stock during a specified term in the future, after a vesting period, at an exercise price equal to at least 100% of the fair market value of our common stock on the grant date. The term of a non-qualified stock option may not exceed ten years from the date of grant. The exercise price may be paid with cash, shares of our common stock already owned by the participant, or with the proceeds from a sale of the shares subject to the option. A non-qualified stock option is an option that does not meet the qualifications of an incentive stock option as described below.

Incentive Stock Options. An incentive stock option is a stock option that meets the requirements of Section 422 of the Code, which include an exercise price of no less than 100% of fair market value on the grant date, a term of no more than ten years, and that the option be granted from a plan that has been approved by stockholders.

Stock Appreciation Rights. A SAR entitles the participant to receive an amount equal to the difference between the fair market value of our common stock on the exercise date and the exercise price of the SAR (which may not be less than 100% of the fair market value of a share of our common stock on the grant date), multiplied by the number of shares subject to the SAR. A SAR may be granted in substitution for a previously granted option, and if so, the exercise price of any such SAR may not be less than 100% of the fair market value of our common stock as determined at the time the option for which it is being substituted was granted. Payment to a participant upon the exercise of a SAR may be in cash or shares of our common stock.

Restricted Stock. A restricted stock award is an award of outstanding shares of our common stock that does not vest until after a specified period of time, or satisfaction of other vesting conditions as

determined by the independent committee, and which may be forfeited if conditions to vesting are not met. Participants generally receive dividend payments on the shares subject to their award during the vesting period (unless the awards are subject to performance-vesting criteria) and are also generally entitled to indicate a voting preference with respect to the shares underlying their awards.

Deferred Stock. A deferred stock award is an unfunded, unsecured promise to deliver shares of our common stock to the participant in the future, if the participant satisfies the conditions to vesting, as determined by the independent committee. Participants do not have voting rights, but generally receive dividend equivalent payments during the vesting period (unless the awards are subject to performance-vesting criteria).

Stock Units. A stock unit is an award denominated in shares of our common stock that may be settled either in shares or cash, subject to terms and conditions determined by the independent committee.

Stock Payment. Subject to limits in the Plan, the independent committee may issue unrestricted shares of our common stock, alone or in tandem with other awards, in such amounts and subject to such terms and conditions as the independent committee determines. A stock payment may be granted as, or in payment of, a bonus (including, without limitation, any compensation that is intended to qualify as performance-based compensation for purposes of Section 162(m) of the Code), or to provide incentives or recognize special achievements or contributions.

Cash Awards. The independent committee may issue awards that are payable in cash, as deemed by the independent committee to be consistent with the purposes of the Plan. These cash awards will be subject to the terms, conditions, restrictions and limitations determined by the independent committee from time to time. The payment of cash awards may be subject to the achievement of specified performance criteria. The Plan provides that the maximum amount of a cash award that may be granted during any annual performance period to any employee subject to Section 162(m) of the Code may not exceed $.

Additional Forfeiture Provisions. Awards granted under the Plan may be subject to forfeiture if, after a termination of employment or service, the participant engages in certain activities that are materially injurious to or in competition with Primerica. As described below, in compliance with EESA, as amended by ARRA, certain awards may be subject to forfeiture or repayment if they were based on performance metrics that are later determined to be materially inaccurate.

Deferrals. The independent committee may postpone the exercise of awards, or the issuance or delivery of shares or cash pursuant to any award for such periods and upon such terms and conditions as the independent committee determines. In addition, the independent committee may determine that all or a portion of a payment to a participant, whether in cash and/or shares, will be deferred in order to prevent Primerica or any subsidiary from being denied a Federal income tax deduction with respect to an award granted under the Plan. Notwithstanding this authority, the independent committee will not postpone the exercise or delivery of shares or cash payable in respect of awards constituting deferred compensation under Section 409A of the Code, where such postponement will cause the imposition of additional taxes under Section 409A of the Code. Section 409A of the Code provides rules that govern the manner in which compensation of various types may be deferred and imposes taxes upon compensation that is improperly deferred or accelerated.

Adjustments. The Plan will provide that the independent committee will make appropriate equitable adjustments to the maximum number of shares available for issuance under the Plan and other limits stated in the Plan, the number of shares covered by outstanding awards, and the exercise prices and performance measures applicable to outstanding awards. These changes will be made to reflect changes in our capital structure (including a change in the number of shares of common stock outstanding) on account of any stock dividend, stock split, reverse stock split or any similar equity restructuring, or any combination or exchange of equity securities, merger, consolidation, recapitalization, reorganization or similar event, or to the extent necessary to prevent the enlargement or diminution of participants' rights by reason of any such transaction or event or any extraordinary dividend, divestiture or other distribution (other than ordinary cash dividends) of assets to

stockholders. These adjustments will be made only to the extent they conform to the requirements of applicable provisions of the Code and other applicable laws and regulations. The independent committee, in its discretion, may decline to adjust an award if it determines that the adjustment would violate applicable law or result in adverse tax consequences to the participant or to Primerica.

Change of Control. The Plan will provide that, unless otherwise set forth in a participant's award agreement or employment agreement, all awards that are assumed or substituted in connection with a Change of Control transaction (as defined in the Plan) will become fully vested, exercisable and free of restrictions, and any performance conditions on those awards will be deemed to be achieved if the participant's employment or service is terminated by Primerica without "cause" (as defined in the Plan) within 24 months following the Change of Control. In addition, the Plan provides that, unless otherwise set forth in a participant's award agreement, all awards that are not assumed or substituted in connection with the Change of Control transaction will become fully vested, exercisable and free of restrictions and any performance conditions on those awards will be deemed to be achieved immediately upon the occurrence of the Change of Control transaction.

In addition, in the event of a Change of Control transaction, the independent committee may, in its discretion, so long as doing so would not result in adverse tax consequences under Section 409A of the Code, provide that each award will, immediately upon the occurrence of the Change of Control, be cancelled in exchange for a payment in an amount equal to the excess of the consideration paid per share of our common stock in the Change of Control over the exercise or purchase price (if any) per share of our common stock subject to the award, multiplied by the number of shares of our common stock subject to the award.

Amendment and Termination. The Plan may be further amended or terminated by the Board at any time, but no amendment may be made without stockholder approval if it would materially increase the number of shares available under the Plan, materially expand the types of awards available under the Plan or the class of persons eligible to participate in the Plan, materially extend the term of the Plan, materially change the method of determining the exercise price of an option or SAR granted under the Plan, delete or limit the prohibition against repricing, or otherwise require approval by stockholders in order to comply with applicable law or the rules of the (or principal national securities exchange upon which our common stock is traded). Notwithstanding the foregoing, with respect to awards subject to Section 409A of the Code, any termination, suspension or amendment of the Plan must conform to the requirements of Section 409A. Except as may be required to comply with applicable tax law or as set forth in the following paragraph regarding EESA and ARRA, no termination, suspension or amendment of the Plan may adversely affect the right of any participant with respect to a previously granted award without the participant's written consent.

Compliance with the Emergency Economic Stabilization Act of 2008 and American Recovery and Reinvestment Act of 2009

Certain participants in the Plan may be subject to limits or restrictions on the types and amounts of compensation they may receive pursuant to the requirements of EESA, as amended by ARRA. The Plan provides that to the extent any of these requirements apply to awards under the Plan, the Plan and any award agreement under the Plan will be interpreted or reformed to comply with these requirements. To the extent applicable, awards will also be subject to forfeiture or repayment if the award is based on performance metrics that are later determined to be materially inaccurate.

New Plan Benefits

Future grants under the Plan will be made at the discretion of the independent committee and, accordingly, are not yet determinable. In addition, benefits under the Plan will depend on a number of factors, including the fair market value of the common stock on future dates and the exercise decisions made by Plan participants. Consequently, it is not possible to determine the benefits that might be received by participants receiving discretionary grants under the Plan.

Federal Income Tax Consequences of Plan Awards

The following is a brief summary of the principal United States federal income tax consequences of transactions under the Plan, based on current United States federal income tax laws. This summary is not intended to be exhaustive, does not constitute tax advice and, among other things, does not describe state, local or foreign tax consequences, which may be substantially different.

Non-Qualified Stock Options. Generally, a participant will not recognize taxable income on the grant or vesting of a non-qualified stock option. Upon the exercise of a non-qualified stock option, a participant will recognize ordinary income in an amount equal to the difference between the fair market value of our common stock received on the date of exercise and the option cost (number of shares purchased multiplied by the exercise price per share). Primerica will ordinarily be entitled to a deduction on the exercise date equal to the ordinary income recognized by the participant upon exercise.

Incentive Stock Options. No taxable income is recognized by a participant on the grant or vesting of an ISO. If a participant exercises an ISO in accordance with its terms and does not dispose of the shares acquired within two years after the date of the grant of the ISO or within one year after the date of exercise, the participant will be entitled to treat any gain related to the exercise of the ISO as capital gain (instead of ordinary income). In this case, Primerica will not be entitled to a deduction by reason of the grant or exercise of the ISO, however the excess of the fair market value over the exercise price of the shares acquired is an item of adjustment in computing alternative minimum tax of the participant. If a participant holds the shares acquired for at least one year from the exercise date and does not sell or otherwise dispose of the shares for at least two years from the grant date, the participant's gain or loss upon a subsequent sale will be long-term capital gain or loss equal to the difference between the amount realized on the sale and the participant's basis in the shares acquired.

If a participant sells or otherwise disposes of the shares acquired without satisfying the required minimum holding period, such "disqualifying disposition" will give rise to ordinary income equal to the excess of the fair market value of the shares acquired on the exercise date (or, if less, the amount realized upon disqualifying disposition) over the participant's tax basis in the shares acquired. Primerica will ordinarily be entitled to a deduction equal to the amount of the ordinary income resulting from a disqualifying disposition.

Stock Appreciation Rights. Generally, a participant will not recognize taxable income upon the grant or vesting of a SAR, but will recognize ordinary income upon the exercise of a SAR in an amount equal to the cash amount received upon exercise (if the SAR is cash-settled) or the difference between the fair market value of our common stock received from the exercise of the SAR and the amount, if any, paid by the participant in connection with the exercise of the SAR. The participant will recognize ordinary income upon the exercise of a SAR regardless of whether the shares of our common stock acquired upon the exercise of the SAR are subject to further restrictions on sale or transferability. The participant's basis in the shares will be equal to the ordinary income attributable to the exercise and the amount, if any, paid in connection with the exercise of the SAR. The participant's holding period for shares acquired pursuant to the exercise of a SAR begins on the exercise date. Upon the exercise of a SAR, Primerica will ordinarily be entitled to a deduction in the amount of the ordinary income recognized by the participant.

Restricted Stock. A participant generally will not be taxed at the time of a restricted stock award but will recognize taxable income when the award vests or otherwise is no longer subject to a substantial risk of forfeiture. The amount of taxable income will be the fair market value of the shares at that time.

Participants may elect to be taxed at the time of grant by making an election under Section 83(b) of the Code within 30 days of the award date. If a restricted stock award subject to the Section 83(b) election is subsequently canceled, no deduction will be allowed for the amount previously recognized as income, and no tax previously paid will be refunded. Unless a participant makes a Section 83(b) election, dividends paid to a participant on shares of an unvested restricted stock award will be taxable to the participant as ordinary income. If the participant made a Section 83(b) election, the dividends will be taxable to the participant as dividend income.

Primerica will ordinarily be entitled to a deduction at the same time and in the same amounts as the ordinary income recognized by the participant. Unless a participant has made a Section 83(b) election, Primerica will also be entitled to a deduction, for federal income tax purposes, for dividends paid on unvested restricted stock awards.

Deferred Stock. A participant will generally not recognize taxable income on a deferred stock award until shares subject to the award are distributed. The amount of this ordinary income will be the fair market value of the shares of our common stock on the date of distribution. Any dividend equivalents paid on unvested deferred stock awards are taxable as ordinary income when paid to the participant.

Primerica will ordinarily be entitled to a deduction at the same time and in the same amounts as the ordinary income recognized by the participant. Primerica will also be entitled to a deduction, for federal income tax purposes, on any dividend equivalent payments made to the participant.

Stock Units. Awards of stock units are treated, for federal income tax purposes, in substantially the same manner as deferred stock awards.

Stock Awards. A participant will generally recognize taxable income on the grant of unrestricted stock, in an amount equal to the fair market value of the shares on the grant date. Primerica will ordinarily be entitled to a deduction at the same time and in the same amounts as the ordinary income recognized by the participant.

Cash Awards. A participant will generally recognize taxable income upon the payment of a cash award, in an amount equal to the amount of the cash received. Primerica will ordinarily be entitled to a deduction at the same time and in the same amounts as the ordinary income recognized by the participant.

Withholding. To the extent required by law, Primerica will withhold from any amount paid in settlement of an award amounts of withholding and other taxes due or take other action as Primerica deems advisable to enable Primerica and the participant to satisfy withholding and tax obligations related to any awards.

PRINCIPAL AND SELLING STOCKHOLDER

Prior to the completion of this offering, all outstanding shares of our common stock will be beneficially owned by Citigroup Insurance Holding Corporation, a wholly owned subsidiary of Citi, whose principal offices are located at 388 Greenwich Street, New York, NY 10013. Immediately after the completion of this offering and the Transactions, Citi will beneficially own million shares of our common stock, representing % of our outstanding common stock.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

All of our outstanding shares of common stock are, and prior to the completion of this offering will continue to be, owned by Citi. After the completion of this offering, Citi will own % of our outstanding shares of common stock, or % of our outstanding shares of common stock if the underwriters exercise their over-allotment option in full. Citi intends to divest its remaining interest in us as soon as is practicable, subject to market and other conditions. For as long as Citi remains our controlling stockholder, Citi will continue to exercise significant influence over our business and affairs, including the composition of our board of directors and with respect to any action requiring the approval of our stockholders. Please see the section entitled as "Risk Factors — Risks Related to Our Relationship with Citi."

Relationship with Citi Following this Offering

We will enter into certain reinsurance transactions, the concurrent transactions described herein, an intercompany agreement, a transition services agreement, a tax sharing agreement, a long-term services agreement and certain other transactions and agreements with Citi. The following descriptions of such agreements and transactions are summaries only and are qualified in their entirety by reference to the complete documents, each of which will be filed as an exhibit to the registration statement of which this prospectus is a part.

Citi Reinsurance Transactions

Prior to the completion of this offering and of the Citi reinsurance transactions, Primerica Life will make a capital contribution of $ million to Prime Reinsurance Company. This contribution will provide Prime Reinsurance Company with additional capital needed to support its reinsurance obligations. We plan to enter into certain reinsurance transactions with certain Citi subsidiaries, pursuant to which the following will occur:

Primerica Life Reinsurance Transactions.

80% Coinsurance Agreement

Prior to the completion of this offering, Primerica Life, as ceding insurer, will enter into an 80% coinsurance agreement with Prime Reinsurance Company. Under this agreement Primerica Life will cede 80% of certain liabilities and benefits associated with its term life insurance policies that will be in-force as of December 18, 2009. Premiums paid by Primerica Life to Prime Reinsurance Company will be net of premiums paid on then current reinsurance placed with third party reinsurers. In connection with the block of business that Primerica Life cedes to Prime Reinsurance Company, it expects to transfer approximately $ fair value of invested assets to support the $ of reserves to be assumed by Prime Reinsurance Company. In addition, Primerica Life will contribute approximately $ to Prime Reinsurance Company, which will be netted against an approximately $ initial ceding commission required to be paid by Prime Reinsurance Company to Primerica Life.

Under the 80% coinsurance agreement with Prime Reinsurance Company, Primerica Life will continue to be responsible for the administration of the businesses that it cedes, including paying claims and benefits in accordance with its current policy administration practices. Prime Reinsurance Company will not assume responsibility for administration of the ceded business.

After consummation of the 80% Coinsurance Agreement, Primerica Life will maintain current reinsurance placed with third party reinsurers and will not terminate or materially modify current YRT reinsurance placed with third party reinsurers on policies reinsured by Prime Reinsurance Company, or purchase new YRT reinsurance on policies reinsured by Prime Reinsurance Company, without the prior approval of Prime Reinsurance Company. To the extent any current reinsurance is terminated or a reinsurer fails to pay on its obligations, Prime Reinsurance Company will assume 80% of the claim amounts not otherwise covered by the terminated YRT reinsurance and we will assume the remainder.

Prime Reinsurance Company will establish monthly settlement procedures by which Primerica Life and Prime Reinsurance Company intend to settle contractholder amounts due to each other and to reimburse

Primerica Life for claims under the term life insurance business covered by the agreements. Prime Reinsurance Company is also obligated to pay Primerica Life a monthly expense allowance to reimburse Primerica Life for its expenses in administering the business, including commissions and premium taxes on the reinsured business.

Under the terms of the 80% coinsurance agreement, any policy or rider held or issued as a result of an end of term conversion that is incurred after the original initial level premium period of any policy or rider that reaches the end of the original initial level premium period on or after January 1, 2017 will be excluded from the business covered by the 80% coinsurance agreement. The original initial level premium period of any policy or rider references the period beginning with the original issue date of coverage and ending with the first premium increase date identified within the policy or rider on which premiums for coverage will increase without a corresponding increase in the terms or limits of coverage. A conversion refers to the issuance by Primerica Life of a new coverage in replacement of a coverage under a policy pursuant to an option granted under the terms of such policy. Policies issued as a result of end-of-term conversions are considered to be new policies that can contractually be excluded from the terms of a coinsurance agreement. Additionally, Primerica Life will be allowed to recapture the business ceded to Prime Reinsurance Company under the following limited circumstances:

- Prime Reinsurance Company is insolvent;
- Prime Reinsurance Company is unable to provide full statutory financial statement credit for the reinsurance ceded subject to a cure period;
- Prime Reinsurance Company has materially breached any covenant, representation or warranty within the agreement, subject to a cure period;
- Prime Reinsurance Company fails in any material respects to fund the trust account required to be established under the 80% coinsurance agreement, subject to a cure period; or
- Citi fails to maintain sufficient capital in Prime Reinsurance Company, pursuant to the Capital Maintenance Agreement between Citi and Prime Reinsurance Company, and such failure is due to the failure on the part of Citi to obtain any required prior consents from the Board of Governors of the Federal Reserve System within 45 calendar days, and any 45 day extension thereof as consented to by Primerica Life, which consent may not be unreasonably conditioned, delayed or withheld, for a total of not more than 90 days to obtain such consent; provided that Primerica Life will not be required to consent to extend such period beyond an additional 45 days.

Primerica Life will also have the right to recapture certain policies held or issued as a result of an end-of-term renewal that is incurred after the original initial level premium period of any policy or rider that reaches the end of the original initial level premium period on or after January 1, 2017. Policies issued as a result of an end-of-term renewal may not be excluded from the terms of a coinsurance agreement and may only be recaptured at Primerica Life's option.

In the event of a recapture as a result of the above recapture provisions, Primerica Life will not be required to pay a recapture fee to Prime Reinsurance Company. In the event of recapture due to a failure to obtain full statutory financial statement credit for the reinsurance resulting from actions taken by Primerica Life, Primerica Life will be required to pay a recapture fee.

In connection with the 80% coinsurance agreement, the parties will enter into a Monitoring and Reporting Agreement in respect of additional reporting to and monitoring of the financial performance of the reinsured policies by Prime Reinsurance Company for so long as Citi remains the ultimate controlling party of Prime Reinsurance Company.

The 80% coinsurance agreement will terminate at the time that there are no more liabilities remaining on the book of business covered by the agreement. The 80% coinsurance agreement may only be amended or assigned with the written consent of both parties. Massachusetts law will govern this coinsurance agreement.

80% Coinsurance Trust Agreement

To secure the payment of Prime Reinsurance Company's obligations to Primerica Life under the 80% coinsurance agreement, Prime Reinsurance Company will be required to maintain in a trust account an aggregate amount of assets with a fair market value at least equal to the statutory reserves attributable to the reinsured business as determined in accordance with the methodologies used by Primerica Life to calculate such amounts for purposes of its statutory financial statements prepared in accordance with applicable Massachusetts statutory accounting principles. A third party trustee will administer the trust accounts solely for the benefit of Primerica Life. The trust intends to comply with Massachusetts statutory credit for reinsurance regulations.

Primerica Life will be permitted to withdraw from the trust account any amounts due pursuant to the terms of the 80% coinsurance agreement and not otherwise paid by Prime Reinsurance Company. Prime Reinsurance Company will not be permitted to directly withdraw or substitute assets in the trust account so as to reduce the amount of assets in the trust accounts to less than the required statutory reserve, and there will be limits on the types of assets Prime Reinsurance Company will be permitted to place in the trust account. All interest, dividends and other income earned on the assets in the trust account will be the property of Prime Reinsurance Company and will be deposited in a bank account maintained by Prime Reinsurance Company outside of the trust set up for the block of ceded business.

10% Coinsurance Agreement

Prior to the completion of this offering, Primerica Life, as ceding insurer, will enter into a 10% coinsurance agreement with Prime Reinsurance Company. Under this agreement Primerica Life will cede 10% of certain liabilities and benefits associated with its term life insurance policies that will be in-force as of December 31, 2009. Premiums paid by Primerica Life to Prime Reinsurance Company will be net of premiums paid on then current YRT reinsurance placed with third party reinsurers. In connection with the block of business that Primerica Life cedes to Prime Reinsurance Company, it expects to transfer approximately $ fair value of invested assets to support the $ of reserves to be assumed by Prime Reinsurance Company. In addition, Primerica Life expects to contribute approximately $ to Prime Reinsurance Company, which will be netted against an approximately $ ceding commission required to be paid by Prime Reinsurance Company to Primerica Life.

The remaining material terms of the 10% coinsurance agreement will be substantially similar to those of the 80% coinsurance agreement, with the exception noted below.

In connection with the 10% coinsurance agreement with Prime Reinsurance Company, Primerica Life will receive the economic benefits of the reinsured policies in the form of an experience refund paid to Primerica Life by Prime Reinsurance Company. The term "experience refund" means a calculation that serves to refund all premiums received less an annual rate of return of % on the statutory reserves in excess of the economic reserves, and less allowances to Prime Reinsurance Company and claims paid under the 10% coinsurance agreement, with the claims deducted being subject to a maximum amount. Economic reserves based on best estimate assumptions at the start of the agreement will be funded by Primerica Life and maintained in a trust with Primerica Life receiving interest from the trust. Statutory reserves in excess of the economic reserves based on best estimate assumptions will be funded by Prime Reinsurance Company and maintained in a separate trust, with a finance charge being assessed to Primerica Life equal to % of our excess reserves. Excess reserves are equal to the difference between our required statutory reserves and the amount we determine is necessary to satisfy obligations under our in-force policies, which is referred to as our "economic reserves."

10% Coinsurance Trust Agreements

To secure the payment of Prime Reinsurance Company's obligations to Primerica Life under the 10% coinsurance agreement, Prime Reinsurance Company will be required to maintain in two separate trust accounts an aggregate amount of assets with a fair market value at least equal to the statutory reserves attributable to the

reinsured business. The first trust will maintain an amount equal to the economic reserves of the business, covered by the 10% coinsurance agreement. The economic reserves will be determined pursuant to the terms of the 10% coinsurance agreement. Under the first trust, all interest, dividends and other income earned on the assets in the trust account will be deposited into the trust account. The second trust will maintain an amount equal to the statutory reserves in excess of the economic reserves. A third party trustee will administer each of the trust accounts solely for the benefit of Primerica Life. Each trust intends to comply with Massachusetts statutory credit for reinsurance regulations.

With the exceptions discussed in the preceding paragraph, the material terms of the 10% coinsurance trust agreement will be substantially similar to those of the 80% coinsurance trust agreement.

Capital Maintenance Agreement

Pursuant to a Capital Maintenance Agreement to be entered into between Citi and Prime Reinsurance Company, Citi will agree to maintain sufficient capital in Prime Reinsurance Company to maintain Prime Reinsurance Company's risk-based capital at not less than % of its Company Action Level, which is defined by the Vermont Department of Insurance as the product of two times the RBC determined under Vermont's RBC formula. In no event will Citi's obligations under the Capital Maintenance Agreement exceed $ million in the aggregate, and after the first five years of the Capital Maintenance Agreement, the maximum amount payable will be an aggregate amount equal to the lesser of $ million or % of statutory reserves.

Without the consent of Primerica Life and the Massachusetts Division of Insurance, Prime Reinsurance Company may neither assign nor amend the Capital Maintenance Agreement. The Capital Maintenance Agreement terminates upon the earlier to occur of (1) the termination of Prime Reinsurance Company's obligations to us under the 80% and 10% coinsurance agreements described above or (2) Citi's or its affiliate's contributions totaling or exceeding $ million to Prime Reinsurance Company or the reduced amount of the obligation as determined after the fifth year, in the aggregate. The Capital Maintenance Agreement will be governed by the laws of New York.

Prime Reinsurance Company Covenants

In addition to the terms of the coinsurance agreements stated above, Prime Reinsurance Company will also covenant that it will not:

- engage in any business, other than the business provided by or relating to the 80% coinsurance agreement and the 10% coinsurance agreement;
- write or assume any insurance or reinsurance risks that are not part of the business covered by the 80% coinsurance agreement and the 10% coinsurance agreement;
- declare and pay distributions or dividends with respect to its common stock to Citi or any other equity owner of Prime Reinsurance Company unless Prime Reinsurance Company's Total Adjusted Capital, (which is defined by the Vermont Department of Insurance as the sum of an insurer's statutory capital and surplus reported in such insurer's annual statement under Title 8 Section 3561 of the Vermont Statute and such other items, if any, as the RBC instructions may provide), immediately following any such distribution or dividend is not less than 250% of Prime Reinsurance Company's Company Action Level; and
- without the prior consent of the Massachusetts Division of Insurance, amend the 80% coinsurance agreement, the 10% coinsurance agreement, the 80% coinsurance trust agreement or the 10% coinsurance trust agreement.

NBLIC Reinsurance Transaction.

NBLIC Coinsurance Agreement

Prior to the completion of this offering, NBLIC, as ceding insurer, will enter into a 90% coinsurance agreement with American Health and Life Insurance Company, or AHL. Under this agreement NBLIC will cede

90% of certain liabilities and benefits associated with its term life insurance policies that will be in-force as of December 31, 2009. Premiums paid by NBLIC to AHL will be net of premiums paid on their current YRT reinsurance placed with third party reinsurers. In connection with the block of business that NBLIC cedes to AHL, it expects to transfer approximately $ fair value of invested assets to support the $ of reserves to be assumed by AHL. In addition, AHL will pay NBLIC an initial ceding commission of $.

AHL will establish monthly settlement procedures by which NBLIC and AHL intend to settle contractholder amounts due to each other and to reimburse NBLIC for claims under the term life insurance business covered by the agreement. AHL is also obligated to pay NBLIC a monthly expense allowance to reimburse NBLIC for its expenses in administering the business, including commissions and premium taxes on the reinsured business.

The 90% coinsurance agreement may be terminated either by mutual written consent of the parties or, after the third year, by AHL if NBLIC fails to pay AHL any amounts owed under the agreement, subject to a cure period.

The remaining material terms of the NBLIC coinsurance agreement will be substantially similar to those of the 80% coinsurance agreement between Primerica Life and Prime Reinsurance Company discussed above, with the exception that the agreement will be governed by the laws of the State of New York.

NBLIC Trust Agreement

To secure the payment of AHL's obligations to NBLIC under the NBLIC coinsurance agreement, AHL will be required to maintain in a trust account an aggregate amount of assets with a fair market value at least equal to the statutory reserves attributable to the reinsured business as determined in accordance with the methodologies used by NBLIC to calculate such amounts for purposes of its statutory financial statements prepared in accordance with applicable New York statutory accounting principles. A third party trustee will administer the trust accounts solely for the benefit of NBLIC. The trust intends to comply with New York statutory credit for reinsurance regulations.

The remaining material terms of the NBLIC trust agreement will be substantially similar to those of the 80% coinsurance trust agreement for Primerica Life discussed above.

Over-Collateralization of the Trust

In connection with the NBLIC coinsurance agreement between NBLIC and AHL, AHL will agree that on any determination date as provided for in the NBLIC coinsurance agreement, if the aggregate amount of assets in the trust account do not have a fair market value at least equal to the statutory reserves attributable to the reinsured business plus %, AHL will be required to transfer and deposit additional assets meeting the requirements of New York statutory credit for reinsurance regulations in order to maintain the fair market value of the trust account at the agreed upon over-collateralization amount of %.

Primerica Life Canada Reinsurance Transaction

Primerica Life Canada Coinsurance Agreement

Prior to the completion of this offering, Primerica Life Canada, as ceding insurer, will enter into an 80% coinsurance agreement with Primerica Life Canada and a newly-formed Bermuda reinsurer. Under this agreement Primerica Life Canada will cede 80% of certain liabilities and benefits associated with its term life insurance policies that will be in-force as of December 31, 2009. Premiums paid by Primerica Life Canada to the newly-formed Bermuda reinsurer will be net of premiums paid on their current YRT reinsurance placed with third party reinsurers. In connection with the block of business that Primerica Life Canada cedes to the newly-formed Bermuda reinsurer, the newly-formed Bermuda reinsurer will pay to Primerica Life Canada the negative

statutory reserve balance. Statutory reserves in Canada are calculated using the Policy Premium Method, or PPM. The reserve under the PPM method is the present value of future expected future cash flows using best estimate assumptions plus a provision for adverse deviations. Since the total present value of future premiums exceeds the present value of future benefits and expenses, using best estimate assumptions that include provisions for adverse deviations, the reserve is negative.

The newly-formed Bermuda reinsurer will establish monthly settlement procedures by which Primerica Life Canada and the newly-formed Bermuda reinsurer intend to settle contractholder amounts due to each other and to reimburse Primerica Life Canada for claims under the term life insurance business covered by such agreement. The newly-formed Bermuda reinsurer is also obligated to pay Primerica Life Canada a monthly expense allowance to reimburse Primerica Life Canada for its expenses in administering the business, including commissions and premium taxes on the reinsured business. In addition, the newly-formed Bermuda reinsurer will pay Primerica Life Canada an initial ceding commission of $.

The remaining material terms of the Primerica Life Canada coinsurance agreement will be substantially similar to those of the 80% coinsurance agreement discussed above, with the exception that the agreement will be governed by the laws of the Province of Ontario.

Primerica Life Canada Trust Agreement

To secure the payment of the newly-formed Bermuda reinsurer's obligations to Primerica Life Canada under the Primerica Life Canada coinsurance agreement, the newly-formed Bermuda reinsurer will be required to maintain in a trust account an aggregate amount of assets with a fair market value at least equal to the amount required for Primerica Life Canada to receive full credit for the purposes of its minimum continuing capital and surplus requirements, or MCCSR, according to guidance provided by OSFI of the Canadian Government. The Superintendent of Financial Institutions (Canada) will be a party to the trust agreement. A third party trustee will administer the trust accounts solely for the benefit of Primerica Life Canada. The trust intends to comply with the MCCSR under Canadian reinsurance regulations.

The remaining material terms of the Primerica Life Canada trust agreement will be substantially similar to those of the 80% coinsurance trust agreement for Primerica Life discussed above.

Stock Issuance and Citi Note

As consideration for the businesses transferred to us by Citi prior to the completion of this offering, we will issue to Citi shares of our common stock and the $ million Citi note. Interest on the Citi note will be payable at a rate of % per annum and will mature on the anniversary of its issuance. The Citi note will contain customary restrictive covenants including financial maintenance covenants and limitations on our ability to incur debt, pay dividends or acquire capital stock, make investments, create liens, sell assets, engage in transactions with affiliates and merge or consolidate.

Agreements with Citi-Affiliated Lenders

Our sales representatives in the United States sell mortgage products of CTB through Primerica Mortgages, our wholly owned mortgage broker, and also sell unsecured loans of Citibank. Our sales representatives in

Canada refer clients to buy mortgage loans from Citicorp Home Mortgage, a division of CitiFinancial Canada. However, our current Citi-affiliated lenders are not obligated to make, and have made no commitment to continue making, their loan products available to us following this offering. Although we currently anticipate that CTB, Citibank and Citicorp Home Mortgage will make their loan products available during a transition period following this offering, we cannot assure you that they will or, if they do, the terms of such arrangement or the length of such transition period, if any.

Other Agreements with Citi

We have, and intend to maintain, certain standard customer agreements with Citi for automated clearing house and other electronic bill payment and cash account services, as well as cash accounts with various Citi entities. Additionally, we will continue to provide printing, warehousing and related services to various Citi entities. We will continue to provide agency support, accounting, budgeting, website support, policy administration, commission payment, administrative services and related services to certain Citi-affiliated businesses in Ireland and Spain. These arrangements can be terminated by either us or Citi on terms to be mutually agreed between the parties.

Intercompany Agreement

Indemnification. The intercompany agreement will provide that we will indemnify Citi and its officers, directors, employees and agents against losses arising out of third party claims (including litigation matters and other claims) based on, arising out of or resulting from:

- any breach by us of the intercompany agreement or any other agreement with Citi;
- the ownership or the operation of our assets or properties, and the operation or conduct of our business, prior to or following this offering;
- any other activities we engage in; and
- any guaranty, keepwell, net worth or financial condition maintenance agreement of or by Citi provided to any parties with respect to any of our actual or contingent obligations.

In addition, we will agree to indemnify Citi and its officers, directors, employees and agents against losses, including liabilities under the Securities Act, relating to misstatements in or omissions from the registration statement of which this prospectus forms a part and any other registration statement that we file under the Securities Act, other than misstatements or omissions made in reliance on information relating to and furnished by Citi for use in the preparation of that registration statement, against which Citi will agree to indemnify us.

Citi will also agree to indemnify us and our officers, directors, employees and agents against losses arising out of third party claims (including, but not limited to, litigation matters and other claims) based on, arising out of or resulting from:

- any breach by Citi of the intercompany agreement or any other agreement with us;
- the ownership or the operation of Citi's assets or properties, including the assets and liabilities transferred to Citi and the operation or conduct of Citi's business, in each case excluding us; and
- any other activities Citi engages in, excluding our activities.

We and Citi will agree that none of the foregoing indemnification provisions in the intercompany agreement will alter or mitigate any rights of our or Citi's officers or directors to indemnification under our or Citi's organizational documents or any other agreement.

Financial Information. We will agree that for so long as Citi beneficially owns at least 5% of our outstanding common stock, we will provide Citi with:

- SEC reports and notices to stockholders; and
- the right to inspect our books and records.

We will agree that, for so long as Citi beneficially owns at least 20% of our outstanding common stock, or is required to account for its investment in us on a consolidated basis or under the equity method of accounting, in addition to the items mentioned above, we will provide Citi with:

- copies of monthly, quarterly and annual financial statements and other reports and documents we intend to file with the SEC prior to those filings;
- copies of our budgets and financial projections, as well as the opportunity to meet with our management to discuss those budget projections;
- information regarding the timing and content of earnings releases; and
- such materials and information as necessary, and cause our accountants to cooperate fully with Citi, in connection with any of its public filings.

We will agree that, for so long as Citi beneficially owns at least 50% of our outstanding common stock, or is required to account for its investment in us on a consolidated basis, in addition to the items mentioned above, we will provide Citi with:

- access to our books and records;
- notice of changes in our accounting estimates or discretionary accounting principles and, in some cases, refrain from making those changes without Citi's prior consent;
- a quarterly representation of our chief financial or accounting officer as to the accuracy and completeness of our financial records;
- detailed quarterly and annual financial statements; and
- copies of correspondence with our accountants.

In addition, we will agree that for so long as Citi is deemed to control us for bank regulatory purposes, we will provide Citi with such information or documents as Citi may deem necessary or advisable to monitor and ensure its compliance with the BHC Act or any other applicable bank regulatory law, rule, regulation, guidance, order or directive.

Registration Rights. The intercompany agreement will provide that Citi can require us to file registration statements with the SEC for the public resale of shares of our common stock owned by Citi after this offering, so called "demand" registration rights. In addition, Citi will have so-called "piggyback" registration rights, which means that Citi may include its shares in any future registration of our common stock, whether or not that registration relates to a primary offering by us or a secondary offering by or on behalf of any of our stockholders. These registration rights are transferable by Citi. We will have the right to participate in certain registrations demanded by Citi if our board determines that we need to raise common equity capital for certain specified purposes. We will agree to pay all costs and expenses in connection with each such registration, except underwriting fees, discounts and commissions applicable to the shares of common stock sold by Citi. The intercompany agreement will contain customary terms and provisions with respect to, among other things, registration procedures, including with respect to cooperation of management, timing of filings of registration statements and amendments, notifications regarding necessary changes to registration statements, entering into underwriting agreements and securities exchange listings. The intercompany agreement will also provide for customary indemnification by us of Citi in connection with third party claims that arise out of untrue statements of material fact contained in any registration statement or prospectus or omissions to state in such registration statement or prospectus a material fact required to be stated in such registration statement or prospectus or necessary to make the statements in such registration statement or prospectus not misleading. We will also agree to register sales of our common stock owned by employees of Citi pursuant to employee stock or option plans, but only to the extent such registration is required for the shares to be freely tradable. Citi will not have the right to require a registration, including "shelf" registrations on Form S-3 if then available, unless Citi proposes to sell at least 5% of our outstanding common stock or Citi proposes to sell all of its remaining shares.

Reimbursement Arrangements. Subject to certain exceptions, Citi will agree to pay substantially all of the costs and expenses incurred in connection with this offering and the Transactions that are occurring substantially simultaneously with this offering.

Equity Purchase Rights. We will agree that, to the extent permitted by the national securities exchange upon which our common stock is then listed and, so long as Citi beneficially owns at least 20% of our outstanding common stock, Citi may purchase its pro rata share, based on its then current percentage equity interest in us, of any voting equity security issued by us, excluding any securities offered under employee stock options or other benefit plans, dividend reinvestment plans, other offerings other than for cash and any securities issued in connection with third party transactions otherwise permitted by our certificate of incorporation to be consummated without the consent of Citi.

Citi Stock Awards. It is intended that certain equity-based awards held by our employees and sales representatives under Citi's various incentive plans will be converted into similar awards under our incentive plans to be adopted in connection with this offering. It is our intention that these awards will be converted into awards relating to our shares with a value equal to the value of the Citi awards immediately prior to the conversion (based upon our stock price and Citi's stock price for the three trading days following the date of this prospectus) and otherwise subject to the same terms and conditions as prior to the conversion. The details of any conversion of other equity-based awards have not yet been determined.

It is not possible at this time to determine how many shares of our common stock will be subject to substitute awards for Citi awards because the number of shares subject to substituted awards will be dependent on future share price data. However, our stockholders are likely to experience some dilutive impact from the above-described adjustments.

As of November 5, 2009, there were approximately shares of Citi common stock subject to options under Citi awards held by our employees (of which are currently exercisable) and approximately shares of Citi common stock subject to other equity-based awards held by our employees and sales representatives (of which are restricted shares and are deferred shares).

Non-Solicitation and Non-Hire. We will agree with Citi that, for a period of two years following the completion of this offering, neither of us will solicit or hire any of each other's employees with total base salary plus bonus of $200,000 or more, without the consent of the other party.

Non-Competition. Until the earlier of 36 months following the completion of this offering or such time as Citi no longer owns 20% of our outstanding common stock, Citi will agree not to compete with us by engaging in direct sales by independent sales representatives of level-premium term life insurance products in the United States and Canada. This non-competition agreement will be subject to certain customary exceptions, including in respect of minority investments and certain mergers and acquisitions transactions.

Right of First Offer. We will agree with Citi that, for a period of two years following this offering, Citi will have the right of first offer to provide us any financial or advisory service it does not currently provide us, at prevailing market rates, terms and conditions at the time of the offer, including investment banking and underwriting services. We will not be required to purchase the services at rates, terms or conditions less favorable than those offered by any third party at the time of the offer.

Mutual Litigation and Settlement Cooperation. We and Citi will agree to include each other in the settlement, and cooperate with each other in the defense, of threatened or filed third party actions against either of us which involves the other party.

Compliance with Law. We will agree that so long as Citi is deemed to control us for bank regulatory purposes, without the written consent of Citi, we will not take any action or fail to take any action that we know, or reasonably should have known, would result in Citi being in non-compliance with the BHC Act or any other

bank regulatory law, rule, regulation, guidance, order or directive and will correct such action or inaction taken unknowingly. If we and Citi disagree as to whether any such action or inaction by us would result in Citi being in non-compliance with the BHC Act or any other bank regulatory law, rule, regulation, guidance, order or directive, we and Citi will agree to resolve such disagreement in accordance with mutually agreed upon procedures.

Our Policies and Procedures. We will agree with Citi that at such time as Citi ceases to beneficially own at least 50% of the voting power of our outstanding common stock, we will be permitted to develop our own internal policies and procedures, including compliance-related policies and procedures, so long as such policies and procedures or compliance therewith would not cause Citi to be in non-compliance with the BHC Act or any other applicable law, rule, regulation, guidance, order or directive. If we and Citi disagree as to whether any such policy or procedure developed by us or the following of such policy or procedure would cause Citi to be in non- compliance with the BHC Act or any other applicable law, rule, regulation, guidance, order or directive, we and Citi will agree to resolve such disagreement in accordance with mutually agreed upon procedures.

Dispute Resolution. The intercompany agreement will contain provisions that govern, except as provided in any other intercompany agreement, the resolution of disputes, controversies or claims that may arise between us and Citi. The intercompany agreement will generally provide that the parties will attempt in good faith to negotiate a resolution of disputes arising in connection with the intercompany agreement without resorting to arbitration. If these efforts are not successful, the dispute will be submitted to binding arbitration in accordance with the terms of the intercompany agreement, which will provide for the selection of a three-arbitrator panel and the conduct of the arbitration hearing, including limitations on the discovery rights of the parties. Except in certain very limited situations such as procedural irregularities or absence of due process, arbitral awards are generally final and non-appealable, even if they contain mistakes of law.

Further Actions and Assurances. We will agree with Citi that, at any time after the date of the intercompany agreement, the parties will take all reasonable action to ensure that any assets, properties, liabilities or obligations related to our business that were not properly identified as ours and transferred to us prior to the consummation of this offering will be promptly transferred to us by Citi, and conversely, any assets, properties, liabilities or obligations not related to our business that were not properly identified as Citi's and were transferred to us prior to the consummation of this offering will be promptly transferred to Citi by us.

Intellectual Property. Pursuant to the intercompany agreement, Citi will assign all trademarks relating exclusively to Primerica to us. We may license certain of our trademarks to Citi to the extent necessary for Citi to comply with existing third party arrangements and meet other business requirements.

Real Property. We will work together with Citi to determine the arrangements with regard to our current sublease for our NBLIC operations in Long Island City, New York, going forward. We will either continue to sublease from Citi or assign/sub-sublease the premises depending on our future business needs.

Transition Services Agreement

We will enter into a transition services agreement with Citi for the provision and receipt of certain corporate, administrative and other existing shared services to take effect as of the date of this offering. Although we will provide a limited number of services to Citi, Citi will provide us with the majority of the services contemplated under the transition services agreement, which include procurement, information technology, audit, branding and marketing, compliance, finance, human resources, legal, security, insurance, printing and distribution and payment processing services. In general, any costs incurred by either Citi or us, as a provider, in connection with the provision of a transition service will be charged to the party receiving such transition service. Each party will have the right to conduct audits related to the transition services provided by the other party.

The initial term of the transition services agreement will be 18 months, and such term may be extended for up to an additional six months under certain circumstances. Certain services may continue for a longer period as

necessary to ensure compliance by Citi with applicable law. Either party may terminate the transition services agreement if the other party materially breaches the agreement or becomes insolvent, the performance of the services is rendered impossible due to circumstances beyond the other party's control, or such termination is required by governmental authorities. In addition, either party receiving a service may terminate any service upon 60 days' prior written notice, except that we may not terminate certain services where doing so would cause Citi to be in non-compliance with the BHC Act or any other bank regulatory law, rule, regulation, guidance, order or directive.

Each party will indemnify the other for any losses arising from a third party claim which results from (a) such party's material breach of the transition services agreement or (b) the services provided by such party infringing a third party's intellectual property. Subject to certain exceptions, each party's liability will be capped at the greater of (a) the service fees payable by Citi or (b) the service fees payable by us, in each case, during the first 12 months of the term of the transition services agreement.

We intend to develop our own internal capabilities in the future in order to reduce our reliance on Citi for the services Citi will provide under the transition services agreement.

Tax Sharing Agreement

In connection with this offering, we and Citi will enter into a tax sharing agreement that will govern certain tax-related matters. Under the tax sharing agreement, Citi will indemnify us against liability for any tax relating to a pre-closing period not attributable to our group, all consolidated and combined federal and state income taxes for pre-closing periods attributable to our group, and any taxes for pre-closing periods resulting from the section 338 elections and the various related restructuring transactions implemented in connection with the separation transaction. We will indemnify Citi against any liability for all other taxes attributable to us. We will have the right to be notified of and participate in tax matters for which we are financially responsible under the terms of the tax sharing agreement. The tax sharing agreement will further provide for cooperation between Citi and us with respect to tax matters, the exchange of information and the retention of certain tax-related records.

Long-term Services Agreement

We will enter into a long-term services agreement with Citi for the provision of services to certain Citi businesses in Ireland and Spain, to take effect upon the completion of this offering. We will provide such Citi businesses with analytical, information technology and data center services in connection with certain insurance policies administered by such businesses. In general, we will charge such Citi businesses a monthly fee for such services, and such Citi businesses will reimburse us for certain other costs incurred by us in connection with the provision of such services.

The long-term services agreement will continue until such time as no such insurance policies remain in force at such Citi businesses. Citi may terminate the agreement upon prior written notice. In addition, either party may terminate the agreement in the event of a material uncured breach by the other party, or if the other party becomes insolvent. We are required to provide certain migration services to the Citi businesses upon termination of the long-term services agreement.

Relationship with Citi Prior to This Offering

The table below sets forth by payments received (made) by us from (to) Citi during the nine months ended September 30, 2009, and the years ended December 31, 2008, 2007 and 2006:

	Nine Months Ended September 30, 2009	Year Ended December 31,		
		2008	2007	2006
		(in millions)		
Arrangements related to loans	$ 24.8	$ 75.2	$ 97.6	$ 95.8
Arrangements related to investment and savings products	(5.4)	(7.0)	(6.5)	(6.2)
Arrangements related to AHL	(0.1)	(0.1)	(0.1)	(0.1)
Arrangements related to 401(k) distribution	—	0.4	0.9	0.7
Arrangements related to invested asset advising services	*	(0.1)	(0.9)	(0.4)
Arrangements related to European affiliates	0.3	0.6	1.0	1.7
Arrangements related to global corporate services	(9.9)	(13.1)	(9.9)	(7.6)
Interest income from credit arrangements	—	0.1	0.1	0.1
Arrangements related to real estate	(0.5)	(0.9)	(0.8)	(0.7)
Arrangements related to benefits and compensation	(18.9)	(28.1)	(31.2)	(34.9)
Other arrangements, net	1.8	4.6	6.5	6.0
Net payments received (made) by us	$ (7.9)	$ 31.6	$ 56.7	$ 54.4

* Less than $50,000

Set forth below is a summary of our transactions with Citi reflected in the table above:

Arrangements Related to Loans. Our sales representatives in the United States sell mortgage products of CTB through Primerica Mortgages, our wholly owned mortgage broker, and also sell unsecured loans of Citibank. Our sales representatives in Canada refer mortgage loan clients to Citicorp Home Mortgage, a division of CitiFinancial Canada. Our Canadian entities also licensed certain trademarks to CitiFinancial Canada. We also previously sold certain other loan products originated by Citi entities. The fees and commissions received by us for the sale of these loans were $24.8 million for the nine months ended September 30, 2009, and $75.2 million, $97.6 million and $95.8 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Arrangements Related to Investment and Savings Products. Prior to this offering, Citi has handled telephone inquiries from Primerica clients and sales representatives for PSS mutual fund client accounts. Citi has also performed a regulatory review of sales literature and a due diligence review of mutual funds that we sell. For these services, we made payments to Citi of $5.4 million for the nine months ended September 30, 2009, and $7.0 million, $6.5 million and $6.2 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Arrangements Related to AHL. Prior to this offering, we wrote life and credit accident and health insurance policies in New York through NBLIC for the benefit of AHL, a wholly owned subsidiary of Citi to whom we pay a fee for administering the policies underwritten. Additionally, in 2005, NBLIC assumed an entire closed block of business (originally reinsured by AHL) under a coinsurance arrangement with First Citicorp Life Insurance Company, also a wholly owned subsidiary of Citi. Because AHL administers this block of business for us, we pay it a fee. In 2005 we and AHL entered into a stop-loss treaty with respect to both blocks of business for which we pay a fee to AHL. The fees paid to Citi for these arrangements were $0.1 for the nine months ended September 30, 2009, and $0.1 million for each of the years ended December 31, 2008, 2007 and 2006.

Arrangements Related to 401(k) Distribution. Prior to this offering, we referred clients to Citi for 401(k) related services such as investment advice, plan administration and recordkeeping and custodial services for plan sponsors to assist them with their plans that have been established with investments and savings products sold by our sales force. The fees and commissions received by us for these arrangements were $0.4 million, $0.9 million and $0.7 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Arrangements Related to Invested Asset Advising Services. Prior to this offering, Citi provided us with advisory services related to certain investments in mezzanine debt securities through a program established by Citi. The fees and commissions paid by us for these services were immaterial for the nine months ended September 30, 2009 and $0.1 million, $0.9 million and $0.4 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Prior to this offering we purchased and sold securities through Citi's broker-dealer subsidiaries in the ordinary course of business. No separate commissions were paid to Citi as Citi's compensation was included in the cost of the securities transactions.

Arrangements Related to European Affiliates. Citi subsidiaries in Ireland and Spain currently sell, and a Citi subsidiary in the United Kingdom formerly sold, financial products similar to those that we sell. Prior to this offering, we provided agency support, accounting, budgeting, website support, policy administration and related services to these Citi subsidiaries. Pursuant to a cost sharing agreement, costs for these services were charged based on costs incurred by us or were allocated by headcount. Payments to us for these services were $0.3 million for the nine months ended September 30, 2009 and $0.6 million, $1.0 million and $1.7 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Arrangements Related to Global Corporate Services. Prior to this offering, we received various services provided by Citi for which we incurred intercompany charges (which, to the extent the service or payment continues, we anticipate such service or payment will be provided for in the transition services agreement or the intercompany agreement), including:

- corporate tax services related to the preparation of periodic filings and tax planning assistance;
- legal, compliance and government relations services;
- internal audit and control services;
- human resource, including payroll and support services;
- technology services and support;
- participation in various Citi insurance policies, including directors & officers, workers' compensation, global property and casualty;
- finance and risk management;
- branding services and franchise marketing;
- product innovation services; and
- corporate affairs and community relations.

Our expenses for these services were $9.9 million for the nine months ended September 30, 2009 and $13.1 million, $9.9 million and $7.6 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Credit Arrangements. We have borrowing arrangements with Citi under which we may loan or borrow funds for general corporate purposes and certain operating expenses. We had a net payable of $0.3 million as of September 30, 2009, and $0.3 million, $0.8 million and $2.0 million as of December 31, 2008, 2007 and 2006, respectively. We earned interest income on these arrangements of $0.1 million for each of the years ended December 31, 2008, 2007 and 2006.

Arrangements Related to Real Estate. Since September 1, 2009, we have sublet from Citi approximately 31,749 square feet of office space in Long Island City, New York, under a five-year sublease that is due to expire on August 31, 2014. Previously, we leased from Citi approximately 53,000 square feet of office space in New York, New York, under a 15-year lease that was due to expire on November 30, 2010 but was terminated by Citi

as of September 2009. In connection with these lease arrangements, we pay Citi for realty related charges. For the nine months ended September 30, 2009, we paid Citi for these services $0.5 million, and for the years ended December 31, 2008, 2007 and 2006, we paid Citi for these services $0.9 million, $0.8 million and $0.7 million, respectively.

Arrangements Related to Benefits and Compensation. Prior to this offering, our employees participated in Citi's employee benefits plans, including retirement programs, medical benefits and incentive compensation plans.

We have been a participating subsidiary in the Citi Pension Plan, a qualified, noncontributory defined benefit pension plan. The Citi pension plan was closed to new participants on December 31, 2006, and ceased cash balance accruals for all participants on December 31, 2007. We have also been a participating subsidiary in the Citi 401(k) Plan, a qualified, contributory defined contribution pension plan with a company matching contribution. Citi also provided services to us related to our employee benefits programs, including payroll processing, insurance plans, 401(k) and pension plan. We paid for the funding and administration of our employee benefit programs via a fringe pool charge through which the amounts for our employees are paid to Citi. The aggregate cost to us for the funding of, and services related to, these programs was $14.5 million for the nine months ended September 30, 2009, and $21.0 million, $16.5 million and $16.4 million for the years ended December 31, 2008, 2007, and 2006, respectively.

Prior to 2008, Citi granted options to purchase shares of its common stock to our officers and employees. We incurred expenses under this plan of 0.1 for the nine months ended September 30, 2009, and $0.1 million, $1.2 million and $1.3 million for the years ended December 31, 2008, 2007 and 2006, respectively.

We have also been a participating subsidiary in Citi's equity compensation programs, including CAP discussed in the "General Discussion of the Summary Compensation Table and Grants of Plan-Based Awards Table." Under this plan, Citi's restricted stock is issued to participating officers, key employees and certain sales representatives. Unearned compensation expense associated with the Citi restricted and deferred stock grants issued under CAP, which represents the market value of Citi's common stock at the date of grant, and the remaining unamortized portion of our previous plan shares, is included with other assets in the combined balance sheet and is recognized as a charge to income ratably over the vesting period. We incurred expenses under this plan of $4.0 million for the nine months ended September 30, 2009, and $5.8 million, $11.5 million and $16.0 million for the years ended December 31, 2008, 2007 and 2006, respectively.

We participated in a Citigroup Ownership Program sponsored by Citi. We incurred expenses under this plan of $0.5 million for the nine months ended September 30, 2009, and $0.9 million, $1.8 million and $1.2 million for the years ended December 31, 2008, 2007 and 2006, respectively.

We participated in the Management Committee Long-Term Incentive Plan sponsored by Citi. We incurred expenses (credit) under this plan of $(0.2) million for the nine months ended September 30, 2009, and $0.3 million and $0.2 million for the years ended December 31, 2008 and 2007, respectively.

Other Arrangements. We provide printing, shipping and warehousing of printed materials to Citi-affiliated entities. Payments to us for such services were $2.5 million for the nine months ended September 30, 2009, and $5.4 million, $7.3 million and $6.7 million for the years ended December 31, 2008, 2007 and 2006, respectively.

We paid banking fees for services, including cash management, automated clearing house, funds transfer and lockbox services, to Citibank of $0.7 million for the nine months ended September 30, 2009, and $0.9 million for each of the years ended December 31, 2008, 2007 and 2006, respectively.

We provide software to Citibank for escheatment processing services for which Citibank pays a fee to us. Payments to us were $0.1 million for the nine months ended September 30, 2009, and $0.2 million in each of the years ended December 31, 2008, 2007, and 2006, respectively. We also outsource escheatment processing services to Citibank for which we pay a fee to Citibank. Amounts paid by us were $0.1 for the nine months ended September 30, 2009, and $0.1 million, $0.1 million, and $27,000 for each of the years ended December 31, 2008, 2007, and 2006, respectively.

DESCRIPTION OF CAPITAL STOCK

In connection with this offering, we will amend and restate our certificate of incorporation and bylaws. Copies of the forms of our amended and restated certificate of incorporation and bylaws will be filed as exhibits to the registration statement of which this prospectus forms a part. The provisions of our certificate of incorporation and bylaws and relevant sections of the Delaware General Corporation Law, or the DGCL, are summarized below. The following summary is qualified in its entirety by the provisions of our amended and restated certificate of incorporation and bylaws and is subject to the applicable provisions of the DGCL.

Capital Stock

As of December 22, 2009, our authorized capital stock consisted of 1,000 shares of common stock, par value $0.01 per share, and 1,000 shares of preferred stock, par value $0.01 per share. As of December 22, 2009, we had 100 shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock. Holders of our common stock will be entitled to one vote per share on all matters submitted to a vote of stockholders. Holders of our common stock will be entitled to receive dividends ratably, as may be declared by our board of directors on the common stock out of funds legally available for the payment of those dividends. Upon the liquidation, dissolution or winding up of our company, the holders of our common stock will be entitled to receive their ratable share of our net assets available after payment of all debts and other liabilities, subject to the prior rights of any outstanding preferred stock. Holders of our common stock will have no preemptive, subscription or redemption rights. The outstanding shares of our common stock are fully paid and non-assessable.

Immediately following the completion of this offering and the Transactions, Citi will beneficially own shares of our common stock, representing % of the voting power of our outstanding stock, assuming the over-allotment option is not exercised. Therefore, immediately following the completion of this offering, Citi will have the power to elect all of the members of our board of directors who are elected by holders of our common stock and will have the power to control all matters requiring stockholder approval or consent. Citi intends to divest its remaining interest in us as soon as is practicable, subject to market and other conditions.

Preferred Stock. Our board of directors will have the authority, without any further vote or action by the stockholders, to issue preferred stock in one or more series and to fix the preferences, limitations and rights of the shares of each series, including:

- dividend rates;
- conversion rights;
- voting rights;
- terms of redemption and liquidation preferences; and
- the number of shares constituting each series.

Anti-Takeover Effects of Provisions of Our Certificate of Incorporation and Bylaws, and of Delaware Law

The rights of our stockholders and related matters are governed by the DGCL, our certificate of incorporation and bylaws, certain provisions of which may discourage or make more difficult a takeover attempt that a stockholder might consider in his or her best interest by means of a tender offer or proxy contest or removal of our incumbent officers or directors. These provisions may also adversely affect prevailing market prices for our common stock. However, we believe that the benefits of increased protection give us the potential ability to negotiate with the proponent of an unsolicited proposal to acquire or restructure us and outweigh the disadvantage of discouraging those proposals because negotiation of the proposals could result in an improvement of their terms.

Classified Board of Directors

Our certificate of incorporation will provide that our board of directors will be classified with approximately one-third elected each year. The number of directors will be fixed from time to time by a majority of the total number of directors which we would have at the time such number is fixed if there were no vacancies. The directors will be divided into three classes, designated class I, class II and class III. Each class will consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire board. Messrs. and will serve as class I directors whose terms expire at the 2011 annual meeting of stockholders. Messrs. and will serve as class II directors whose terms expire at the 2012 annual meeting of stockholders. Messrs. and will serve as class III directors whose terms expire at the 2013 annual meeting of stockholders. At each annual meeting of stockholders beginning in 2011, successors to the class of directors whose term expires at that annual meeting will be elected for a three-year term. In addition, if the number of directors is changed, any increase or decrease will be apportioned by the board of directors among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class will hold office for a term that will coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. After such time that Citi ceases to own a majority of our outstanding common stock, the board of directors will have the sole authority to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise and, subject to the rights of holders of any class or series of preferred stock then outstanding, directors may be removed only for cause at a meeting of stockholders at which a quorum is present by the affirmative vote of at least two-thirds of the votes entitled to be cast thereon. After such time that Citi ceases to own a majority of our outstanding common stock, any amendment to the provisions of the certificate of incorporation described in this paragraph will require the affirmative vote of at least 80% of the votes entitled to be cast on such matter.

Stockholder Action by Written Consent; Special Meetings

Our certificate of incorporation will permit stockholders to take action by the written consent of holders of all of our shares (or, as long as Citi continues to own shares entitled to cast a majority of the votes entitled to be cast in the election of directors, holders of not less than a majority of the votes entitled to be cast) in lieu of an annual or special meeting. Otherwise, stockholders will only be able to take action at an annual or special meeting called in accordance with our bylaws. Until such time as Citi ceases to own a majority of our common stock, any amendment to the provisions of the certificate of incorporation described in this paragraph will require the affirmative vote of at least 80% of the votes entitled to be cast on such matter.

Our bylaws will provide that special meetings of stockholders may only be called by:

- the chairman of the board,
- either of the co-chief executive officers,
- the president,
- the secretary,
- by request in writing of the board of directors or of a committee of the board of directors that has been duly designated by the board of directors and whose powers and authority include the power to call such meetings, or
- the holders of a majority of the outstanding shares of our common stock, so long as Citi continues to own such a majority.

Advance Notice Requirements for Stockholder Proposals Related to Director Nominations

Our bylaws will contain advance notice procedures with regard to stockholder proposals related to the nomination of candidates for election as directors. These procedures will provide that notice of stockholder proposals related to stockholder nominations for the election of directors must be received by our corporate

secretary, in the case of an annual meeting, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after that anniversary date, notice by the stockholder in order to be timely must be received not later than the close of business on the tenth day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever occurs first. The procedure for stockholder nominations for the 2011 annual meeting will be governed by this proviso. Stockholder nominations for the election of directors at a special meeting at which directors are elected must be received by our corporate secretary no later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever occurs first.

A stockholder's notice to our corporate secretary must be in proper written form and must set forth some information related to the stockholder giving the notice and to the beneficial owner, if any, on whose behalf the nomination is being made, including:

- the name and record address of that stockholder;
- the class and series and number of shares of each class and series of our capital stock which are owned beneficially or of record by that stockholder;
- a description of all arrangements or understandings between that stockholder and any other person in connection with the nomination and any material interest of that stockholder in the nomination;
- information as to derivatives, swaps, options, short positions, stock borrowing or lending and transactions or arrangements that increase or decrease voting power or pecuniary interest;
- a representation that the stockholder is a holder of record of our stock entitled to vote at that meeting and that the stockholder intends to appear in person or by proxy at the meeting to bring that nomination before the meeting; and
- any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitations of proxies for election of directors pursuant to the Exchange Act.

and, as to each person whom the stockholder proposes to nominate for election as a director:

- the name, age, business and residence address, and the principal occupation and employment of the person;
- the class and series and number of shares of each class and series of our capital stock which are owned beneficially or of record by the person;
- information as to derivatives, swaps, options, short positions, stock borrowing or lending and transactions or arrangements that increase or decrease voting power or pecuniary interest; and
- any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitations of proxies for election of directors pursuant to the Exchange Act.

The stockholder providing the notice is required to update and supplement such notice as of the record date of the meeting.

Notwithstanding the foregoing, for so long as Citi continues to own a majority of the outstanding shares of our common stock, Citi will have the power to elect, remove and replace any or all of our directors, with or without cause, at any time.

Advance Notice Requirements for Other Stockholder Proposals

Our bylaws will contain advance notice procedures with regard to stockholder proposals not related to nominations. These notice procedures, in the case of an annual meeting of stockholders, will mirror the notice requirements for stockholder proposals related to director nominations discussed above insofar as they relate to the timing of receipt of notice by our corporate secretary. In the case of a special meeting, notice of other stockholder proposals must be received by our corporate secretary not less than 90 days prior to the date that meeting is proposed to be held.

A stockholder's notice to our corporate secretary must be in proper written form and must set forth, as to each matter that the stockholder proposes to bring before the meeting:

- a description of the business desired to be brought before the meeting and the reasons for conducting that business at the meeting;
- the name and record address of that stockholder and of the beneficial owner, if any;
- the class and series and number of shares of each class and series of our capital stock which are owned beneficially or of record by that stockholder or by the beneficial owner, if any;
- a description of all arrangements or understandings between that stockholder or any beneficial owner and any other person in connection with the proposal of that business and any material interest of that stockholder in that business;
- information as to derivatives, swaps, options, short positions, stock borrowing or lending and transactions or arrangements that increase or decrease voting power or pecuniary interest;
- a representation that the stockholder is a holder of record of our stock entitled to vote at that meeting and that the stockholder intends to appear in person or by proxy at the meeting to bring that business before the meeting; and
- any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitations of proxies for the proposed business to be brought by such stockholder pursuant to the Exchange Act.

The stockholder providing the notice is required to update and supplement such notice as of the record date of the meeting.

Anti-Takeover Legislation

As a Delaware corporation, we will be subject to the restrictions under Section 203 of the DGCL regarding corporate takeovers. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder, unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time such transaction commenced, excluding, for purposes of determining the number of shares outstanding, (1) shares owned by persons who are directors and also officers of the corporation and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or subsequent to the date of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders by the affirmative vote of ay least 66 2/3% of the outstanding voting stock which is not wholly owned by the interested stockholder.

In this context, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status owned, 15% or more of a corporation's outstanding voting stock.

A Delaware corporation may "opt out" of Section 203 with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from amendments approved by holders of at least a majority of the corporation's outstanding voting shares. We will not elect to "opt out" of Section 203. However, following this offering and subject to certain restrictions, we may elect to "opt out" of Section 203 by an amendment to our certificate of incorporation or bylaws.

Undesignated Preferred Stock

The authority possessed by our board of directors to issue preferred stock with voting or other rights or preferences could be potentially used to discourage attempts by third parties to obtain control of us through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. The provision in our certificate of incorporation authorizing such preferred stock may have the effect of deferring hostile takeovers or delaying changes of control of our management.

Insurance Regulations Concerning Change of Control

Many state insurance regulatory laws intended primarily for the protection of policyholders contain provisions that require advance approval by state agencies of any change in control of an insurance company or insurance holding company that is domiciled or, in some cases, having such substantial business that it is deemed to be commercially domiciled in that state. Moreover, under Canadian federal insurance law, the consent of the Minister of Finance is required in order for anyone to acquire direct or indirect control, including control in fact, of an insurance company, or to acquire, directly or through any controlled entity or entities, a significant interest (i.e., more than 10%) of any class of its shares.

Certificate of Incorporation Provision Relating to Corporate Opportunities and Interested Directors

In order to address potential conflicts of interest between us and Citi, our certificate of incorporation will contain provisions regulating and defining the conduct of our affairs as they may involve Citi and its officers and directors, and our powers, rights, duties and liabilities and those of our officers, directors and stockholders in connection with our relationship with Citi. In general, these provisions recognize that we and Citi may engage in the same or similar business activities and lines of business (subject to the provisions of the intercompany agreement), have an interest in the same areas of corporate opportunities and that we and Citi will continue to have contractual and business relations with each other, including officers and directors of Citi serving as our directors.

Our certificate of incorporation will provide that, subject to any contractual provision to the contrary, Citi will have no duty to refrain from:

- engaging in the same or similar business activities or lines of business as us;
- doing business with any of our clients; or
- employing or otherwise engaging any of our officers or employees.

Under our certificate of incorporation, neither Citi nor any officer or director of Citi, except as described in the following paragraph, will be liable to us or our stockholders for breach of any fiduciary duty by reason of any such activities. Our certificate of incorporation will provide that Citi is not under any duty to present any corporate opportunity to us which may be a corporate opportunity for Citi and us, and Citi will not be liable to us or our stockholders for breach of any fiduciary duty as our stockholder by reason of the fact that Citi pursues or acquires that corporate opportunity for itself, directs that corporate opportunity to another person or does not present that corporate opportunity to us.

When one of our directors or officers who is also a director or officer of Citi learns of a potential transaction or matter that may be a corporate opportunity for both us and Citi, the certificate of incorporation will provide that the director or officer:

- will have fully satisfied his or her fiduciary duties to us and our stockholders with respect to that corporate opportunity;
- will not be liable to us or our stockholders for breach of fiduciary duty by reason of Citi's actions with respect to that corporate opportunity;
- will be deemed to have acted in good faith and in a manner he or she believed to be in, and not opposed to, our best interests for purposes of our certificate of incorporation; and
- will be deemed not to have breached his or her duty of loyalty to us or our stockholders and not to have derived an improper personal benefit therefrom for purposes of our certificate of incorporation,

if he or she acts in good faith in a manner consistent with the following policy:

- a corporate opportunity offered to any of our officers who is also a director but not an officer of Citi will belong to us, unless that opportunity is expressly offered to that person solely in his or her capacity as a director of Citi, in which case that opportunity will belong to Citi;
- a corporate opportunity offered to any of our directors who is not one of our officers and who is also a director or an officer of Citi will belong to us only if that opportunity is expressly offered to that person solely in his or her capacity as our director, and otherwise will belong to Citi; and
- a corporate opportunity offered to any of our officers who is also an officer of Citi will belong to Citi, unless that opportunity is expressly offered to that person solely in his or her capacity as our officer, in which case that opportunity will belong to us.

For purposes of the certificate of incorporation, "corporate opportunities" will include business opportunities that we are financially able to undertake, that are, from their nature, in our line of business, are of practical advantage to us and are ones in which we have an interest or a reasonable expectancy, and in which, by embracing the opportunities, the self-interest of Citi or its officers or directors will be brought into conflict with our self-interest. After such time that Citi ceases to own 20% of our common stock, the provisions of the certificate of incorporation described in this paragraph shall become inoperative and the approval or allocation of corporate opportunities shall be governed by the other provisions of the certificate of incorporation, our bylaws, the DGCL and other applicable laws.

The certificate of incorporation will also provide that no contract, agreement, arrangement or transaction between us and Citi will be void or voidable solely for the reason that Citi is a party to such agreement and Citi:

- will have fully satisfied and fulfilled its fiduciary duties to us and our stockholders with respect to the contract, agreement, arrangement or transaction;
- will not be liable to us or our stockholders for breach of fiduciary duty by reason of entering into, performance or consummation of any such contract, agreement, arrangements or transaction;
- will be deemed to have acted in good faith and in a manner it reasonably believed to be in, and not opposed to, the best interests of us for purposes of the certificate of incorporation; and
- will be deemed not to have breached its duty of loyalty to us and our stockholders and not to have derived an improper personal benefit therefrom for purposes of the certificate of incorporation, if:
  - the material facts as to the contract, agreement, arrangement or transaction are disclosed or are known to our board of directors or the committee of our board that authorizes the contract, agreement, arrangement or transaction and our board of directors or that committee in good faith authorizes the contract, agreement, arrangement or transaction by the affirmative vote of a majority of the disinterested directors;

- the material facts as to the contract, agreement, arrangement or transaction are disclosed or are known to the holders of our shares entitled to vote on such contract, agreement, arrangement or transaction and the contract, agreement, arrangement or transaction is specifically approved in good faith by vote of the holders of a majority of the votes entitled to be cast by the holders of our common stock then outstanding not owned by Citi or a related entity; or
- the contract, agreement, arrangement or transaction, judged according to the circumstances at the time of the commitment, is fair to us.

Any person purchasing or otherwise acquiring any interest in any shares of our capital stock will be deemed to have consented to these provisions of the certificate of incorporation.

Until the time that Citi ceases to own shares entitled to 20% or more of the votes entitled to be cast by our then outstanding common stock, the affirmative vote of the holders of at least 80% of the votes entitled to be cast will be required to alter, amend or repeal, or adopt any provision inconsistent with the corporate opportunity and interested director provisions described above; however, after Citi no longer owns shares for its own account entitling it to cast at least 20% of the votes entitled to be cast by our then outstanding common stock, any such alteration, adoption, amendment or repeal would be approved if a quorum is present and the votes favoring the action exceed the votes opposing it. Accordingly, until such time, so long as Citi own shares entitled to 20% of the votes entitled to be cast, it can prevent any such alteration, adoption, amendment or repeal.

In addition to these provisions relating to corporate opportunities and interested directors contained in our certificate of incorporation, we will enter into an intercompany agreement with Citi, which will prohibit each party from soliciting or hiring the other party's employees above certain compensation levels without the consent of such other party and will prohibit Citi, subject to certain customary exceptions, from competing with us by engaging in certain competitive activities for a certain period of time. Please see the section entitled "Certain Relationships and Related Party Transactions — Relationship with Citi Following this Offering — Intercompany Agreement."

Certificate of Incorporation Provision Relating to Control by Citi

Our certificate of incorporation will provide that until Citi ceases to beneficially own shares of our common stock entitled to 50% or more of the votes entitled to be cast by the holders of our then outstanding common stock, the prior consent of Citi will be required for:

- any change in any of our co-Chief Executive Officers, Chief Financial Officer, Chief Operating Officer, General Counsel or President, or other then Named Executive Officers; and
- the determination of the members of the board or any committee of the board, the establishment of any committee of the board, and the filling of newly-created memberships and vacancies on the board or any committee of the board.

Our certificate of incorporation will provide that until Citi ceases to beneficially own shares of our common stock entitled to 20% or more of the votes entitled to be cast by the holders of our then outstanding common stock, the prior consent of Citi will be required for:

- any consolidation or merger of us or any of our subsidiaries with any person (other than any of our subsidiaries), other than to acquire 100% of the equity ownership of another entity or to dispose of 100% of the equity ownership of one of our subsidiaries, in each case, involving consideration not to exceed $50 million;
- any sale, lease, exchange or other disposition or any acquisition or investment by us or any series of related dispositions, acquisitions or investments, involving consideration in excess of $50 million (other than transactions between us and our subsidiaries);
- any change in our authorized capital stock or creation of any class or series of our capital stock;

- the issuance by us or one of our subsidiaries of any equity securities or equity derivative securities, except:
  - the issuance of shares by one of our subsidiaries to us or another of our subsidiaries;
  - in connection with any transactions concurrent with this offering;
  - employee and sales representative stock incentive awards in the ordinary course of business; or
  - in connection with consolidations, mergers, acquisitions, investments or dispositions for which Citi's consent is not required as contemplated above; or
  - if our board determines that we need to raise common equity capital for certain specified purposes so long as Citi has the right to participate in the equity sale;
- our dissolution;
- the amendment of various provisions of our certificate of incorporation and bylaws;
- the declaration or payment of dividends on any class of our capital stock, except for *pro rata* dividends on shares of our common stock;
- any change in the number of directors on our board of directors; and
- transactions with our affiliates, other than Citi, involving consideration in excess of $5 million, other than transactions on terms substantially the same as or more favorable to us than those that would be available from an unaffiliated third party and other than transactions between or among any of our subsidiaries.

Until the time that Citi ceases to own shares entitled to 20% or more of the votes entitled to be cast by our then outstanding common stock, the affirmative vote of the holders of at least 80% of the votes entitled to be cast is required to alter, amend or repeal, or adopt any provision inconsistent with the control provisions described above; however, after Citi no longer owns shares for its own account entitling it to cast at least 20% of the votes entitled to be cast by the holders of our then outstanding common stock, any such alteration, adoption, amendment or repeal would be approved if a quorum is present and the votes favoring the action exceed the votes opposing it. Accordingly, until such time, so long as Citi owns shares entitled to at least 20% of the votes entitled to be cast, it can prevent any such alteration, adoption, amendment or repeal.

Provisions Relating to Regulatory Status

The certificate of incorporation will also contain provisions regulating and defining the conduct of our affairs as they may affect Citi and its legal and regulatory status. In general, the certificate of incorporation will provide that, without the written consent of Citi, which will not be unreasonably withheld, we will not take any action or fail to take any action that would result in:

- Citi's being required to file any document with, register with, obtain the authorization of, or otherwise become subject to any rules, regulations or other legal restrictions of any governmental, administrative or regulatory authority; or
- any of our directors who is also a director or officer of Citi being ineligible to serve or prohibited from serving as our director or as a director of Citi under applicable law.

The certificate of incorporation will further provide that Citi will not be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that Citi gives or withholds any such consent for any reason.

Any persons purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have consented to these provisions of the certificate of incorporation.

Until the time that Citi ceases to own shares entitled to 20% or more of the votes entitled to be cast by our then outstanding common stock, the affirmative vote of the holders of at least 80% of the votes entitled to be cast

will be required to alter, amend or repeal, or adopt any provision inconsistent with, the provision of the certificate of incorporation described above; however, the provision relating to legal and regulatory status automatically becomes inoperative six months after Citi ceases to own shares entitled to at least 20% of the votes entitled to be cast by our then outstanding common stock relating to shares held for its own account. Accordingly, until such time, so long as Citi own shares entitled to at least 20% of the votes entitled to be cast, it can prevent any alteration, adoption, amendment or repeal of that provision.

The Delaware courts have not conclusively determined the validity or enforceability of provisions similar to the corporate opportunity, interested director and legal and regulatory status provisions that are included in our certificate of incorporation and could rule that some liabilities which those provisions purport to eliminate remain in effect.

Limitation of Liability of Directors

Our certificate of incorporation will provide that none of our directors shall be liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, except to the extent otherwise required by the DGCL. The effect of this provision is to eliminate our rights, and our stockholder's rights, to recover monetary damages against a director for breach of a fiduciary duty of care as a director. This provision does not limit or eliminate our right, or the right of any stockholder, to seek non-monetary relief, such as an injunction or rescission in the event of a breach of a director's duty of care. In addition, our certificate of incorporation will provide that if the DGCL is amended to authorize the further elimination or limitation of the liability of a director, then the liability of the directors shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. These provisions will not alter the liability of directors under federal or state securities laws. Our certificate of incorporation will also include provisions for the indemnification of our directors and officers to the fullest extent permitted by Section 145 of the DGCL. Further, we intend to enter into indemnification agreements with certain of our directors and officers which require us, among other things, to indemnify them against certain liabilities which may arise by reason of the directors' status or service as a director, other than liabilities arising from bad faith or willful misconduct of a culpable nature. We also intend to maintain director and officer liability insurance, if available on reasonable terms.

Listing

We intend to apply to have our common stock listed on the NYSE under the symbol " ".

Transfer Agent and Registrar

The Transfer Agent and Registrar for our common stock is .

SHARES ELIGIBLE FOR FUTURE SALE

We cannot predict with certainty the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price prevailing from time to time. We also cannot predict with certainty whether or when Citi will sell its remaining shares of our common stock and if it does, what effect it will have on the prevailing market price. The sale of substantial amounts of common stock in the public market or the perception that such sales could occur could adversely affect the prevailing market price of the common stock and our ability to raise equity capital in the future.

Sale of Restricted Shares

Upon completion of this offering, we will have outstanding shares of common stock. All of the shares of common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except that any shares purchased by or owned by our "affiliates," as that term is defined in Rule 144 under the Securities Act, may generally only be sold publicly in compliance with the limitations of Rule 144 described below. As defined in Rule 144, an affiliate of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with, such issuer. Upon completion of this offering, approximately shares or % of our outstanding common stock will be held by Citi. These shares will be "restricted securities" as that term is used in Rule 144. Subject to certain contractual restrictions, including the lock-up agreement described below, Citi will be entitled to sell those shares in the public market without registration under the Securities Act only if the sale of such shares is registered with the SEC or if the sale of such shares qualifies for an exemption from registration under Rule 144 or any other applicable exemption under the Securities Act. Subject to the lock-up agreement described below and the provisions of Rule 144, additional shares will be available for sale as described below. At such time as these restricted shares become unrestricted and available for sale, the sale of these restricted shares, whether pursuant to Rule 144 or otherwise, may have an immediate negative effect on the price of our common stock.

S-8 Registration Statement

We intend to file a registration statement on Form S-8 to register an aggregate of shares of our common stock reserved for issuance under our equity incentive programs to be adopted in connection with this offering. Such registration statement will become effective upon filing with the SEC, and shares of our common stock covered by such registration statement will be eligible for resale in the public market immediately after the effective date of such registration statement, subject to the lock-up agreements described below.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this offering, a person who is not one of our affiliates who has beneficially owned shares of our common stock for at least six months may sell shares without restriction, provided the current public information requirements of Rule 144 continue to be satisfied. In addition, any person who is not one of our affiliates at any time during the three months immediately preceding a proposed sale, and who has beneficially owned shares of our common stock for at least one year, would be entitled to sell an unlimited number of shares without restriction. Our affiliates who have beneficially owned shares of our common stock for at least six months are entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; and
- the average weekly trading volume of our common stock on the during the four calendar weeks immediately preceding the filing of a notice on Form 144 with respect to the sale.

Sales of restricted shares under Rule 144 are also subject to requirements regarding the manner of sale, notice, and the availability of current public information about us. Rule 144 also provides that affiliates relying

on Rule 144 to sell shares of our common stock that are not restricted shares must nonetheless comply with the same restrictions applicable to restricted shares, other than the holding period requirement.

Lock-Up Agreements

We, our officers and directors, certain of our employees and sales representatives who collectively own and aggregate of shares of our common stock and the selling stockholder have agreed with the underwriters that, subject to certain exceptions, for a period of 180 days from the date of this prospectus, we and they will not, without the prior written consent of Citigroup Global Markets Inc., dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for our common stock. Except for certain of our officers, directors, employees and sales representatives who have entered into lock-up agreements that are binding on their directed share program purchases, each person buying shares through the directed share program has agreed to similar lock-up restrictions, but for a period of 180 days from the date of this prospectus.

We plan to issue shares of our common stock concurrently with this offering as described elsewhere in this prospectus, and we may grant options to purchase shares of common stock and issue shares of common stock upon the exercise of outstanding options under our stock option plans. We may also issue shares of restricted stock pursuant to our stock incentive plan. In addition, we may issue or sell our common stock in connection with an acquisition or business combination, and Citi may privately transfer shares of our common stock, as long as the acquiror of that common stock agrees in writing to be bound by the obligations and restrictions of our lock-up agreement for the remainder of the 180-day period.

Registration Rights

Pursuant to the intercompany agreement, Citi can require us to effect the registration under the Securities Act of shares of our common stock that it will continue to own after this offering. Please see the section entitled “Certain Relationships and Related Party Transactions — Relationship with Citi Following this Offering — Intercompany Agreement — Registration Rights.”

CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES TO HOLDERS

The following is a summary of certain U.S. federal income and estate tax consequences relevant to the purchase, ownership and disposition of our common stock. The following summary is based upon current provisions of the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations and judicial and administrative authority, all of which are subject to change, possibly with retroactive effect. State, local and foreign tax consequences are not summarized, nor are tax consequences to special classes of investors including, but not limited to, tax-exempt organizations, insurance companies, banks or other financial institutions, partnerships or other entities classified as partnerships for U.S. federal income tax purposes, dealers in securities, persons liable for the alternative minimum tax, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons who have acquired our common stock as compensation or otherwise in connection with the performance of services, persons that will hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction, and U.S. holders (as defined below) whose functional currency is not the U.S. dollar. Tax consequences may vary depending upon the particular status of an investor. The summary is limited to taxpayers who will hold our common stock as "capital assets" (generally, property held for investment). Each potential investor should consult its own tax advisor as to the U.S. federal, state, local, foreign and any other tax consequences of the purchase, ownership and disposition of our common stock.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax consequences relating to an investment in our common stock will generally depend upon the status of the partner and the activities of the partnership. If you are treated as a partner in such an entity holding our common stock, you should consult your tax advisor as to the particular U.S. federal income and estate tax consequences applicable to you.

U.S. Holders

The discussion in this section is addressed to a holder of our common stock that is a "U.S. holder" for federal income tax purposes. You are a U.S. holder if you are a beneficial owner of our common stock that is for U.S. federal income tax purposes (i) a citizen or individual resident of the United States; (ii) a corporation (or other entity that is taxable as a corporation) created or organized in the United States or under the laws of the United States or of any State (or the District of Columbia); (iii) an estate if the income of such estate falls within the federal income tax jurisdiction of the United States regardless of the source of such income; or (iv) a trust (a) if a United States court is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of the substantial decisions of the trust, or (b) that has in effect a valid election under applicable Treasury regulations to be treated as a U.S. person.

Distributions

Distributions with respect to our common stock will be taxable as dividend income when paid to the extent of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. To the extent that the amount of a distribution with respect to our common stock exceeds our current and accumulated earnings and profits, such distribution will be treated first as a tax-free return of capital to the extent of the U.S. holder's adjusted tax basis in the common stock, and thereafter as a capital gain, which will be a long-term capital gain if the U.S. holder has held such stock at the time of the distribution for more than one year.

Distributions constituting dividend income received by an individual in respect of our common stock before January 1, 2011 are generally subject to taxation at a maximum rate of 15%, provided certain holding period requirements are satisfied. Distributions on our common stock constituting dividend income paid to U.S. holders that are U.S. corporations will generally qualify for the dividends received deduction, subject to various limitations.

Sale or Redemption

A U.S. holder will generally recognize capital gain or loss on a sale, exchange, redemption (other than a redemption that is treated as a distribution) or other disposition of our common stock equal to the difference between the amount realized upon the disposition and the U.S. holder's adjusted tax basis in the shares so disposed. Such capital gain or loss will be long-term capital gain or loss if the U.S. holder's holding period for the shares disposed of exceeds one year at the time of disposition. Long-term capital gains of non-corporate taxpayers are generally taxed at a lower maximum marginal tax rate than the maximum marginal tax rate applicable to ordinary income. The deductibility of net capital losses by individuals and corporations is subject to limitations.

Information Reporting and Backup Withholding

Information returns will be filed with the IRS in connection with payments of dividends and the proceeds from a sale or other disposition of common stock payable to a U.S. holder that is not an exempt recipient, such as a corporation. Certain U.S. holders may be subject to backup withholding with respect to the payment of dividends on our common stock and to certain payments of proceeds on the sale or redemption of our common stock unless such U.S. holders provide proof of an applicable exemption or a correct taxpayer identification number, and otherwise comply with applicable requirements of the backup withholding rules.

Any amount withheld under the backup withholding rules from a payment to a U.S. holder is allowable as a credit against such U.S. holder's U.S. federal income tax, which may entitle the U.S. holder to a refund, provided that the U.S. holder timely provides the required information to the IRS. Moreover, certain penalties may be imposed by the IRS on a U.S. holder who is required to furnish information but does not do so in the proper manner. U.S. holders are should consult their tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under current Treasury regulations.

Non-U.S. Holders

The discussion in this section is addressed to holders of our common stock that are "non-U.S. holders." You are a non-U.S. holder if you are a beneficial owner of our common stock and not a U.S. holder for U.S. federal income tax purposes.

Distributions

Generally, distributions treated as dividends as described above under "— U.S. Holders — Distributions" paid to a non-U.S. holder with respect to our common stock will be subject to a 30% U.S. withholding tax, or such lower rate as may be specified by an applicable income tax treaty. Distributions that are effectively connected with such non-U.S. holder's conduct of a trade or business in the United States (and, if a tax treaty applies, are attributable to a U.S. permanent establishment of such holder) are generally subject to U.S. federal income tax on a net income basis and are exempt from the 30% withholding tax (assuming compliance with certain certification requirements). Any such effectively connected distributions received by a non-U.S. holder that is a corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be applicable under an income tax treaty.

For purposes of obtaining a reduced rate of withholding under an income tax treaty, a non-U.S. holder will generally be required to provide a U.S. taxpayer identification number as well as certain information concerning the holder's country of residence and entitlement to tax treaty benefits. A non-U.S. holder can generally meet the certification requirement by providing a properly executed IRS Form W-8BEN (if the holder is claiming the benefits of an income tax treaty) or Form W-8ECI (if the dividends are effectively connected with a trade or business in the United States) or suitable substitute form.

Sale or Redemption

A non-U.S. holder generally will not be subject to U.S. federal income or withholding tax on gain realized on the sale, exchange or other disposition (other than a redemption, which may be subject to withholding tax or certification requirements under certain circumstances) of our common stock except for (i) in the case of certain non-resident alien individuals that are present in the United States for 183 or more days in the taxable year of the sale or disposition, or (ii) if the gain is effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States (and, if a tax treaty applies, is attributable to a U.S. permanent establishment maintained by such non-U.S. holder).

Federal Estate Tax

Common stock owned or treated as owned by an individual who is not a citizen or resident of the United States (as specially defined for U.S. federal estate tax purposes) at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise and, therefore may be subject to U.S. federal estate tax.

Information Reporting and Backup Withholding

Payment of dividends, and the tax withheld with respect thereto, is subject to information reporting requirements. These information reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Under the provisions of an applicable income tax treaty or agreement, copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides. U.S. backup withholding will generally apply on payment of dividends to non-U.S. holders unless such non-U.S. holders furnish to the payor a Form W-8BEN (or other applicable form), or otherwise establish an exemption and the payor does not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Code, that is not an exempt recipient.

Payment of the proceeds of a sale of our common stock within the United States or conducted through certain U.S.-related financial intermediaries is subject to information reporting and, depending on the circumstances, backup withholding, unless the non-U.S. holder, or beneficial owner thereof, as applicable, certifies that it is a non-U.S. holder on Form W-8BEN (or other applicable form), or otherwise establishes an exemption and the payor does not have actual knowledge or reason to know the holder is a U.S. person, as defined under the Code, that is not an exempt recipient.

Any amount withheld under the backup withholding rules from a payment to a non-U.S. holder is allowable as a credit against such non-U.S. holder's U.S. federal income tax, which may entitle the non-U.S. holder to a refund, provided that the non-U.S. holder timely provides the required information to the IRS. Moreover, certain penalties may be imposed by the IRS on a non-U.S. holder who is required to furnish information but does not do so in the proper manner. Non-U.S. holders should consult their tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under current Treasury regulations.

Recent Developments Potentially Impacting Taxation of Non-U.S. Holders

As part of its 2010 Fiscal Year Revenue Proposals, the Obama Administration included descriptions of legislative proposals that would, among other things, limit certain benefits currently available to certain non-U.S. holders who hold our common stock through a non-U.S. intermediary that is not a "qualified intermediary." The full details of these proposals have not yet been made public, although the Administration's description of these proposals generally indicates that they are not intended to disrupt ordinary and customary market transactions. It is unclear whether, or in what form, these proposals may be enacted. Non-U.S. holders should consult their tax advisers regarding the possible implications of the Administration's proposals on their investment in our common stock.

UNDERWRITING

Citigroup Global Markets Inc. is acting as sole book-running manager of this offering and as representative of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has severally agreed to purchase, and the selling stockholder has agreed to sell to that underwriter, the number of shares set forth opposite the underwriter's name.

Underwriter	Number of Shares
Citigroup Global Markets Inc.	
Total	

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the over-allotment option described below) if they purchase any of the shares.

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price not to exceed $ per share. If all the shares are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms. The representative has advised us and the selling stockholder that the underwriters do not intend to make sales to discretionary accounts.

If the underwriters sell more shares than the total number set forth in the table above, the selling stockholder has granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We, our officers, directors, certain of our employees and sales representatives and the selling stockholder have agreed that, subject to certain exceptions, for a period of 180 days from the date of this prospectus, we and they will not, without the prior written consent of Citigroup Global Markets Inc., dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for our common stock. Citigroup Global Markets Inc. in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day restricted period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

At our request, the underwriters have reserved up to % of the shares for sale at the initial public offering price to our employees and RVPs. The number of shares available for sale to the general public will be reduced by the number of directed shares purchased by participants in the program. Except for certain participants who have entered into lock-up agreements as contemplated in the immediately preceding paragraph, each person buying shares through the directed share program has agreed that, for a period of 180 days from the date of this prospectus, he or she will not, without the prior written consent of Citigroup Global Markets Inc., dispose of or hedge any shares or any securities convertible into or exchangeable for shares of our common stock with respect

to shares purchased in the program. For those participants who have entered into lock-up agreements as contemplated in the immediately preceding paragraph, the lock-up agreements contemplated therein shall govern with respect to their purchases of our common stock in the program. Citigroup Global Markets Inc. in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. Any directed shares not purchased in the program will be offered by the underwriters to the general public on the same basis as all other shares offered. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the directed shares primarily relating to losses or claims resulting from untrue or alleged untrue statements contained in any materials prepared in connection with the directed share program, or caused by the failure of a purchaser of directed shares to pay for or accept delivery of such shares.

Prior to this offering, there has been no public market for our shares. Consequently, the initial public offering price for the shares was determined by negotiations among us, the selling stockholder and the representative. Among the factors considered in determining the initial public offering price were our results of operations, our current financial condition, our future prospects, our markets, the economic conditions in and future prospects for the industry in which we compete, our management, and currently prevailing general conditions in the equity securities markets, including current market valuations of publicly-traded companies considered comparable to our company. We cannot assure you, however, that the price at which the shares will sell in the public market after this offering will not be lower than the initial public offering price or that an active trading market in our shares will develop and continue after this offering.

We intend to apply to have our common stock listed on the NYSE under the symbol “ ”.

The following table shows the underwriting discounts and commissions that the selling stockholder will pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters’ over-allotment option.

	No Exercise	Full Exercise
Per share	$	$
Total	$	$

In connection with this offering, the underwriters may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the over-allotment option, and stabilizing purchases.

- Short sales involve secondary market sales by the underwriters of a greater number of shares than they are required to purchase in this offering.
  - “Covered” short sales are sales of shares in an amount up to the number of shares represented by the underwriters’ over-allotment option.
  - “Naked” short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters’ over-allotment option.
- Covering transactions involve purchases of shares either pursuant to the over-allotment option or in the open market after the distribution has been completed in order to cover short positions.
  - To close a naked short position, the underwriters must purchase shares in the open market after the distribution has been completed. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in this offering.
  - To close a covered short position, the underwriters must purchase shares in the open market after the distribution has been completed or must exercise the over-allotment option. In determining the source of

shares to close the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option.

- Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the NYSE, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We and, in certain circumstances, the selling stockholder have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, relating to losses or claims resulting from material misstatements in or omissions from the registration statement of which this prospectus forms a part. We and the selling stockholder have also agreed, under certain circumstances, to contribute to payments the underwriters may be required to make because of any of those liabilities.

Conflicts of Interest

Because an affiliate of Citigroup Global Markets Inc. beneficially owns more than 10% of the shares outstanding prior to the closing of this offering, it may be deemed to have a "conflict of interest" under NASD Rule 2720 of FINRA (formerly known as the National Association of Securities Dealers, Inc., or NASD). In addition, because an affiliate of Citigroup Global Markets Inc. may receive more than 10% of the net proceeds of this offering, it may be deemed to have a "conflict of interest" under Rule 5110 of FINRA. When a FINRA member with a conflict of interest participates in a public offering, NASD Rule 2720 and FINRA Rule 5110 require (subject to certain exceptions that are not applicable here) that the initial public offering price may be no higher than that recommended by a "qualified independent underwriter," as defined in those rules. In accordance with those rules, has assumed the responsibilities of acting as a qualified independent underwriter. In its role as a qualified independent underwriter, has performed a due diligence investigation and participated in the preparation of this prospectus and the registration statement of which this prospectus is a part. will not receive any additional fees for serving as qualified independent underwriter in connection with this offering. We have agreed to indemnify against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act.

The underwriters have performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the shares that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000, and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined below) subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of shares described in this prospectus located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an "offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the sellers or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the*Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the*Autorité des Marchés Financiers.* The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French*Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French*Code monétaire et financier*.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares offered in this prospectus have not been registered under the Securities and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

LEGAL MATTERS

Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, is representing us in connection with this offering. The underwriters are being represented by Cleary Gottlieb Steen and Hamilton LLP, New York, New York.

EXPERTS

The combined financial statements and related financial statement schedules of Primerica, Inc., as of and for the years ended December 31, 2008 and 2007, and for each of the years in the three-year period ended December 31, 2008 have been included herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

As discussed in Note 2 to the combined financial statements, Primerica, Inc. adopted the provisions of Statement of Position 05-1, *Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts*, FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, and Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, as of January 1, 2007.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a Registration Statement on Form S-1 with the SEC regarding this offering. This prospectus, which is part of the registration statement, does not contain all of the information included in the registration statement, and you should refer to the registration statement and its exhibits to read that information. References in this prospectus to any of our contracts or other documents are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may read and copy the registration statement, the related exhibits and the reports, proxy statements and other information we file with the SEC at the SEC's public reference room maintained by the SEC at Room 1580, 100 F Street N.E., Washington, D.C. 20549. You can also request copies of those documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. The SEC also maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file with the SEC. The site's Internet address is www.sec.gov. You may also request a copy of these filings, at no cost, by writing or telephoning us at: Primerica, Inc., 3120 Breckinridge Blvd., Duluth, Georgia 30099, Attention: Investor Relations; (770) 381-1000.

INDEX TO HISTORICAL COMBINED FINANCIAL STATEMENTS

When the transactions referred to in note 2 of the notes to the combined financial statements have been consummated, we will be in a position to render the following report.

/s/ KPMG LLP

Senior Management of
Primerica, Inc.:

We have audited the accompanying combined balance sheets of Primerica, Inc. (the Company) (wholly owned by Citigroup Inc. (the Parent)) as of December 31, 2008 and 2007, and the related combined statements of income, stockholder's equity and other comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2008. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the combined financial statements, the Company adopted the provisions of Statement of Position 05-1, *Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts*, FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, and Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, as of January 1, 2007.

Atlanta, Georgia
November 5, 2009

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Combined Balance Sheets

December 31, (In thousands)	2008	2007
Assets		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost: $5,800,049 and $5,332,233, respectively)	$ 5,280,005	5,383,827
Trading securities, at fair value (cost: $14,067 and $26,532, respectively)	11,094	26,209
Equity securities available for sale, at fair value (cost: $41,574 and $53,192, respectively)	36,055	53,452
Policy loans and other invested assets	28,304	31,007
Total investments	5,355,458	5,494,495
Cash and cash equivalents	302,354	625,350
Accrued investment income	61,948	51,860
Premiums and other receivables	158,041	200,855
Due from reinsurers	838,906	831,942
Due from affiliates	1,811	4,572
Deferred policy acquisition costs, net	2,727,422	2,510,045
Goodwill	—	194,992
Intangible assets	82,434	85,973
Income tax recoverable	—	38,324
Other assets	68,648	89,230
Separate account assets	1,564,111	2,048,411
Total assets	$ 11,161,133	12,176,049
Liabilities and Stockholder's Equity		
Liabilities:		
Future policy benefits	$ 4,023,009	3,650,192
Unearned premiums	3,119	3,673
Policy claims and other benefits payable	225,641	229,263
Other policyholders' funds	324,081	295,336
Current income tax payable	12,299	—
Deferred income taxes	550,990	822,364
Due to affiliates	40,313	52,859
Other liabilities	305,584	293,986
Separate account liabilities	1,564,111	2,048,411
Total liabilities	7,049,147	7,396,084
Stockholder's equity:		
Paid-in capital	1,095,062	1,136,656
Retained earnings	3,340,841	3,596,058
Accumulated other comprehensive (loss) income, net of income taxes of $173,391 and $(26,351), respectively	(323,917)	47,251
Total stockholder's equity	4,111,986	4,779,965
Total liabilities and stockholder's equity	$ 11,161,133	12,176,049

See accompanying notes to the combined financial statements.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Combined Statements of Income

For the years ended December 31,	2008	2007	2006
(In thousands, except for per-share amounts)			
Revenues:			
Direct premiums	$ 2,092,792	2,003,595	1,898,419
Ceded premiums	(629,074)	(535,833)	(496,061)
Net premiums	1,463,718	1,467,762	1,402,358
Net investment income	314,035	328,609	318,853
Commissions and fees	466,484	545,584	486,145
Other, net	56,187	41,856	37,962
Realized investment (losses) gains, including other-than-temporary impairments	(103,480)	6,527	8,746
Total revenues	2,196,944	2,390,338	2,254,064
Benefits and expenses:			
Benefits and claims	938,370	557,422	544,556
Amortization of deferred policy acquisition costs	144,490	321,060	284,787
Insurance commissions	23,932	28,003	26,171
Insurance expenses	141,331	137,526	126,843
Sales commissions	248,020	296,521	265,662
Goodwill impairment	194,992	—	—
Other operating expenses	152,773	136,634	127,849
Total benefits and expenses	1,843,908	1,477,166	1,375,868
Income before income taxes	353,036	913,172	878,196
Income taxes	185,354	319,538	276,244
Net income	$ 167,682	593,634	601,952
Pro forma earnings per share:			
Basic	$		
Diluted	$		
Weighted-average outstanding common shares used in computing earnings per share:			
Basic			
Diluted			

See accompanying notes to the combined financial statements.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Combined Statements of Stockholder's Equity and Other Comprehensive Income (Loss)

(In thousands)	Paid-in capital	Retained earnings	Accumulated Other Comprehensive Income: Net unrealized investment gains (losses)	Accumulated Other Comprehensive Income: Foreign currency translation adjustment	Total
Balance at December 31, 2005	$1,128,672	3,106,433	54,027	11,493	4,300,625
Comprehensive income (loss):					
Net income	—	601,952	—	—	601,952
Other comprehensive income (loss):					
Unrealized investment losses, net of tax of $16,541	—	—	(30,955)	—	(30,955)
Foreign currency translation adjustments, net of tax of $788	—	—	—	(2,191)	(2,191)
Total comprehensive income (loss)	—	601,952	(30,955)	(2,191)	568,806
Dividends	—	(397,323)	—	—	(397,323)
Return of capital to Parent	(26,745)	—	—	—	(26,745)
Capital contribution from Parent	31,443	—	—	—	31,443
Parent allocation of share-based compensation	6,659	—	—	—	6,659
Balance at December 31, 2006	1,140,029	3,311,062	23,072	9,302	4,483,465
Adoption of accounting principles:					
SOP 05-1, net of tax of $10,616	—	19,716	—	—	19,716
FIN 48	—	(9,452)	—	—	(9,452)
SFAS No. 159, net of tax of $218	—	405	(405)	—	—
Adjusted balance, beginning of year	1,140,029	3,321,731	22,667	9,302	4,493,729
Comprehensive income (loss):					
Net income	—	593,634	—	—	593,634
Other comprehensive income (loss):					
Unrealized investment losses, net of tax of $14,936	—	—	(26,790)	—	(26,790)
Foreign currency translation adjustments, net of tax of $(23,704)	—	—	—	42,072	42,072
Total comprehensive income	—	593,634	(26,790)	42,072	608,916
Dividends	—	(319,302)	—	—	(319,302)
Return of capital to Parent	(16,820)	—	—	—	(16,820)
Capital contribution from Parent	8,852	—	—	—	8,852
Parent allocation of share-based compensation	4,595	(5)	—	—	4,590
Balance at December 31, 2007	1,136,656	3,596,058	(4,123)	51,374	4,779,965
Comprehensive income (loss):					
Net income	—	167,682	—	—	167,682
Other comprehensive loss:					
Unrealized investment losses, net of tax of $167,304	—	—	(310,970)	—	(310,970)
Foreign currency translation adjustments, net of tax of $32,438	—	—	—	(60,198)	(60,198)
Total comprehensive income (loss)	—	167,682	(310,970)	(60,198)	(203,486)
Dividends	—	(422,900)	—	—	(422,900)
Return of capital to Parent	(65,841)	—			(65,841)
Capital contribution from Parent	27,675	—	—	—	27,675
Parent allocation of share-based compensation	(3,428)	1	—	—	(3,427)
Balance at December 31, 2008	$1,095,062	3,340,841	(315,093)	(8,824)	4,111,986

See accompanying notes to the combined financial statements.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Combined Statements of Cash Flows

For the years ended December 31,	2008	2007	2006
(In thousands)			
Cash flows from operations:			
Net income	$ 167,682	593,634	601,952
Adjustments to reconcile net income to net cash provided by operations:			
Increase in future policy benefits	436,430	71,379	116,954
Increase (decrease) in other policy benefits	24,569	9,314	(11,243)
Deferral of policy acquisition costs	(432,071)	(425,261)	(396,272)
Amortization of deferred policy acquisition costs	144,490	321,060	284,787
Goodwill impairment	194,992	—	—
Deferred tax provision	(61,752)	41,374	47,723
Change in accrued and other income taxes	40,793	(47,533)	(49,200)
Realized losses (gains) on sale of investments, including other-than-temporary impairments	103,480	(6,527)	(8,746)
Accretion and amortization of investments	(2,098)	(927)	(393)
Income (loss) recognized on trading and FAS 159 investments	8,005	4,127	(1,361)
Depreciation and amortization	12,938	12,415	11,006
Decrease in due from reinsurers	(764)	(15,104)	(13,948)
Change in due to/from affiliates	(34,645)	47,845	30,739
Decrease in premiums and other receivables	42,703	3,613	3,497
Trading securities sold	15,496	22,225	59,350
Trading securities acquired	(2,989)	(28,659)	(25,379)
Parent allocation of share-based compensation	(3,477)	4,934	5,233
Other, net	16,301	57	28,421
Net cash provided by operations	670,083	607,966	683,120
Cash flows from investment activities:			
Investments sold, matured, called, and repaid:			
Fixed maturities available for sale – sold	523,982	768,423	570,415
Fixed maturities available for sale – matured, called, and repaid	926,006	818,844	494,313
Equity securities sold	3,968	29,157	25,313
Total investments sold or matured	1,453,956	1,616,424	1,090,041
Acquisition of investments:			
Fixed maturities – available for sale	(2,011,168)	(1,465,310)	(1,155,206)
Equity securities	(4,266)	(24,908)	(16,374)
Total investments acquired	(2,015,434)	(1,490,218)	(1,171,580)
Net decrease (increase) in policy loans	3,479	(107)	5,454
Purchases of furniture and equipment	(4,301)	(7,484)	(12,154)
Net cash (used in) provided by investment activities	(562,300)	118,615	(88,239)
Cash flows from financing activities:			
Cash dividends paid to Parent	(422,900)	(319,302)	(397,323)
Capital returned to Parent, net	(13,300)	(16,820)	(26,766)
Net cash used in financing activities	(436,200)	(336,122)	(424,089)
Effect of foreign exchange rate changes on cash	5,421	(4,212)	(2,333)
(Decrease) increase in cash	(322,996)	386,247	168,459
Cash and cash equivalents at beginning of year	625,350	239,103	70,644
Cash and cash equivalents at end of year	$ 302,354	625,350	239,103
Supplemental disclosures of cash flow information:			
Income taxes paid	$ 260,756	324,902	274,329
Interest paid	385	3,541	2,256
Impairment losses included in realized investment losses (gains) on sale of investments	114,022	6,334	2,178
Noncash financing activities:			
Parent allocation of share-based compensation	$ (3,427)	4,590	6,659
Contribution (return) of capital to Parent, net	(24,866)	8,852	31,464

See accompanying notes to the combined financial statements.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

(1) Description of Business

Primerica, Inc. (the Company) is a leading distributor of financial products to middle income households through more than 100,000 licensed sales representatives. The Company assists its clients in North America to meet their needs for term life insurance, which it underwrites, and mutual funds, variable annuities and other asset protection products, which it distributes primarily on behalf of third parties. The Company is indirectly wholly owned by Citigroup Inc. (the Parent).

(2) Summary of Significant Accounting Policies

(a) Principles of Combination, Basis of Presentation, and Use of Estimates

The accompanying combined financial statements include those assets, liabilities, revenues, and expenses directly attributable to the Company's operations. All intercompany profits, transactions, and balances among the combined entities have been eliminated.

The entities included in this report are entities under common control of the Parent. These combined financial statements primarily include the accounts from four legal entities: Primerica Financial Services, Inc., a general agency and marketing company; Primerica Life Insurance Company (PLIC), the principal life insurance company; PFS Investments, Inc., an investment products company and broker-dealer; and Primerica Financial Services Home Mortgages, Inc., a mortgage broker company. PLIC, domiciled in Massachusetts, owns several subsidiaries, including a New York life insurance company, National Benefit Life Insurance Company (NBL), and Primerica Financial Services (Canada) Ltd., a holding company for its Canadian operations, which include Primerica Life Insurance Company of Canada (PLICC). Other smaller subsidiaries are also included such as Primerica Services, Inc., Primerica Client Services, Inc., Primerica Finance Corporation, and Primerica Convention Services, Inc.

The Company is anticipating an offering by Parent of the Company's common stock pursuant to the Securities Act of 1933 (the Offering). Prior to the completion of the Offering, the Parent will cause to be transferred to the Company the legal entities referred to above and will enter into significant coinsurance transactions with three affiliates of the Parent. The Parent will not transfer to the Company certain assets that were historically in these legal entities including an investment in the Parent's preferred stock, an investment in a limited liability company and certain international businesses and limited partnership investments. As such, these assets and related operating activity were excluded for the years reported and are reflected in the accompanying statements of stockholder's equity and other comprehensive income (loss) as a return of capital to, or capital contribution from, the Parent.

Following completion of the corporate reorganization, as described above, Primerica, Inc. has million shares of common stock outstanding. Basic and diluted pro forma earnings per share were calculated by dividing the December 31, 2008 net earnings by million pro forma basic shares outstanding and by million pro forma diluted shares outstanding, respectively. Pro forma shares outstanding used in our calculation of pro forma diluted earnings per share increased by shares over the pro forma basic shares outstanding, resulting from million shares of Class A Common Stock available under stock options, based on the treasury stock method.

The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported financial statement balances as well as the disclosure of contingent assets and liabilities and reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates. Management considers available

facts and knowledge of existing circumstances when establishing estimated amounts included in the financial statements. Current market conditions increase the risk and complexity of the judgments in these estimates.

Similar to other companies with life insurance operations, the most significant items on the balance sheet that involve a greater degree of accounting estimates and actuarial determinations subject to change in the future are the valuation of investments, deferred policy acquisition costs (DAC), and liabilities for future policy benefits (FPB) and unpaid policy claims. Estimates regarding all of the preceding are inherently subject to change and are reassessed by management as of each reporting date.

(b) Investments

Investments are reported on the following bases:

- Available-for-sale fixed maturity securities, including bonds and redeemable preferred stocks, not classified as trading securities are carried at fair value. Where market values are unavailable, the Company obtains estimates from independent pricing services or estimates fair value based upon a comparison to quoted issues of the same issuer or of other issuers with similar characteristics.
- Trading securities, which primarily consist of bonds, are carried at fair value. Changes in fair value of trading securities are included in net investment income in the period in which the change occurred.
- Equity securities, including common and nonredeemable preferred stocks, are classified as available-for-sale and are carried at fair value. Where market values are unavailable, the Company obtains estimates from independent pricing services or estimates fair value based upon a comparison to quoted issues of the same issuer or of other issuers with similar characteristics.
- Policy loans are carried at unpaid principal balances, which approximate fair value.

Investment transactions are recorded on a trade-date basis. The Company uses the specific-identification method to determine the realized gains or losses from securities transactions and reports the realized gains or losses in the accompanying combined statements of income.

Unrealized gains and losses on available-for-sale securities are included as a separate component of accumulated other comprehensive income except for other-than-temporary declines in fair value, which are recorded as realized losses in the accompanying combined statements of income.

Investments are reviewed on a quarterly basis for other-than-temporary impairment. Credit risk, interest rate risk, duration of the unrealized loss, actions taken by rating agencies, and other factors are considered in determining whether an unrealized loss is other-than-temporary. If an unrealized loss is determined to be other-than-temporary, an impairment charge is recorded as the difference between amortized cost and fair value. The Company's combined statements of income reflect the full impairment (that is, the difference between the security's amortized cost basis and fair value) on debt securities that the Company does not have the ability and intent to hold until a recovery of the amortized cost basis, which may be maturity.

Certain investments have been identified to be accounted for in accordance with the Financial Accounting Standards Board (FASB)'s Statement of Financial Accounting Standards (SFAS) No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS No. 159). Changes in the fair value of such investments are recorded in net investment income in the accompanying combined statements of income. See note 2(p) and note 4.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

The Company participates in securities lending with broker-dealers and other financial institutions. The Company requires, at the initiation of the agreement, minimum collateral on securities loaned equal to 102% of the fair value of the loaned securities. The Company had $353.7 million and $867.1 million of investments held as collateral with a third party at December 31, 2008 and 2007, respectively. The Company does not have the right to sell or pledge this collateral and it is not recorded on the accompanying combined balance sheets.

Interest income on fixed maturity investments is recorded when earned using an effective-yield method, which gives consideration to amortization of premiums and accretion of discounts. Dividend income on equity securities is recorded when declared. These amounts are included in net investment income in the accompanying combined statements of income.

Included within the fixed maturity investments are loan-backed and asset-backed securities. Amortization of the premium or accretion of the discount uses the retrospective method. The effective yield used to determine amortization/accretion is calculated based on actual and historical projected future cash flows, which are obtained from a widely accepted data provider and updated quarterly.

(c) Derivatives

Derivative instruments are stated at fair value based on market prices. Gains and losses arising from forward contracts are a component of realized gains and losses in the accompanying combined statements of income.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market instruments, and all other highly liquid investments purchased with an original or remaining maturity of three months or less at the date of acquisition.

(e) Deferred Policy Acquisition Costs (DAC)

The costs of acquiring new business are deferred to the extent that they vary with and are primarily related to the acquisition of such new business. These costs mainly include commissions and policy issue expenses. The recovery of such costs is dependent on the future profitability of the related policies, which, in turn, is dependent principally upon investment returns, mortality, persistency and the expense of administering the business, as well as upon certain economic variables, such as inflation. Deferred policy acquisition costs are subject to annual recoverability testing and when impairment indicators exist. We make certain assumptions regarding persistency, expenses, interest rates and claims. U.S. GAAP requires that assumptions for these types of products not be modified (or "unlocked") unless recoverability testing deems them to be inadequate. Assumptions are updated for new business to reflect the most recent experience. Deferrable insurance policy acquisition costs are amortized over the premium-paying period of the related policies in proportion to annual premium income. Acquisition costs for Canadian segregated funds are amortized over the life of the policies in relation to estimated gross profits before amortization. Due to the inherent uncertainties in making assumptions about future events, materially different experience from expected results in persistency or mortality could result in a material increase or decrease of deferred acquisition cost amortization in a particular period.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

(f) Goodwill

Goodwill represents an acquired company's acquisition cost over the fair value of the net tangible and intangible assets acquired. Goodwill is subject to annual impairment tests or periodic testing if circumstances indicate impairment may have occurred. Goodwill is allocated to the Company's reporting units and an impairment is deemed to exist if the carrying value of a reporting unit exceeds its estimated fair value. In performing a goodwill review, we are required to make an assessment of fair value of goodwill and other indefinite lived intangible assets. When determining fair value, we utilize various assumptions, including projections of future cash flows and discount rates. See footnote 11.

(g) Intangible Assets

Intangible assets are amortized over their estimated useful lives. Upon the adoption of SFAS No. 142,*Goodwill and other Intangible Assets*, any intangible asset that was deemed to have an indefinite useful life is not amortized but is subject to an annual impairment test. An impairment exists if the carrying value of the indefinite-lived intangible asset exceeds its fair value. For the other intangible assets, which are subject to amortization, an impairment is recognized if the carrying amount is not recoverable and exceeds the fair value of the intangible asset.

(h) Property, Plant, and Equipment

Equipment and leasehold improvements, which are included in other assets, are stated at cost, less accumulated depreciation and amortization. Leasehold improvements are amortized over the remaining life of the lease. Computer hardware, software, and other equipment are depreciated over three to five years. Furniture is depreciated over seven years.

The following table summarizes the Company's equipment and leasehold improvements (in thousands):

	2008	2007
Leasehold improvements	$ 13,886	14,160
Data processing equipment and software	49,439	60,644
Other, principally furniture and equipment	21,155	22,555
	84,480	97,359
Accumulated depreciation	(69,320)	(76,392)
Net property, plant, and equipment	$ 15,160	20,967

Depreciation expense was $8.4 million, $8.8 million, and $7.4 million for the years ended December 31, 2008, 2007 and 2006, respectively. These amounts are included in other operating expenses in the accompanying combined statements of income.

(i) Commissions and Fees

The Company receives commission revenues from the sale of various non-life insurance products on a monthly basis. Commissions are received primarily on sales of mutual funds, variable annuities, and loans. The Company primarily receives trail commission revenues from its mutual fund and variable annuity products on a monthly basis based on the daily net asset value of shares sold by the Company. The Company, in turn, pays certain commissions to its sales force. The Company also receives

marketing and support fees from product originators. Historically, the Company earned monthly concessions from the sale of certain mutual fund shares. This agreement ended in 2008. The Company also receives management fees based on the average daily net asset value of contracts related to separate account assets issued by PLICC.

The Company also capitalizes commissions paid to sales representatives for sales of Class B mutual fund shares managed by Legg Mason Investor Services, LLC (LMIC). This asset is amortized over the same period as it is recovered. Recovery occurs within up to ninety-six months through 12B-1 distributor fees (based on daily average asset values) and contingent deferred sales charge (CDSC) fees, a back-end sales load charged on a declining scale over five years. These fees are charged to the mutual fund shareholders. The Company periodically reviews this asset for impairment in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*.

The Company earns recordkeeping fees for administrative functions that the Company performs on behalf of several of our mutual fund providers and custodial fees for services performed as a non-bank custodian of our client's retirement plan accounts. These fees are recognized as income during the period in which they are earned.

The Company also receives recordkeeping fees monthly from mutual fund accounts on its servicing platform and in turn pays a third party provider for its servicing of certain of these accounts.

(j) Separate Accounts

The separate accounts are primarily comprised of contracts issued by the Company through its subsidiary, PLICC, pursuant to the Insurance Companies Act (Canada) (the ICA). The ICA authorizes PLICC to establish the separate accounts.

The separate accounts are represented by individual variable insurance contracts. Purchasers of variable insurance contracts issued by PLICC have a direct claim to the benefits of the contract that entitles the holder to units in one or more investment funds (the Funds) maintained by PLICC. The Funds invest in assets that are held for the benefit of the owners of the contracts. The benefits provided vary in amount depending on the market value of the Funds' assets. The Funds' assets are administered by PLICC and are held separate and apart from the general assets of the Company.

The liabilities reflect the variable insurance contract holders' interests in variable insurance assets based upon actual investment performance of the respective Funds. Separate account operating results relating to contract holders' interests are excluded from the Company's combined statements of income.

The Company's contract offerings guarantee the maturity value at the date of maturity (or upon death, whichever occurs first), to be equal to 75% of the sum of all contributions made, net of withdrawals, on a "first-in first-out" basis. Otherwise, the maturity value or death benefit will be the accumulated value of units allocated to the contract at the specified valuation date. The amount of this value is not guaranteed, but will fluctuate with the fair value of the Funds.

(k) Policyholder Liabilities, Premium Revenues, and Benefits Expense

Traditional life insurance products consist principally of those products with fixed and guaranteed premiums and benefits, and are primarily related to term products. Premiums are recognized as revenues when due. Future policy benefits are accrued over the current and expected renewal periods of the contracts.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

Liabilities for future policy benefits on traditional life insurance products have been computed using a net level method, including assumptions as to investment yields, mortality, persistency, and other assumptions based on the Company's experience, modified as necessary to reflect anticipated trends and to include provisions for possible adverse deviation. The underlying mortality tables are the Society of Actuaries (SOA) 65-70, SOA 75-80, SOA 85-90, and the 91 Bragg, modified to reflect various underwriting classifications and assumptions. Investment yield reserve assumptions at December 31, 2008 and 2007 range from approximately 5.0% to 7.0%. The liability for future policy benefits and claims on traditional life, health, and credit insurance products includes estimated unpaid claims that have been reported to the Company and claims incurred but not yet reported. Policy claims are charged to expense in the period in which the claims are incurred. The liability for products covered under SFAS No. 97 is the account value.

The reserves we establish are necessarily based on estimates, assumptions and our analysis of historical experience. Our results depend significantly upon the extent to which our actual claims experience is consistent with the assumptions we used in determining our reserves and pricing our products. Our reserve assumptions and estimates require significant judgment and, therefore, are inherently uncertain. We cannot determine with precision the ultimate amounts that we will pay for actual claims or the timing of those payments.

(l) Other Policyholders' Funds

Other policyholders' funds primarily represent claim payments left on deposit with the Company.

(m) Reinsurance

The Company uses reinsurance extensively, utilizing yearly renewable term and coinsurance agreements. Under yearly renewable term agreements, the Company reinsures only the mortality risk, while under coinsurance, the Company reinsures a proportionate part of all risks arising under the reinsured policy. Under coinsurance, the reinsurer receives a proportionate part of the premiums, less commission allowances, and is liable for a corresponding part of all benefit payments.

The Company accounts for reinsurance under the provisions of SFAS No. 113,*Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts*. The methodology for accounting for the impact of reinsurance on the Company's life insurance and annuity products is determined by whether the specific products are subject to SFAS No. 60 or SFAS No. 97. The Company does not have any SFAS No. 97 products that use reinsurance. All reinsurance contracts in effect for 2008 and 2007 meet the risk transfer provisions of SFAS No. 113 or are accounted for under the deposit method of accounting.

Ceded premiums are treated as a reduction to direct premiums and are recognized when due to the assuming company. Ceded claims are treated as a reduction to direct benefits and are recognized when the claim is incurred on a direct basis. Ceded policy reserve changes are also treated as a reduction to benefits expense and are recognized during the applicable financial reporting period.

Reinsurance premiums, commissions, expense reimbursements, benefits, and reserves related to reinsured long-duration contracts are accounted for over the life of the underlying contracts using assumptions consistent with those used to account for the underlying policies. Amounts recoverable from reinsurers, for both short- and long-duration reinsurance arrangements, are estimated in a manner consistent with the claim liabilities and policy benefits associated with reinsured policies.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

Ceded policy reserves and claims liabilities relating to insurance ceded are shown as due from reinsurers on the accompanying combined balance sheets.

The Company analyzes and monitors the credit-worthiness of each of its reinsurance partners to minimize collection issues. For reinsurance contracts with unauthorized reinsurers, the Company requires collateral such as letters of credit.

(n) Federal Income Taxes

The Company's federal income tax return is consolidated into the Parent's federal income tax return. The method of allocation between companies is pursuant to a written agreement. Allocation is based upon separate return calculations with credit for net losses as utilized. Allocations are calculated and settled quarterly.

The Company is subject to the income tax laws of the United States, its states and municipalities, and those of Canada. These tax laws are complex and subject to different interpretations by the taxpayer and the relevant governmental taxing authorities. In establishing a provision for income tax expense, the Company must make judgments and interpretations about the applicability of these inherently complex tax laws. The Company also must make estimates about when in the future certain items will affect taxable income in the various tax jurisdictions, both domestic and foreign.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are recognized subject to management's judgment that realization is more likely than not applicable to the periods in which the Company expects the temporary difference will reverse.

(o) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars using year-end spot foreign exchange rates. Revenues and expenses are translated monthly at amounts that approximate weighted average exchange rates, with resulting gains and losses included in stockholder's equity. Hedges of foreign currency exposures include currency swap and forward contracts.

(p) Accounting Changes

Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts

The Company adopted the American Institute of Certified Public Accountants' Statement of Position 05-1,*Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts* (SOP 05-1), effective January 1, 2007. SOP 05-1 provides accounting guidance on internal replacements of insurance contracts and investment contracts other than those specifically described in SFAS No. 97. In accordance with SOP 05-1, the Company treats reinstatements as new issues. The adoption of SOP 05-1 resulted in an increase to 2007 opening retained earnings of $19.7 million after tax.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

Accounting for Uncertainty in Income Taxes

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, (FIN 48), which sets out a consistent framework for preparers to use to determine the appropriate level of tax reserves to maintain for uncertain tax positions. This interpretation of SFAS No. 109, *Accounting for Income Taxes*, uses a two-step approach wherein a tax benefit is recognized if a position is more likely than not to be sustained. The amount of the benefit is then measured to be the highest tax benefit that has a greater than 50% likelihood of being realized. FIN 48 also sets out disclosure requirements to enhance transparency of an entity's tax reserves. The Company adopted FIN 48 as of January 1, 2007. The adoption resulted in a reduction to 2007 opening retained earnings of $9.5 million. See additional information in note 12.

Fair Value Measurements

The Company elected to early adopt SFAS No. 157, *Fair Value Measurements*, as of January 1, 2007. SFAS No. 157 defines fair value, expands disclosure requirements around fair value, and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets. Level 1 primarily consists of financial instruments whose value is based on quoted market prices in active markets, such as exchange-traded common stocks and actively traded mutual fund investments.
- Level 2 — Quoted prices for *similar* instruments in active markets: quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 includes those financial instruments that are valued using industry-standard pricing methodologies, models or other valuation methodologies. These models are primarily industry-standard models that consider various inputs, such as interest rate, credit spread and foreign exchange rates for the underlying financial instruments. All significant inputs are observable, or derived from observable information in the marketplace or are supported by observable levels at which transactions are executed in the marketplace. Financial instruments in this category primarily include; certain public and private corporate fixed maturity and equity securities; government or agency securities; certain mortgage-backed and asset-backed securities and certain non-exchange-traded derivatives, such as currency swaps and forwards.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Level 3 is comprised of financial instruments whose fair value is estimated based on industry-standard pricing methodologies and models using significant inputs not based on, nor corroborated by, readily available market information. In limited instances, this category may also use nonbinding broker quotes. This category primarily consists of non-agency mortgage-backed securities and certain less liquid fixed maturity corporate securities.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. See additional information in note 4.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

Fair Value Option

In conjunction with the adoption of SFAS No. 157, the Company early adopted SFAS No. 159, as of January 1, 2007. SFAS No. 159 provides an option on an instrument-by-instrument basis for most financial assets and liabilities to be reported at fair value with changes in fair value reported in earnings. After the initial adoption, the election is made at the acquisition of a financial asset, financial liability, or a firm commitment and it may not be revoked. SFAS No. 159 provides an opportunity to mitigate volatility in reported earnings that resulted, prior to its adoption, from being required to apply fair value accounting to certain economic hedges (e.g., derivatives) while having to measure the assets and liabilities being economically hedged using an accounting method other than fair value.

Under the SFAS No. 159 transition provisions, the Company elected to apply fair value accounting to certain financial instruments held at January 1, 2007, with future changes in value reported in earnings. The adoption of SFAS No. 159 resulted in a reclass from accumulated other comprehensive income to retained earnings at January 1, 2007, of $0.4 million. See additional information in note 4.

Determining Fair Value in Inactive Markets

In October 2008, the FASB issued FASB Staff Position (FSP) FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active*. The FSP clarifies that companies can use internal assumptions to determine the fair value of a financial asset when markets are inactive, and do not necessarily have to rely on broker quotes. The FSP confirms a joint statement by the FASB and the Securities and Exchange Commission (SEC) in which they stated that companies can use internal assumptions when relevant market information does not exist and provides an example of how to determine the fair value for a financial asset in a nonactive market. The FASB emphasized that the FSP is not new guidance, but rather clarifies the principles in SFAS No. 157.

Revisions resulting from a change in the valuation technique or its application should be accounted for prospectively as a change in accounting estimate. The FSP was effective upon issuance and did not have a material impact on the accompanying combined financial statements.

On October 14, 2008, the SEC issued a letter to the FASB addressing questions regarding declines in the fair value of perpetual preferred securities, which have both debt and equity like characteristics. The SEC concluded it is permissible to use an other-than-temporary impairment model that uses debt-like characteristics of perpetual securities provided there has been no evidence of deterioration of credit (for example, a downgrade of the rating of the security below investment grade).

The Company has implemented the SEC letter's guidance and it did not have a material impact on the accompanying combined financial statements.

Measurement of Impairment for Certain Securities

In January 2009, the FASB issued FSP Emerging Issues Task Force (EITF) 99-20-1, *Amendments to the Impairment Guidance of EITF Issue No. 99-20*, to achieve more consistent determinations of whether other-than-temporary impairments of available-for-sale debt securities have occurred.

This FSP aligns the impairment model of EITF Issue No. 99-20, *Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets* with that of SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. SFAS No. 115 requires entities to assess whether it is probable that the holder will be unable to collect all amounts due

according to the contractual terms. The FSP eliminates the requirement to consider market participants' views of cash flows of a security in determining whether or not impairment has occurred.

The FSP was effective for interim and annual reporting periods ending after December 15, 2008 and applied prospectively. The impact of adopting this FSP was not material to the accompanying combined financial statements.

(q) Future Application of Accounting Standards

Business Combinations

In December 2007, the FASB issued SFAS No. 141 (revised) (SFAS No. 141(R)),*Business Combinations*, which is designed to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. The Statement replaces SFAS No. 141, *Business Combinations.* SFAS No. 141(R) retains the fundamental requirements in SFAS No. 141 that the acquisition method of accounting (which SFAS No. 141 called the purchase method) be used for all business combinations. SFAS No. 141(R) also retains the guidance in SFAS No. 141 for identifying and recognizing intangible assets separately from goodwill. The most significant changes in SFAS No. 141(R) are: (1) acquisition costs and restructuring costs will now be expensed; (2) stock consideration will be measured based on the quoted market price as of the acquisition date instead of the date the deal is announced; and (3) the acquirer will record a 100% step-up to fair value for all assets and liabilities, including the noncontrolling interest portion, and goodwill is recorded as if a 100% interest was acquired.

SFAS No. 141(R) is effective for the Company on January 1, 2009, and is applied prospectively.

Additional Disclosures for Derivative Instruments

On January 1, 2009, the Company adopted SFAS No. 161,*Disclosures about Derivative Instruments and Hedging Activities, an amendment of Statement No. 133*. The standard requires enhanced disclosures about derivative instruments and hedged items that are accounted for under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* and related interpretations. No comparative information for periods prior to the effective date is required. SFAS No. 161 will have no impact on how the Company accounts for these instruments.

Measurement of Fair Value in Inactive Markets

In April 2009, the FASB issued FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. The FSP reaffirms that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The FSP also reaffirms the need to use judgment in determining if a formerly active market has become inactive. The adoption of the FSP will have no effect on the Company's combined financial statements.

Interim Disclosures about Fair Value of Financial Instruments

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*. This FSP requires disclosing qualitative and quantitative information about the fair value of all financial instruments on a quarterly basis, including methods and significant

assumptions used to estimate fair value during the period. These disclosures were previously only done annually. The disclosures required by this FSP are effective for the period ended June 30, 2009. This FSP will have no effect on how the Company accounts for these instruments.

Other-Than-Temporary Impairments on Investment Securities

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*, which amends the recognition guidance for other-than-temporary impairments (OTTI) of debt securities and expands the financial statement disclosures for OTTI on debt and equity securities. The Company adopted the FSP in the first quarter of 2009.

As a result of the FSP, available-for-sale debt securities that management has no intent to sell and believes that it more likely than not will not be required to be sold prior to recovery, only the credit loss component of the impairment is recognized in earnings, while the rest of the impairment is recognized in accumulated other comprehensive income. The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the security. The cumulative effect of the change will include an increase in the opening balance of retained earnings at January 1, 2009 of $11.2 million on a pre-tax basis ($7.3 million after-tax).

Elimination of QSPE's and Changes in the Consolidation Model for Variable Interest Entities

In June 2009, the FASB issued SFAS No. 166,*Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140*(SFAS No. 166). SFAS No. 166 will require entities to provide additional information about sales of securitized financial assets and similar transactions, particularly if the seller retains some risk exposure to the assets. This Statement also eliminates the concept of qualifying special purpose entities (QSPEs), changes the requirements for the derecognition of financial assets, and calls upon sellers of the assets to make additional disclosures about them. This Statement is effective for interim or annual reporting periods ending after November 15, 2009. The adoption of the Statement will have no effect on the Company's combined financial statements.

In June 2009, the FASB issued SFAS No. 167,*Amendments to FASB Interpretation No. 46(R)* (SFAS No. 167). SFAS No. 167 amends FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities* (FIN No. 46(R)), by altering how a company determines when an entity that is insufficiently capitalized or not controlled through voting should be consolidated. A company has to determine whether or not it should provide consolidated reporting of an entity based upon the entity's purpose and design and the parent company's ability to direct the entity's actions. The Statement is effective for interim or annual reporting periods ending after November 15, 2009. The adoption of the Statement will have no effect on the Company's combined financial statements.

FASB Launches Accounting Standards Codification

The FASB has issued SFAS No. 168,*The* FASB Accounting Standards Codification™ *and the Hierarchy of Generally Accepted Accounting Principles* (SFAS No. 168). SFAS No. 168 establishes the FASB Accounting Standards Codification (Codification or ASC) as the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretative releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification will become non-authoritative.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

Following the Codification, the Board will not issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification.

GAAP is not intended to be changed as a result of the FASB's Codification project, but it will change the way the guidance is organized and presented. As a result, these changes will have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009. In future financial statements, the Company will provide references to the Codification topics.

Other new pronouncements not discussed are not applicable to the Company.

(3) Segment Information

The Company has two primary operating segments — Term Life Insurance and Investment and Savings Products. Term Life Insurance includes term life insurance products in North America that the Company originates through three life insurance company subsidiaries, PLIC, NBL, and PLICC. Investment and Savings Products includes mutual funds and variable annuities distributed through licensed broker-dealer subsidiaries and includes segregated funds, an individual annuity savings product that the Company underwrites in Canada through PLICC. In the U.S., the Company distributes mutual fund products of several third party mutual fund companies and variable annuity products of MetLife, Inc., and its affiliates. In the U.S., the Company also earns fees for account servicing on a subset of the mutual funds it distributes. In Canada, the Company also offers a Primerica-branded fund-of-funds mutual fund product, as well as mutual funds of well known mutual fund companies.

These two operating segments are managed separately because they serve different needs of the Company's clients by the nature of the products, term life insurance protection versus wealth-building savings products.

The Company also has a Corporate and Other Distributed Products segment, which consists primarily of revenues and expenses related to the distribution of non-core products, including loans, various insurance products other than core term-life insurance products, and prepaid legal services. With the exception of certain life and disability insurance products, which the Company underwrites, these products are distributed pursuant to distribution arrangements with third parties. In addition, the Company's Corporate and Other Distributed Products segment includes unallocated corporate income and expenses, as well as administrative and sales force expenses that are not allocated to the Company's Term Life Insurance or Investment and Savings Products segments and realized gains and losses on the Company's investment portfolio.

The Company allocates certain operating expenses associated with the Company's sales force, including supervision, training and legal to the two primary operating segments generally based on the average number of licensed representatives in each segment for a given period. The Company also allocates technology and occupancy costs based on usage. Costs that are not allocated to the two primary segments are included in the Corporate and Other Distributed Products segment.

The Company measures income and loss for the segments, on an income before income taxes basis.

The Company allocates invested assets to the Term Life Insurance segment based on the invested assets required to achieve a targeted Risk Based Capital (RBC) ratio for its insurance subsidiaries, with any excess invested assets allocated to Corporate and Other Distributed Products. Net investment income is allocated in the same manner as invested assets.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

DAC is presented in each of the segments depending on the product to which it relates.

Separate account assets supporting the Segregated Funds product in Canada are held in the Investment and Savings Product Segment. Excluding separate account assets, the Investment and Savings Products segment has assets of $91.1 million and $110.5 million as of December 31, 2008 and 2007, respectively. Other assets specifically related to Term Life Insurance are held in that segment, with the majority of the remainder allocated to Corporate and Other Distributed Products.

The following table presents certain information regarding the Company's operations by segment:

	December 31		
	2008	2007	2006
	(In thousands)		
Revenues:			
Term life insurance	$ 1,682,852	$ 1,654,895	$ 1,584,866
Investment and savings products	386,508	439,945	383,397
Corporate and other distributed products	127,584	295,498	285,801
Total	$ 2,196,944	$ 2,390,338	$ 2,254,064
Income (loss) before income taxes:			
Term life insurance	$ 521,649	$ 693,439	$ 675,130
Investment and savings products	125,163	152,386	132,208
Corporate and other distributed products	(293,776)	67,347	70,858
Total income before income taxes	$ 353,036	$ 913,172	$ 878,196
Assets:			
Term life insurance	$ 8,534,143	$ 7,968,853	$ 7,523,093
Investment and savings products	1,653,504	2,157,059	1,488,480
Corporate and other distributed products	973,486	2,050,137	2,084,594
Total	$ 11,161,133	$ 12,176,049	$ 11,096,167

Although the Company does not view the business in terms of geographic segmentation, the following geographic statistics are provided. The Company's operations in Canada accounted for 15%, 13% and 12% of the Company's total revenues for the years ended December 31, 2008, 2007 and 2006, respectively. Canada's income before income taxes accounted for 38%, 13%, and 12% of the Company's income before income taxes for the years ended December 31, 2008, 2007, and 2006, respectively. Canada's 2008 income before income taxes was a higher percentage of the Company's income before income taxes due to other-than-temporary impairments on investment securities, goodwill impairment and a change in the method of DAC and FPB that affected the Company's domestic operations to a greater degree than Canada. Canadian operations made up 21%, 24%, and 19% of total assets at December 31, 2008, 2007, and 2006, respectively. The majority of the Canadian assets are the separate accounts, discussed in notes 2(j) and 8. Excluding those, the operations of Canada made up 8%, 8%, and 7% of total assets at December 31, 2008, 2007, and 2006, respectively.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

(4) Investments

At December 31, 2008 and 2007, the cost or amortized cost, gross unrealized gains and losses, and estimated fair value of the Company's fixed maturity and equity securities available-for-sale were as follows:

	2008			
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(In thousands)			
Securities available-for-sale, carried at fair value:				
Fixed maturities:				
U.S. government and agencies	$ 33,234	$ 1,630	$ (968)	$ 33,896
Foreign government	219,774	4,592	(12,633)	211,733
States and political subdivisions	9,641	574	(137)	10,078
Corporates	3,345,426	36,478	(405,724)	2,976,180
Mortgage- and asset-backed securities	2,191,974	49,583	(193,439)	2,048,118
Total fixed maturities	5,800,049	92,857	(612,901)	5,280,005
Equities	41,574	1,792	(7,311)	36,055
Total fixed maturities and equities	$ 5,841,623	$ 94,649	$ (620,212)	$ 5,316,060

	2007			
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(In thousands)			
Securities available-for-sale, carried at fair value:				
Fixed maturities:				
U.S. government and agencies	$ 62,332	$ 779	$ —	$ 63,111
Foreign government	141,053	27,939	(25)	168,967
States and political subdivisions	31,460	5,589	(16)	37,033
Corporates	2,652,965	65,813	(64,293)	2,654,485
Mortgage- and asset-backed securities	2,444,423	36,002	(20,194)	2,460,231
Total fixed maturities	5,332,233	136,122	(84,528)	5,383,827
Equities	53,192	2,900	(2,640)	53,452
Total fixed maturities and equities	$ 5,385,425	$ 139,022	$ (87,168)	$ 5,437,279

At December 31, 2008 and 2007, $3,698.7 million and $2,630.2 million cost of investments in equity and fixed income securities exceeded their fair value by $620.2 million and $87.2 million, respectively.

Of the total unrealized losses, the gross unrealized loss on equity securities was $7.3 million and $2.6 million at December 31, 2008 and 2007, respectively. The cost of the equity securities with unrealized losses was $23.4 million and $21.1 million at December 31, 2008 and 2007, respectively.

Of the remainder, $2,341.0 million and $1,194.9 million at December 31, 2008 and 2007, respectively, represents fixed-income investments that have been in a gross unrealized loss position for less than a year and, of these, 94% and 88% at December 31, 2008 and 2007, respectively, were rated investment grade; $1,334.3 million and $1,414.2 million at December 31, 2008 and 2007, respectively, represents

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

fixed-income investments that have been in a gross unrealized loss position for a year or more and, of these, 87% and 94% at December 31, 2008 and 2007, respectively, were rated investment grade.

At December 31, 2008 and 2007, the available-for-sale mortgage-backed securities portfolio had a fair value of $2,048.1 million and $2,460.2 million, respectively, and consisted of $55.5 million and $77.7 million, respectively, of securities backed by mortgages that are Alt-A or subprime.

The increase in gross unrealized losses on mortgage-backed securities in 2008 as compared to 2007 was primarily related to a widening of market spreads, primarily driven by credit concerns. The increase in gross unrealized losses on corporates in 2008 as compared to 2007 was also due to a widening of market spreads primarily driven by credit concerns, which began in the third quarter of 2008.

As discussed in more detail below, the Company conducts and documents periodic reviews of securities with unrealized losses to evaluate whether the impairment is other-than-temporary. Any unrealized loss identified as other-than-temporary is recorded directly in the accompanying combined statements of income.

The following tables summarize, for all securities in an unrealized loss position at December 31, 2008 and 2007, the aggregate fair value and the gross unrealized loss by length of time such securities have continuously been in an unrealized loss position:

	2008					
	Less than 12 months			12 months or longer		
	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
	(In thousands)					
Fixed maturities:						
U.S. government and agencies	$ 4,123	(968)	2	$ —	—	—
Foreign government	98,203	(8,320)	69	10,687	(4,313)	2
States and political subdivisions	158	(31)	1	467	(106)	1
Corporates	1,481,758	(194,462)	1,169	658,466	(211,262)	502
Mortgage- and asset-backed securities	473,693	(79,235)	231	334,827	(114,204)	175
Total fixed maturities	2,057,935	(283,016)		1,004,447	(329,885)	
Equities	12,286	(5,147)	346	3,858	(2,164)	236
Total fixed maturities and equities	$ 2,070,221	(288,163)		$ 1,008,305	(332,049)	

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

	2007					
	Less than 12 months			12 months or longer		
	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
	(In thousands)					
Fixed maturities:						
U.S. government and agencies	$ —	—	—	$ —	—	—
Foreign government	1,552	(25)	1	—	—	—
States and political subdivisions	—	—	—	564	(16)	1
Corporates	802,348	(28,994)	404	630,964	(35,299)	232
Mortgage- and asset-backed securities	354,959	(7,046)	115	734,179	(13,148)	193
Total fixed maturities	1,158,859	(36,065)		1,365,707	(48,463)	
Equities	16,240	(2,518)	31	2,244	(122)	3
Total fixed maturities and equities	$ 1,175,099	(38,583)		$ 1,367,951	(48,585)	

The scheduled maturity distribution of the available-for-sale fixed maturity portfolio at December 31, 2008 follows. Expected maturities may differ from scheduled contractual maturities because issuers of securities may have the right to call or prepay obligations with or without call or prepayment penalties.

	Cost or amortized cost	Estimated fair value
	(In thousands)	
Due in one year or less	$ 402,043	$ 394,525
Due after one year through five years	1,528,795	1,407,204
Due after five years through ten years	1,228,833	1,097,406
Due after ten years	448,404	332,752
	3,608,075	3,231,887
Mortgage- and asset-backed securities	2,191,974	2,048,118
Total	$ 5,800,049	$ 5,280,005

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

The net effect on stockholder's equity of unrealized gains and losses from investment securities at December 31 was as follows:

	2008	2007
	(In thousands)	
Net unrealized investment (losses) gains including foreign currency translation adjustment	$(525,563)	$ 51,854
Less foreign currency translation adjustment	40,390	(58,753)
Net unrealized investment (losses) gains excluding foreign currency translation adjustment	(485,173)	(6,899)
Less deferred income taxes	170,080	2,776
Net unrealized investment (losses) gains excluding foreign currency translation adjustment, net of tax	$(315,093)	$ (4,123)

Trading Portfolio

At December 31, 2008 and 2007, the Company had an additional $11.1 million and $26.2 million, respectively, of fixed maturities classified as trading securities. Included in net investment income for the years ended December 31, 2008 and 2007 were trading portfolio losses of $1.0 million and $0.2 million, respectively. Of the amount included in net investment income for the years ended December 31, 2008, 2007 and 2006, the Company had trading investment income (losses) from fixed maturities still owned of $(2.7) million, $(0.3) million and $0.7 million, respectively.

Assets on Deposit

As required by law, the Company has investments on deposit with governmental authorities and banks for the protection of policyholders with a fair value of $18.6 million and $18.0 million at December 31, 2008 and 2007, respectively.

Derivatives

The Company held a number of foreign currency swap contracts with an aggregate fair value of $(1.9 million) and $(2.6 million) at December 31, 2008 and 2007, respectively. The maturity of each of these contracts varies, with maturity dates ranging from October 2009 to May 2015. The Company uses foreign currency swaps to reduce the Company's foreign exchange risk due to exposure to foreign exchange rates that results from direct foreign currency investments.

The Company held a number of foreign currency forward contracts with an aggregate fair value of $0.5 million at December 31, 2008, $(0.2 million) at December 31, 2007. The maturity of each of these contracts varies, with no maturity date extending beyond March 2009. Forward contracts are used on an ongoing basis to reduce the Company's exposure to foreign exchange rates that result from direct foreign currency investments.

The notional balance of the Company's derivatives were $25.9 million and $21.7 million at December 31, 2008 and 2007, respectively.

The Company has a deferred loss of $26.4 million related to closed forward contracts that were used to hedge the Company's exposure to foreign currency exchange rates that resulted from the net investment in the Company's Canadian operations. This amount is included in accumulated other comprehensive income.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

Investment Income

For the years ended December 31, 2008, 2007 and 2006, the sources of investment income of the Company were as follows:

	2008	2007	2006
		(In thousands)	
Bonds	$ 311,442	$ 325,661	$ 314,364
Preferred and common stock	(2,789)	247	5,455
Policy loans	1,773	2,079	2,200
Cash equivalents	16,248	13,519	9,835
Other	1,468	2,007	1,670
Total investment income	328,142	343,513	333,524
Investment expenses	14,107	14,904	14,671
Net investment income	$ 314,035	$ 328,609	$ 318,853

For the years ended December 31, 2008, 2007 and 2006, proceeds and gross realized investment gains and losses resulting from sales or other redemptions of investment securities were as follows:

	2008	2007	2006
		(In thousands)	
Proceeds from sales or other redemptions	$ 1,453,956	$ 1,616,424	$ 1,090,041
Gross realized:			
Gains from sales	$ 12,933	$ 15,173	$ 17,263
Losses from sales	(2,546)	(1,110)	(5,391)
Losses from other-than-temporary impairments	(114,022)	(6,334)	(2,178)
Gains (losses) from hedging	155	(1,202)	(948)
Net realized investment (losses) gains	$ (103,480)	$ 6,527	$ 8,746

The amount of gross realized investment gains (losses) that were reclassified from accumulated other comprehensive income was $(103.6) million, $7.7 million and $9.7 million at December 31, 2008, 2007 and 2006, respectively.

Other-Than-Temporary Impairment

Bonds with a book value of $12.9 million, $0.5 million and $11.0 million and a fair value of $12.8 million, $1.2 million, $12.9 million were in default at December 31, 2008, 2007 and 2006, respectively. Impairments on those securities totaling $37.8 million, $0.1 million and $1.7 million were recognized as realized losses in the accompanying combined statements of income for 2008, 2007 and 2006, respectively.

Impairments recognized in the accompanying combined statements of income as realized losses on bonds not in default and equity securities totaled $66.5 million, $6.2 million and $0.5 million for bonds at December 31, 2008, 2007 and 2006, respectively, and $9.7, $0.0 and $0.0 for preferred and common stocks, respectively. The bonds were considered to be other-than-temporarily impaired due to adverse credit events, such as news of an impending filing for bankruptcy; analyses of the issuer's most recent financial statements or other information in which liquidity deficiencies, significant losses and large declines in capitalization were evident; and analyses of rating agency information for issuances with severe ratings downgrades that

indicated a significant increase in the possibility of default. Additionally, asset-backed and mortgage-backed securities that were impaired were shown to have a loss based on a combination of a high delinquency rate, default rate, prepayment rate, loss severity (including remaining subordination, if any) and expectations about future performance.

Management has determined that the unrealized losses on the Company's investments in fixed maturity and equity securities at December 31, 2008 are temporary in nature. The Company conducts a review each quarter to identify and evaluate impaired investments that have indications of possible other-than-temporary impairment. An investment in a debt or equity security is impaired if its fair value falls below its cost. Factors considered in determining whether a loss is temporary include the length of time and extent to which fair value has been below cost, the financial condition and near-term prospects for the issue, and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery, which may be maturity. The Company's review for other-than-temporary impairment generally entails:

- Analysis of individual investments that have fair values less than a pre-defined percentage of amortized cost, including consideration of the length of time the investment has been in an unrealized loss position;
- Analysis of corporate bonds by reviewing the issuer's most recent performance to date, including analyst reviews, analyst outlooks and rating agency information;
- Analysis of commercial mortgage-backed bonds based on the risk assessment of each security including performance to date, credit enhancement, risk analytics and outlook, underlying collateral, loss projections, rating agency information and available third party reviews and analytics;
- Analysis of residential mortgage-back bonds based on loss projections provided by models compared to current credit enhancement levels;
- Analysis of the Company's other investments, as required based on the type of investment; and
- Analysis of all downward credit migrations that occurred during the quarter.

Significant levels of estimation and judgment are required to determine the fair value of certain of our investments. The factors influencing these estimations and judgments inherently are subject to change in subsequent reporting periods.

As of December 31, 2008, the unrealized losses on the Company's investment portfolio were largely caused by interest rate sensitivity and changes in credit spreads. We believe that fluctuations caused by interest rate movement has little bearing on the recoverability of our investment. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because the Company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

Fair Value

The Company's estimated fair value and hierarchy classifications at December 31, 2008 are as follows:

	Level 1	Level 2	Level 3	Estimated fair value
		(In thousands)		
Assets:				
Fixed maturities:				
U.S. government and agencies	$ —	$ 33,896	$ —	$ 33,896
Foreign government	—	211,733	—	211,733
States and political subdivisions	—	10,078	—	10,078
Corporates	—	2,963,596	12,584	2,976,180
Mortgage- and asset-backed securities	—	1,322,490	725,628	2,048,118
Total fixed maturity securities	—	4,541,793	738,212	5,280,005
Trading securities	—	11,094	—	11,094
Equity securities	11,685	23,173	1,197	36,055
Separate accounts	—	1,564,111	—	1,564,111
Total assets	$ 11,685	$ 6,140,171	$ 739,409	$ 6,891,265
Liabilities:				
Currency swaps and forwards	$ —	$ 1,420	$ —	$ 1,420
Separate accounts	—	1,564,111	—	1,564,111
Total liabilities	$ —	$ 1,565,531	$ —	$ 1,565,531

The Company's estimated fair value and hierarchy classifications at December 31, 2007 are as follows:

	Level 1	Level 2	Level 3	Estimated fair value
		(In thousands)		
Assets:				
Fixed maturities:				
U.S. government and agencies	$ —	$ 63,111	$ —	$ 63,111
Foreign government	—	168,967	—	168,967
States and political subdivisions	—	37,033	—	37,033
Corporates	—	2,628,221	26,264	2,654,485
Mortgage- and asset-backed securities	—	2,460,231	—	2,460,231
Total fixed maturity securities	—	5,357,563	26,264	5,383,827
Trading securities	—	26,209	—	26,209
Equity securities	15,539	35,983	1,930	53,452
Separate accounts	—	2,048,411	—	2,048,411
Total assets	$ 15,539	$ 7,468,166	$ 28,194	$ 7,511,899
Liabilities:				
Currency swaps and forwards	$ —	$ 2,821	$ —	$ 2,821
Separate accounts	—	2,048,411	—	2,048,411
Total liabilities	$ —	$ 2,051,232	$ —	$ 2,051,232

In assessing fair value of its investments, the Company uses a third party pricing service for more than 95% of its publicly traded securities. The remaining public securities are primarily valued using non-binding

broker quotes. The Company uses an independent asset management service to value its private securities. The asset manager uses a public corporate spread model that calculates a price for the private issues. The pricing is based on public corporate spreads having similar tenors (*e.g.*, sector, average life and quality rating); liquidity and yield based on quality rating, average life and treasury yields. All data inputs come from observable data corroborated by Barclays Capital Live and/or the JP Morgan Global High yield index.

The Company performs internal reasonableness assessments on fair value determinations within its portfolio. If a fair value appears unreasonable, the Company will re-examine the inputs. The Company may challenge a fair value assessment made by the pricing service or the asset management service, but the Company does not generally adjust quotes or prices related to fair value assessments for any of the assets in its portfolio.

Because many fixed income securities do not trade on a daily basis, fair value is determined using industry-standard methodologies by applying available market information through processes such as U.S. Treasury curves, benchmarking of like-securities, sector groupings, quotes from market participants and matrix pricing. Observable information is compiled and integrates relevant credit information, perceived market movements and sector news. Additionally, security prices are periodically back-tested to validate and/or refine models as conditions warrant. Market indicators and industry and economic events are also monitored as triggers to obtain additional data. For certain structured securities with limited trading activity, industry-standard pricing methodologies use adjusted market information, such as index prices or discounting expected future cash flows, to estimate fair value. If these measures are not deemed observable for a particular security, the security will be classified as Level 3 in the fair value hierarchy.

Where specific market information is unavailable for certain securities, pricing models produce estimates of fair value primarily using Level 2 inputs along with certain Level 3 inputs. These models include matrix pricing. The pricing matrix uses current treasury rates and credit spreads received from third party sources to estimate fair value. The credit spreads incorporate the issuer's industry- or issuer-specific credit characteristics and the security's time to maturity, if warranted. Remaining un-priced securities are valued using an estimate of fair value based on indicative market prices that include significant unobservable inputs not based on, nor corroborated by, market information, including the utilization of non-binding broker quotes.

The following table presents changes in the Level 3 fair-value category (in thousands):

December 31, 2006	$ 28,708
Net unrealized through other comprehensive income	434
Transfers in and/or out of Level 3	—
Additions/deductions	(948)
December 31, 2007	28,194
Net unrealized through other comprehensive income	(127,425)
Transfers in and/or out of Level 3	832,922
Additions/deductions	5,718
December 31, 2008	$ 739,409

During 2008, the Company transferred $841.2 million of investment securities from Level 2 to Level 3 as the availability of observable pricing inputs continued to decline due to the current credit crisis. After transfer into Level 3, these securities had a net unrealized loss through other comprehensive income of $125.4 million.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

Detailed below are the December 31, 2006 carrying values prior to the adoption of SFAS No. 159, the transition adjustments booked to opening retained earnings, and the fair values (carrying values at January 1, 2007 after adoption) for the items that were selected for fair value option accounting and that had an impact on retained earnings.

	December 31, 2006 (carrying value prior to adoption)	Cumulative effect adjustment to January 1, 2007 retained earnings gain	January 1, 2007 (carrying value after adoption)
		(In thousands)	
Equity securities	$ 22,005	$ 623	$ 22,005
Pretax cumulative effect of adopting fair value accounting option	—	623	—
After-tax cumulative effect of adopting fair value accounting option	—	405	—

Upon the adoption of SFAS No. 159, the Company elected the fair value option for equity investments that are not in the Russell 3000 Index. At December 31, 2008 and 2007 the balance of SFAS No. 159 securities was $4.6 million and $15.2 million, respectively; and the declines in fair value, reflected in net investment income, for the years ended December 31, 2008 and 2007 was $5.4 million and $3.9 million, respectively.

(5) Financial Instruments

The carrying values and estimated fair values of the Company's financial instruments as of December 31 were as follows:

Financial instruments	2008		2007	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
		(In thousands)		
Assets:				
Fixed maturity securities	$ 5,280,005	$ 5,280,005	$ 5,383,827	$ 5,383,827
Trading securities	11,094	11,094	26,209	26,209
Equity securities	36,055	36,055	53,452	53,452
Policy loans and other invested assets	28,304	28,304	31,007	31,007
Cash and cash equivalents	302,354	302,354	625,350	625,350
Separate accounts	1,564,111	1,564,111	2,048,411	2,048,411
Liabilities:				
Currency swaps and forwards	$ 1,420	$ 1,420	$ 2,821	$ 2,821
Separate accounts	1,564,111	1,564,111	2,048,411	2,048,411

The fair values of financial instruments presented above are estimates of the fair values at a specific point in time using various sources and methods, including market quotations and a complex matrix system that takes into account issuer sector, quality, and spreads in the current marketplace.

The carrying amounts for receivables, accrued investment income, accounts payable, cash collateral and payables for security transactions approximated their fair values due to the short-term nature of these instruments. Consequently, such instruments are not included in the above table. The preceding table also excludes liabilities for future policy benefits and unpaid policy claims as these liabilities are not financial instruments as defined by GAAP.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

Estimated fair values of investments in fixed maturity securities are principally a function of current spreads and interest rates that are primarily provided by a third party vendor. Therefore, the fair values presented are indicative of amounts the Company could realize or settle at the respective balance sheet date. The Company does not necessarily intend to dispose of or liquidate such instruments prior to maturity. Trading securities, which primarily consist of bonds, are carried at fair value. Equity securities, including common and nonredeemable preferred stocks, are carried at fair value. The carrying value of policy loans and other invested assets and cash and cash equivalents approximates fair value. Segregated funds in separate accounts are carried at the underlying value of the variable annuity contracts, which is fair value. Derivative instruments are stated at fair value based on market prices.

(6) Insurance Reserves

In 2008, the Company revised its estimates of DAC and FPB. The revised estimates are based on a policy-by-policy approach rather than on an aggregated basis. Furthermore, under the new estimation method, if policies lapse at a rate other than what was originally assumed, the DAC and FPB are immediately revised, whereas under the previous estimation method, the financial impact of such variances was recorded prospectively over the remaining life of the aggregate block of policies. This change in accounting estimate effected by a change in accounting principle is accounted for prospectively in accordance with SFAS No. 154, *Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20* and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements - an amendment of APB Opinion No. 28* and resulted in the recognition of a net pretax loss of $191.7 million in the accompanying combined statements of income for the year ended December 31, 2008.

(7) Deferred Policy Acquisition Costs

The balances of and changes in DAC as of and for the years ended December 31 are as follows (in thousands):

Balance at December 31, 2005	$ 2,298,131
Capitalization	396,272
Amortization	(284,787)
Foreign exchange and other	(1,172)
Balance at December 31, 2006	2,408,444
SOP 05-1 transition adjustment	(48,108)
Capitalization	425,261
Amortization	(321,060)
Foreign exchange and other	45,508
Balance at December 31, 2007	2,510,045
Capitalization	432,071
Amortization	(144,490)
Foreign exchange and other	(70,204)
Balance at December 31, 2008	$ 2,727,422

Also see note 6 for the change in accounting estimate related to DAC for the year ended December 31, 2008.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

(8) Separate Accounts

The funds consist of a series of six banded investment funds known as the Asset Builder Funds and a money market fund known as the Cash Management Fund. The principal investment objective of each of the Asset Builder Funds is to achieve long-term growth while preserving capital through a diversified portfolio of publicly traded Canadian stocks, investment grade corporate bonds, Government of Canada bonds, and foreign equity investments. The Cash Management Fund invests in government guaranteed short-term bonds and short-term commercial and bank papers, with the principal investment objective being the provision of interest income while maintaining liquidity and preserving capital.

Payments to policyholders under these contract offerings are only due upon death or upon a specific maturity date. Payments are based on the value of the policyholder's units in the portfolio at the payment date, but are guaranteed to be no less than 75% of the policyholder's contribution. Account values are not guaranteed for withdrawn units if policyholders make withdrawals prior to the maturity dates. Maturity dates vary policy-by-policy and range from ten to fifty years from the policy issuance date.

Both the asset and the liability for the separate accounts reflect the value of the underlying assets in the portfolio as of the reporting date. The Company's exposure to losses under the guarantee is limited to policyholder accounts that have declined in value more than 25% since the original funding date and are approaching their maturity dates. Because maturity dates range from ten to fifty years, the likelihood of accounts meeting both of these criteria at any given point is very small. Additionally, the portfolio consists of a very large number of individual contracts, further spreading the risk related to the guarantee being exercised upon death. The length of the contract terms provides significant opportunity for the underlying portfolios to recover any short-term losses prior to maturities or deaths of the policyholders.

The Company periodically assesses the exposure related to these contracts to determine whether any additional liability should be recorded. As of December 31, 2008 and December 31, 2007, there is no additional liability for these contracts.

(9) Reinsurance

Reinsurance ceded arrangements do not discharge the Company as the primary insurer. Ceded balances would represent a liability of the Company in the event the reinsurers were unable to meet their obligations to the Company under the terms of the reinsurance agreements. The Company continues to monitor the consolidation of reinsurers and the concentration of credit risk it has with any reinsurer, as well as the financial condition of the reinsurers. At December 31, 2008 and 2007, the Company had reinsured approximately 64.1% and 62.6% of the face value of life insurance in-force. As of December 31, 2008, approximately 61.7% of the total face amount reinsured was ceded to the following four reinsurers:

- Scor Global Life Reinsurance Companies
- Generali USA Life Reassurance Company
- RGA Reinsurance Company
- Swiss Re Life & Health America Inc.

These reinsurers had a minimum Standard & Poor's rating of A and A.M. Best rating of A- as of December 31, 2008. The Company has not experienced any credit losses for the years ended December 31, 2008, 2007 or 2006 related to these reinsurers. The Company has set a limit on the amount of insurance retained on the life of any one person at $1 million.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

The following table presents the net life insurance in-force as of December 31:

	2008	2007
	(In millions)	
Direct life insurance in-force	$ 640,382	$ 638,203
Amounts assumed from other companies	—	—
Amounts ceded to other companies	(410,881)	(399,656)
Net life insurance in-force	$ 229,501	$ 238,547

The Company has also reinsured accident and health risks representing $0.9 million and $1.2 million of premium income for the years ended December 31, 2007 and 2006, respectively. The reinsurance related to the accident and health risks was terminated in 2008.

In 2008 and 2007, policy reserves and claim liabilities relating to insurance ceded of $838.9 million and $831.9 million, respectively, are included in due from reinsurers on the accompanying combined balance sheets. These amounts include ceded reserve balances and ceded claim liabilities. Should any of the reinsurers be unable to meet their obligation at the time of the claim, the Company would be obligated to pay such claims. The revision of the Company's estimation process for DAC and FPB in 2008 resulted in a decrease in the reinsurance policy reserves of $1.8 million. See note 6.

Included in the amounts listed above, as of December 31, 2008 and 2007, the Company had paid $41.5 million and $44.2 million, respectively, of ceded benefits that are recoverable from reinsurers.

The following table sets forth the amounts attributable to significant reinsurers:

	December 31			
	2008		2007	
	Reinsurance receivable	A.M. Best rating	Reinsurance receivable	A.M. Best rating
	(In millions)			
Swiss Re Life & Health America Inc.	$ 175.5	A	$ 204.2	A+
SCOR Global Life Reinsurance Companies	138.2	A-	136.0	A-
Generali USA Life Reassurance Company	112.1	A	117.5	A
Transamerica Reinsurance Companies	92.9	A	102.4	A+
Munich American Reassurance Company	81.2	A+	79.5	A+
RGA Reinsurance Company	61.8	A+	51.8	A+
Scottish Re Companies	47.6	C-	50.1	B+
The Canada Life Assurance Company	37.4	A+	41.2	A+

Certain reinsurers with which the Company does business receive group ratings. Individually, those reinsurers are Scor Global Life Re Insurance Company of Texas, Scor Global Life U.S. Re Insurance Company, Transamerica Financial Life Insurance Company, Transamerica Life Insurance Company, Scottish Re (U.S.) Inc., and Scottish Re Life Corporation.

As of January 5, 2009, Scottish Re is operating its business in run-off under an Order of Supervision with the Delaware Department of Insurance. Although it is possible that given Scottish Re's financial difficulties the Company may not recover all amounts due, given that they have continued to pay their claims timely and that the Company can pursue novation of the business if necessary, the Company does not believe that it is probable that such a loss will occur. As such, no write-downs have been taken of amounts due from this reinsurer. The Company will continue to monitor Scottish Re and will take appropriate action in the future, if and when that becomes necessary.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

The Company's reinsurance contracts typically do not have a fixed term. In general, the reinsurers' ability to terminate coverage for existing cessions is limited to such circumstances as material breach of contract or nonpayment of premiums by the ceding company. The reinsurance contracts generally contain provisions intended to provide the ceding company with the ability to cede future business on a basis consistent with historical terms. However, either party may terminate any of the contracts with respect to the future business upon appropriate notice to the other party.

Generally, the reinsurance contracts do not limit the overall amount of the loss that can be incurred by the reinsurer. The amount of the liabilities ceded under contract that provide for the payment of experience refunds is immaterial.

(10) Related-Party Transactions

Under an agreement with Citicorp Trust Bank (CTB), a wholly owned subsidiary of the Parent, the Company provides CTB with certain services related to the origination of their consumer loans. Revenues earned in connection with such services were $66.2 million, $87.4 million, and $87.1 million during 2008, 2007, and 2006, respectively, and are included in commissions and fees in the accompanying combined statements of income. At December 31, 2008 and 2007, the Company had receivables of $0.0 million and $0.0 million, respectively, related to these services. These amounts are included in due from affiliates in the accompanying combined balance sheets.

Under an agreement with CitiMortgage, Inc., a wholly owned subsidiary of the Parent, the Company provides CitiMortgage, Inc. with certain services related to the origination of their consumer loans. The revenues earned in connection with such services were $1.5 million and $1.8 million, and $2.3 million during 2008, 2007, and 2006, respectively, and are included in commissions and fees in the accompanying combined statements of income. At December 31, 2008 and 2007, the Company had receivables of $0.1 million related to these services. These amounts are included in due from affiliates in the accompanying combined balance sheets.

Under an agreement with CMFC, Inc., a wholly owned subsidiary of the Parent, the Company provides CMFC, Inc. with certain services related to the origination of their consumer loans. The revenues earned in connection with such services were $0.3 million in 2008, and $0.6 million during 2007 and 2006, and are included in commissions and fees in the accompanying combined statements of income. At December 31, 2008 and 2007, the Company had receivables of $0.1 million related to these services. These amounts are included in due from affiliates in the accompanying combined balance sheets.

Under an agreement with Citibank, N.A., a wholly owned subsidiary of the Parent, the Company provides Citibank, N.A. with certain services related to the origination of their personal unsecured loans. The revenues earned in connection with such services were $1.5 million, $2.0 million, and $0.6 million during 2008, 2007, and 2006, respectively, and are included in commissions and fees in the accompanying combined statements of income. At December 31, 2008 and 2007, the Company had receivables of $0.1 million and $0.3 million, respectively, related to these services. These amounts are included in due from affiliates in the accompanying combined balance sheets.

Under an agreement with The Student Loan Corporation, a wholly owned subsidiary of the Parent, the Company provides The Student Loan Corporation with certain services related to the origination of their student loans. The revenues earned in connection with such services were $0.0 million in 2008 and 2007, and $0.1 million during 2006, respectively, and are included in commissions and fees in the accompanying combined statements of income. There were no receivables due at December 31, 2008 or 2007.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

Under an agreement with Citifinancial Canada, Inc. (Citifinancial), a wholly owned subsidiary of the Parent, the Company provides Citifinancial with certain services related to the origination of their consumer loans. The revenues earned in connection with such services were $5.7 million, $5.8 million, and $5.1 million during 2008, 2007, and 2006, respectively, and are included in commissions and fees in the accompanying combined statements of income. At December 31, 2008 and 2007, the Company had receivables of $0.5 million and $0.8 million, respectively, related to these services. These amounts are included in due from affiliates in the accompanying combined balance sheets.

Under an agreement with CitiStreet, a wholly owned subsidiary of the Parent, the Company provides CitiStreet with customer referrals for 401(k) related services. The revenues earned in connection with these services were $0.4 million, $0.9 million and $0.7 million during 2008, 2007 and 2006, respectively, and are included in commissions and fees in the accompanying combined statements of income.

Under an agreement with American Health and Life Insurance Company (AH&L), a wholly owned subsidiary of the Parent, AH&L provides the Company with certain administrative, claims, and underwriting services under its credit line of business. The amounts incurred in connection with such services were $0.1 million during 2008, 2007, and 2006, and are included in insurance commissions in the accompanying combined statements of income. At December 31, 2007, the Company had a receivable of $0.3 million related to these services. This amount is included in due from affiliates in the accompanying combined balance sheets. This amount is included in due to affiliates in the accompanying combined balance sheets. There were no amounts due to or from AH&L as of December 31, 2008.

The Company has an agreement with Citigroup Alternative Investments LLC (CAI), a wholly owned subsidiary of the Parent, whereby CAI provides the Company with advisory services related to certain investments. The amounts incurred in connection with such services were $0.1 million, $0.9 million, and $0.4 million during 2008, 2007, and 2006, respectively, and are included in net investment income in the accompanying combined statements of income. At December 31, 2008 and 2007, the Company had payables of $0.1 million and $0.4 million, respectively, related to these services. These amounts are included in due to affiliates in the accompanying combined balance sheets.

Under agreements with CitiLife Financial Limited and CitiSolutions Financial Limited, wholly owned subsidiaries of the Parent, the Company received expense reimbursements from these affiliates of $0.6 million, $1.0 million and $1.7 million during 2008, 2007 and 2006, respectively. These amounts are included in insurance expenses in the accompanying combined statements of income.

The Company has agreements with the Parent in relation to unvested stock awards and other payables related to stock awards. The Company pays the Parent as the awards vest. The total payable to the Parent for the years ended December 31, 2008 and 2007 were $37.0 million and $29.3 million, respectively. During 2007, the Parent changed the terms of settlement for the awards. See note 15. These amounts are included in due to affiliates in the accompanying combined balance sheets.

During the years ended December 31, 2008, 2007 and 2006, the Company paid dividends to the Parent of $422.9 million, $319.3 million and $397.3 million, respectively.

The Company has an intercompany borrowing agreement with the Parent, whereby the Company may, from time to time, at its sole discretion, make one or more loans (the Loans) to the Parent, or may borrow from the Parent for its general corporate purposes. The Loans are available from the date of the agreement until terminated. Each loan bears interest for each day at the per annum commercial paper borrowing rate offered on such day. Each loan is payable by the Parent on demand, or may be prepaid in whole or in part at any time or from time to time prior to demand, without penalty. The Parent pays interest on the unpaid principal amount of each loan from the Company in arrears on the last business day of each calendar

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

month. Either party may terminate this agreement at any time on not less than five business days' written notice. Upon termination of the agreement, the Parent pays the unpaid principal amount of each loan, with all accrued interest. At December 31, 2008 and 2007, the Company held a promissory note receivable from the Parent in the amount of $0.3 million and $0.8 million, respectively. These amounts are included in due to affiliates in the accompanying combined balance sheets. In relation to this agreement, the Company earned interest income of $0.1 million, each year during 2008 and 2007, and 2006, respectively. These amounts are included in net investment income in the accompanying combined statements of income.

At December 31, 2008 and 2007, the Company had a payable to Associated Madison, a wholly owned subsidiary of the Parent, in the amount of $2.7 million and $2.8 million, respectively. These balances relate to tax payments and other operating items. These amounts are included in due to affiliates in the accompanying combined balance sheets. This amount is included in due from affiliates in the accompanying combined balance sheets.

The Company uses Citibank banking services in the ordinary course of business and pays bank charges related to these services. Citibank is a wholly owned subsidiary of the Parent. Bank charges incurred in connection with these services was $0.9 million during 2008, 2007, and 2006, and are included in other operating expenses in the accompanying combined statements of income.

The Company has an arrangement with Citicorp Data Systems, Inc. (CDS), a wholly owned subsidiary of the Parent, whereby CDS provides customer service telephone support for the Company. The Company incurred fees in connection with these services of $6.8 million, $6.3 million, and $6.0 million during 2008, 2007, and 2006, respectively, and these amounts are included in other operating expenses in the accompanying combined statements of income.

The Company has arrangements with Citifinancial and various other Citigroup affiliates whereby the Company provides printing and distribution services to the affiliates. The Company earned revenues in connection with these services of $5.4 million, $7.3 million, and $6.7 million during 2008, 2007, and 2006, respectively, and is included in other revenues, net in the accompanying combined statements of income. At December 31, 2008 and 2007, the Company had receivables of $0.6 million and $1.7 million, respectively, related to these services. These amounts are included in due from affiliates in the accompanying combined balance sheets.

The Company has arrangements with various Citigroup affiliates whereby the affiliates provide payroll processing services and pay for employee benefits and various shared services on behalf of the Company. The Company incurred expenses in connection with these services of $34.2 million, $26.5 million, and $24.0 million during 2008, 2007, and 2006, respectively, and these are included in other operating expenses in the accompanying combined statements of income.

The Company leased office space from the Parent in New York, New York, under a fifteen-year lease due to expire on December 1, 2010. In connection with this lease arrangement, the Company incurred expense of $0.9 million, $0.8 million, and $0.7 million for the years ended December 31, 2008, 2007, and 2006, respectively. These amounts are included in other operating expenses in the accompanying combined statements of income.

The Company has an arrangement whereby it receives cash on behalf of SSB Keeper Holdings LLC, an affiliate. At December 31, 2008 and 2007, the Company had payables in connection with this arrangement of $0.0 million and $17.9 million, respectively.

At December 31, 2008 and 2007, the Company had miscellaneous receivables from affiliates of $0.3 million and $0.8 million, respectively. These amounts are included in due from affiliates in the accompanying

combined balance sheets. At December 31, 2008 and 2007, the Company had miscellaneous payables to affiliates of $0.6 million and $0.2 million, respectively. These amounts are included in due to affiliates in the accompanying combined balance sheets.

(11) Goodwill and Other Intangible Assets

At December 31, 2008 and 2007, the Company had goodwill of $0 and $195 million, respectively.

We tested goodwill as of July 1, 2008. The results of the first step of the impairment test showed no indication of impairment in any reporting unit and, accordingly, we did not perform the second step of the impairment test.

We also are required to test goodwill for impairment whenever events or circumstances make it more likely than not that impairment may have occurred. During the period beginning mid-November through year end 2008, we observed rapid deterioration in the financial markets, as well as in the global economic outlook. As such, we performed another goodwill impairment test as of December 31, 2008. The non-life reporting unit fair value exceeded its book value, and as such, did not require any further impairment analysis. However the fair value of the life reporting unit did not exceed its book value. Therefore we performed step two of the goodwill impairment analysis for the life unit to determine the appropriate amount of goodwill that should remain on the balance sheet, if any.

The second step of the goodwill impairment analysis involves calculating the implied fair value of goodwill for the reporting unit. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination, which is the excess of the fair value of the reporting unit determined in step one over the fair value of the net assets and identifiable intangibles as if the reporting unit were being acquired. If the amount of the goodwill allocated to the reporting unit exceeds the implied fair value of the goodwill in the pro forma purchase price allocation, an impairment charge is recorded for the excess. An impairment charge recognized cannot exceed the amount of goodwill allocated to a reporting unit and cannot be reversed subsequently even if the fair value of the reporting unit recovers.

In December 2008, we noted that market deterioration, including a liquidity crisis, resulted in a significant increase in the discount rates being used to value businesses relative to prior periods. For example, we observed that discount rates had risen materially during the last quarter of 2008. The increase in discount rates was the primary cause of the decline in value.

Using discount rates and various other assumptions relevant as of December 31, 2008, we valued the net assets and identifiable intangibles of our life reporting unit using a discounted cash flow method. The second step of the impairment analysis determined that there was no goodwill remaining in our life reporting unit. The full impairment of goodwill in the life reporting unit reflects the material increases in the discount rate as mentioned above. Additionally, a significant portion of the value of our discounted cash flows were related to the intangible asset representing our distribution model, which significantly exceeded its carrying value.

As a result, we recorded a pre-tax impairment charge of $195 million in the Corporate and Other Distributed Products segment. We also performed impairment assessments on our remaining assets in accordance with GAAP requirements applicable to each of those remaining assets. The additional assessments determined that there were no further impairments as of December 31, 2008.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

The components of intangible assets were as follows:

	2008			2007		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	(In thousands)					
Amortizing intangible asset	$ 84,871	47,712	37,159	$ 84,871	44,173	40,698
Indefinite-lived intangible asset	45,275	—	45,275	45,275	—	45,275
Total intangible assets	$ 130,146	47,712	82,434	$ 130,146	44,173	85,973

Effective July 1, 1995, a lump sum was paid to Management Financial Services, Inc. in connection with the termination of its sales agreement. The amortization of this contract buyout is calculated on a straight-line basis over 24 years, which represents the life of the noncompete agreement. Intangible asset amortization expense was $3.5 million annually for 2008, 2007 and 2006. The amortization expense is expected to be $3.5 million annually thereafter.

The Company carries an intangible asset in the amount of $45.3 million related to the 1988 purchase of the right to contract with the sales representative field force. This asset represents the marketing model for the Company, and as such, is considered to have an indefinite life. No amortization was recognized on this asset during 2008 and 2007.

The indefinite-lived intangible asset representing the right to contract with the sales representative field force represents the core distribution model of our business, which is our primary competitive advantage to profitably distribute term life insurance products on a significant scale. As noted above, the intangible asset is supported by a significant portion of the discounted cash flows of our future business. Therefore, the fair value of this asset exceeds its book value as of December 31, 2008 and no impairment was recorded.

As of December 31, 2008, the Company also assessed the amortizing intangible asset for impairment. This asset is supported by a non-compete agreement with the founder of our business model. In accordance with SFAS No. 144, *Accounting for the Impairment or Disclosure of Long-Lived Assets* (ASC 360-10/SFAS No. 144), the impairment review of this amortizing asset is based on an undiscounted cash flow analysis. While the market deterioration occurring up to December 31, 2008 significantly increased discount rates used in the discounted cash flow models to determine the amount of our goodwill impairment, undiscounted cash flows are used in the impairment review of this amortizing intangible asset. Therefore no impairment of this asset was recognized as of December 31, 2008.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

(12) Income Taxes

Income tax expense (benefit) attributable to income from continuing operations consists of the following:

	Current	Deferred	Total
		(In thousands)	
Year Ended December 31, 2008:			
Federal	$216,250	$(70,432)	$145,818
Foreign	32,229	8,934	41,163
State and local	(1,373)	(254)	(1,627)
Total tax expense	$247,106	$(61,752)	$185,354
Year Ended December 31, 2007:			
Federal	$245,975	$ 35,327	$281,302
Foreign	30,549	6,770	37,319
State and local	1,640	(723)	917
Total tax expense	$278,164	$ 41,374	$319,538
Year Ended December 31, 2006:			
Federal	$190,353	$ 48,134	$238,487
Foreign	34,923	112	35,035
State and local	3,245	(523)	2,722
Total tax expense	$228,521	$ 47,723	$276,244

Total income tax expense is different from the amount determined by multiplying earnings before income taxes by the statutory federal tax rate of 35%. The reason for such difference is as follows:

	2008		2007		2006	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(In thousands)		(In thousands)		(In thousands)	
Computed “expected” tax expense	$ 123,562	35.00%	$ 319,610	35.00%	$ 307,369	35.00%
Change in tax contingency accrual	1,132	0.32	4,106	0.45	(24,655)	(2.81)
Goodwill impairment	68,248	19.33	—	—	—	—
Other	(7,588)	(2.15)	(4,178)	(0.44)	(6,470)	(0.74)
	$ 185,354	52.50%	$ 319,538	35.01%	$ 276,244	31.45%

Deferred income taxes are recognized for the future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

The main components of deferred income tax assets and liabilities are as follows:

	2008	2007
	(In thousands)	
Deferred tax assets:		
Deferred compensation — employee benefits	$ 61,151	$ 42,064
Investments	200,155	3,478
Other	23,777	6,015
Total deferred tax assets	285,083	51,557
Deferred tax liabilities:		
Deferred policy acquisition costs	(716,678)	(657,387)
Policy benefit reserves and unpaid policy claims	(21,106)	(103,487)
Unremitted earnings on foreign subsidiaries	(34,367)	(63,880)
Other	(63,922)	(49,167)
Total deferred tax liabilities	(836,073)	(873,921)
Net deferred tax liabilities	$(550,990)	$(822,364)

The majority of the investments deferred tax asset is attributable to unrealized losses on available-for-sale securities that are recorded at fair value within accumulated other comprehensive income, as well as unrealized losses for other-than-temporary declines in fair value that are recorded in the combined statements of income.

The deferred tax liabilities for DAC represent the difference between the policy acquisition costs capitalized for GAAP purposes and those capitalized for tax purposes, as well as the difference in the resulting amortization methods. The deferred tax liability for policy benefit reserves and unpaid policy claims represents the difference between the financial statement carrying value and tax basis for liabilities for future policy benefits. The tax basis for policy benefit reserves and unpaid policy claims are actuarially determined in accordance with guidelines set forth in the Internal Revenue Code.

No valuation allowance has been recorded relating to the Company's deferred tax assets for the years ended December 31, 2008 and 2007. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. Management believes that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the Company's deferred tax assets.

The Company had no operating losses or tax credit carryforwards available for tax purposes for the years ended 2008, 2007, and 2006.

Effective January 1, 2007, the Company adopted the provisions of FIN 48. As a result, the Company recognized a $9.5 million increase in the liability for unrecognized tax benefits, which was accounted for as a decrease to the January 1, 2007 retained earnings balance.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

The following is a rollforward of the Company's unrecognized tax benefits (in thousands):

Balance at January 1, 2007	$41,844
Increase in unrecognized tax benefits — prior period	—
Increase in unrecognized tax benefits — current period	3,778
Decrease in unrecognized tax benefits related to settlements with taxing authorities	—
Reductions in unrecognized tax benefits as a result of a lapse in statute of limitations	(3,153)
Balance at December 31, 2007	42,469
Increase in unrecognized tax benefits — prior period	—
Increase in unrecognized tax benefits — current period	4,588
Decrease in unrecognized tax benefits related to settlements with taxing authorities	(271)
Reductions in unrecognized tax benefits as a result of a lapse in statute of limitations	(4,974)
Balance at December 31, 2008	$41,812

The total amount of unrecognized tax benefits at December 31, 2008 and 2007 that, if recognized, would affect the Company's effective tax rate is $20.1 million and $20.0 million, respectively.

Interest expense is a component of the Company's provision for income taxes and totaled $6.8 million and $5.8 million, net of the related tax benefits, at December 31, 2008 and 2007, respectively. The Company had $1.1 million and $1.3 million of interest expense in its income tax expense for the years ended December 31, 2008 and 2007, respectively. The Company has no penalties included in calculating its provision for income taxes. All tax liabilities are payable to the Parent.

There is no significant change that is reasonably possible to occur within twelve months of the reporting date.

The major tax jurisdictions in which the Company operates are the United States and Canada. In 2006, the Company settled its 1999 – 2002 United States federal tax audit with the Internal Revenue Service. As a result of this settlement, the Company released the unpaid excess federal income tax reserves it had maintained for the 1999 – 2002 tax years. The total release of the federal income tax reserves reported by the Company in 2006 was $25.5 million.

The Company is currently open to tax audit by the Internal Revenue Service for the years ended December 31, 2003 and thereafter for federal tax purposes. The Company is currently open to audit in Canada for tax years ended December 31, 2004 and thereafter for federal and provincial tax purposes.

(13) Stockholder's Equity

The total amount of dividends paid to the Parent was $422.9 million, $319.3 million, and $397.3 million for the years ended December 31, 2008, 2007, and 2006, respectively.

At December 31, 2008, approximately $4.5 billion of combined stockholder's equity, excluding accumulated other comprehensive income, represented net assets of the Company's insurance subsidiaries. The Company's insurance subsidiaries are subject to various state and regulatory restrictions on their ability to pay dividends.

PLIC's statutory capital is $1,494.3 million at December 31, 2008 and its net income for the year ended December 31, 2008 is $59.1 million

PLIC is restricted by the Commonwealth of Massachusetts Insurance Code as to the amount of dividends that may be paid within a 12-consecutive-month period without regulatory consent. That restriction is the

greater of statutory net gain from operations for the previous year or 10% of policyholder surplus (net of capital stock) at December 31 of the previous year, subject to a maximum limit equal to statutory earned surplus. PLIC's statutory earned surplus at December 31, 2008 was $1,491.8 million. At December 31, 2008, approximately $149.2 million is available without prior approval for dividend payments in 2009.

PLIC owns the following insurance subsidiaries, NBL, and PLICC, whose ability to dividend to PLIC is governed by various regulations of each of their respective jurisdictions.

NBL and PLICC's statutory capital was $323.7 million and $404.3 million, respectively, at December 31, 2008. Net income for NBL and PLICC for the year ended December 31, 2008 was $23.8 million and $51.1 million, respectively.

PLIC and NBL exceed the minimum risk-based capital requirements for insurance companies operating in the United States. PLICC exceeds the minimum capital requirements for insurance companies regulated by the Office of Supervision of Financial Institutions (OSFI) in Canada.

(14) Benefit Plans

The Company participates in the Citigroup Pension Plan, a qualified noncontributory defined benefit pension plan sponsored by the Parent, covering the majority of Citigroup employees. Benefits under this plan for the employees of the Company are based on the cash balance formula. Under this formula, each employee's accrued benefit can be expressed as an account that is credited with amounts based upon the employee's pay, length of service and a specified interest rate, all subject to a minimum benefit level. The Parent's funding policy for qualified pension plans is to contribute, at a minimum, the equivalent of the amount required under the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code. Each company is charged for its allocable share of the pension funding cost based upon its covered salary expense. As a result of the redesign of the Parent's retirement and equity programs, the Citigroup Pension Plan is not available to employees hired on or after January 1, 2007. In addition, effective January 1, 2008, the Plan no longer provides for the addition of any benefit credits to the hypothetical accounts of Plan participants. Only interest credits will be provided until a distribution is taken from the Plan. The Company recognized expense of $2.8 million and $3.4 million for 2007 and 2006, respectively, under this plan. In 2008, the Company recognized a $1.9 million credit primarily from the expected return on assets.

Eligible employees can contribute to the Company 401(k) savings plan with pre-tax dollars up to the IRS limits. Beginning on January 1, 2008, if you are an eligible employee of the Company with one year of employment, as determined under Plan rules, you are eligible for a Matching Contribution on your before-tax contributions or Roth contributions (other than catch-up contributions) of up to 6% of eligible pay. The Company will contribute $1 for each $1 the employee contributes to the Plan to a maximum of 6% of your annual eligible pay (catch-up contributions are not eligible for Matching Contributions). In addition, a Fixed Contribution of up to 2% of eligible pay will be made to the accounts of eligible participants whose qualifying compensation for the year is $100,000 or less. Employees do not have to contribute to the Plan to receive a Fixed Contribution. The Company will also make an annual Transition Contribution to the Plan accounts of eligible employees whose total annual benefit opportunity from the Company under the cash balance formula of the Citigroup Pension Plan as in effect for 2007, the 401(k) Matching Contribution in effect for 2007, plus the equity-based Citigroup Ownership Program exceeded the total of the maximum Matching Contribution and Fixed Contribution percentages under the current Plan design. Prior to 2008, the Company contributed to a maximum of 3% of eligible pay up to a maximum of $1,500 annually to the plan for eligible employees. In 2008, 2007 and 2006, the Company incurred expenses of $7.9 million, $1.0 million and $0.9 million, respectively, under this plan.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

Prior to 2008, the Parent granted stock options to officers and employees of the Company. These stock options relate to Citigroup's stock, and as such, are approved by Citigroup's Board of Directors. Generally, the options granted prior to 2003 vest over five years and the options granted after 2002 vest over three years. The options may be exercised only if the person is employed or contractually associated with the Company or a subsidiary of the Parent. The plan also permits an employee exercising an option to be granted new options (reload options) in an amount equal to the number of common shares used to satisfy the exercise price and the withholding taxes due upon exercise. In 2008, 2007 and 2006, the Company incurred expenses of $0.1 million, $1.2 million and $1.3 million, respectively, under this plan.

The Company participates in a Capital Accumulation Plan sponsored by the Parent. Under this plan, the Parent's restricted stock is issued to participating officers, sales representatives and other key employees. The restricted stock vests evenly over a four-year period. In 2008, 2007 and 2006, the Company incurred expenses of $5.8 million, $11.3 million and $16.0 million, respectively, under this plan.

The Company participated in a Citigroup Ownership Program sponsored by the Parent. Under this plan, the Parent's restricted/deferred stock with a three-year vesting period was issued to all eligible employees. The last award given under this plan was on June 30, 2007. In 2008, 2007 and 2006, the Company incurred expenses of $0.9 million, $1.8 million and 1.2 million, respectively, under this plan.

The Company participated in the Management Committee Long-Term Incentive Plan sponsored by the Parent. The Long-Term Incentive Plan is a proposed 30-month cliff vesting deferred stock plan that covers members of the Citigroup Management Committee. The Management Committee members who stay with the Parent for the duration of the 30-month term and meet certain targets would have an award vested at the end of the 30-month period. The Plan has both market and performance conditions. It also has a 30-month service condition for its vesting. The grant date for this plan was July 1, 2007. In 2008 and 2007, the Company incurred expenses of $0.3 million and $0.2 million, respectively, under this plan.

(15) Commitments and Contingencies

(a) Litigation

The Company is involved in various litigation in the normal course of business. It is management's opinion, after consultation with counsel and a review of the facts, that the ultimate liability, if any, arising from such contingencies will not have any material adverse effect on the Company's financial position and results of operations.

(b) Commitments

At December 31, 2008 and 2007 the Company had commitments to provide additional capital contributions to invest in mezzanine debt securities of $12.3 million and $20.7 million, respectively. The timing of the funding is uncertain, although the obligation will expire in 2012.

The Company leases office equipment and office and warehouse space under various noncancelable operating lease agreements that expire through December 2018. Rental expense for 2008 included minimum rent and contingent rent of $6.5 million and $0.0 million, respectively. Rental expense for 2007 included minimum rent and contingent rent of $6.1 million and $0.6 million, respectively, for a total of $6.7 million. Rental expense for 2006 included minimum rent and contingent rent of $5.9 million and $0.6 million, respectively, for a total of $6.5 million.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Combined Financial Statements

At January 1, 2008, the minimum aggregate rental commitments for operating leases are as follows (in thousands):

Year ending December 31:	
2009	$ 6,498
2010	6,247
2011	5,705
2012	5,800
2013	3,350
Thereafter	5,800
Total	$ 33,400

(c) Subsequent Events

The Company has evaluated subsequent events through November 5, 2009, the issuance date of the financial statements. The Company has identified nonrecognized subsequent events, as discussed below.

On June 12, 2009, the Company signed an agreement to sublease from the Parent approximately 31,749 square feet of office space in Long Island City, New York. The term of the lease commenced in September 2009 and is due to expire in September 2014. The payments related to the lease arrangement will approximate $0.8 million annually through the remaining term of the lease.

Concurrent with the new lease arrangement, the Parent and the Company terminated a lease for approximately 53,020 square feet of office space in New York, New York under a fifteen-year lease that was due to expire on December 1, 2010. In connection with this lease arrangement, the Company has paid Citigroup for realty related charges. For the years ended December 31, 2008, 2007 and 2006, the Parent paid Citigroup for these services $0.8 million, $0.8 million and $0.7 million, respectively.

WHEN THE TRANSACTIONS REFERRED TO IN NOTE 2 OF THE NOTES TO THE COMBINED FINANCIAL STATEMENTS HAVE BEEN CONSUMMATED, WE WILL BE IN A POSITION TO RENDER THE FOLLOWING REPORT.

/s/ KPMG LLP

Senior Management of
Primerica, Inc.:

Under date of November 5, 2009, we reported on the combined balance sheets of Primerica, Inc. (the Company) (wholly owned by Citigroup Inc. (the Parent)) as of December 31, 2008 and 2007, and the related combined statements of income, stockholder's equity and other comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2008, which are included in the prospectus. In connection with our audits of the aforementioned combined financial statements, we also audited the related combined financial statement schedules in the registration statement. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic combined financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the combined financial statements, the Company adopted the provisions of Statement of Position 05-1, *Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts*, FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes,* and Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities,* as of January 1, 2007.

Atlanta, Georgia
November 5, 2009

PRIMERICA, INC.
Year Ended December 31,

Schedule I
Summary of Investments—Other than Investments in Related Parties

	2008		
	Cost	Fair Value	Balance Sheet
		(In thousands)	
Securities available for sale, carried at fair value:			
Fixed maturities:			
United States Government and government agencies and authorities	$ 33,234	33,896	33,896
States, municipalities and political subdivisions	9,641	10,078	10,078
Foreign government	219,774	211,733	211,733
Convertibles and bonds with warrants attached	14,060	11,559	11,559
All other corporate bonds	5,520,446	5,009,845	5,009,845
Redeemable preferred stock	2,894	2,894	2,894
Total fixed maturities	5,800,049	5,280,005	5,280,005
Equity Securities			
Common Stock			
Public Utility	4,918	4,517	4,517
Industrial, miscellaneous and all other	15,679	13,298	13,298
Nonredeemable preferred stocks	13,066	10,329	10,329
Total Equity Securities	33,663	28,144	28,144
Policy Loans and other Invested Assets	28,304	28,304	28,304
Total Investments	$ 5,862,016	5,336,453	5,336,453

See Accompanying Report of Independent Registered Public Accounting Firm.

PRIMERICA, INC.
Years Ended December 31,

Schedule III
Supplementary Insurance Information

(in thousands)	2008				2007			
	Term Life	Investment and Savings Products	Corporate and Other Distributed Products	Total	Term Life	Investment and Savings Products	Corporate and Other Distributed Products	Total
Deferred Policy Acquisition Costs	$2,627,047	$ 50,719	$ 49,656	$2,727,422	$2,405,804	$ 55,802	$ 48,439	$2,510,045
Future Policy Benefits & Unpaid Claims	4,050,866	—	197,784	4,248,650	3,677,473	—	201,982	3,879,455
Unearned Premiums	—	—	3,119	3,119	—	—	3,673	3,673
Other Policy Holders' Funds	305,687	—	18,393	324,081	278,774	—	16,562	295,336
Separate Account Liabilities	—	1,562,403	1,708	1,564,111	—	2,046,568	1,843	2,048,411

	2008				2007				2006			
	Term Life	Investment and Savings Products	Corporate and Other Distributed Products	Total	Term Life	Investment and Savings Products	Corporate and Other Distributed Products	Total	Term Life	Investment and Savings Products	Corporate and Other Distributed Products	Total
(in thousands)												
Premium Revenue	$1,393,953	$ —	$ 69,765	$1,463,718	$1,395,582	$ —	$ 72,181	$1,467,762	$1,333,898	$ —	$ 68,459	$1,402,358
Net Investment Income	254,566	—	59,469	314,035	242,331	—	86,278	328,609	232,502	—	86,351	318,853
Benefits & Claims	894,910	—	43,460	938,370	513,233	—	44,189	557,422	502,867	—	41,689	544,556
Amortization of Deferred Acquisition Costs	131,286	10,966	2,239	144,490	314,193	5,720	1,147	321,060	280,675	3,477	635	284,787
Other Operating Expenses	135,008	18,910	23,738	177,655	134,031	17,635	25,403	177,069	126,194	12,304	22,618	161,117

See Accompanying Report of Independent Registered Public Accounting Firm.

PRIMERICA, INC.
Years Ended December 31,

Schedule IV
Reinsurance

(in thousands)

	2008				
	Gross Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of amount Assumed to Net
Life insurance in-force	$639,157,278	$410,916,299	$ —	$228,240,979	— %
Premiums					— %
Life insurance	$ 2,049,730	$ 628,055	$ —	$ 1,421,675	— %
Accident and health insurance	43,062	1,019	—	42,043	— %
Total premiums	$ 2,092,792	$ 629,074	$ —	$ 1,463,718	— %

	2007				
	Gross Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of amount Assumed to Net
Life insurance in-force	$637,969,394	$399,660,377	$ —	$238,309,019	— %
Premiums					— %
Life insurance	$ 1,958,897	$ 534,674	$ —	$ 1,424,223	— %
Accident and health insurance	44,698	1,159	—	43,539	— %
Total premiums	$ 2,003,595	$ 535,833	$ —	$ 1,467,762	— %

	2006				
	Gross Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of amount Assumed to Net
Life insurance in-force	$605,510,868	$387,296,256	$ —	$218,214,612	— %
Premiums					— %
Life insurance	$ 1,858,358	$ 494,843	$ —	$ 1,363,515	— %
Accident and health insurance	40,061	1,218	—	38,843	— %
Total premiums	$ 1,898,419	$ 496,061	$ —	$ 1,402,358	— %

See Accompanying Report of Independent Registered Public Accounting Firm.

When the transactions referred to in note 2 to the condensed combined financial statements have been consummated, we will be in position to render the following report.

/s/ KPMG LLP

Senior Management of
Primerica, Inc.:

We have reviewed the accompanying condensed combined balance sheet of Primerica, Inc. (the Company) (wholly owned by Citigroup Inc. (the Parent)) as of September 30, 2009, and the related condensed combined statements of income, stockholder's equity and other comprehensive income (loss), and cash flows for the nine-month periods ended September 30, 2009 and 2008. These condensed combined financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquires of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed combined financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the condensed combined financial statements, the Company adopted the provisions of FASB Staff Position SFAS No. 115-2 and 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*, as of January 1, 2009.

We have previously audited, in accordance the standards of the Public Company Accounting Oversight Board (United States), the accompanying combined balance sheet of Primerica, Inc. as of December 31, 2008, and the related combined statements of income, stockholder's equity and other comprehensive income (loss), and cash flows for the year then ended (not presented herein); and in our report dated November 5, 2009, we expressed an unqualified opinion on those combined financial statements. In our opinion, the information set forth in the accompanying condensed combined balance sheet as of December 31, 2008, is fairly stated, in all material respects, in relation to the combined balance sheet from which it was derived.

Atlanta, Georgia
December 22, 2009

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Condensed Combined Balance Sheets

(In thousands)	September 30, 2009 (Unaudited)	December 31, 2008
Assets		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost: $6,012,368 and $5,800,049, respectively)	$ 6,218,572	5,280,005
Trading securities, at fair value (cost: $21,560 and $14,067, respectively)	19,690	11,094
Equity securities available for sale, at fair value (cost: $40,889, and $41,574, respectively)	41,954	36,055
Policy loans and other invested assets	28,364	28,304
Total investments	6,308,580	5,355,458
Cash and cash equivalents	580,116	302,354
Accrued investment income	73,124	61,948
Premiums and other receivables	180,657	158,041
Due from reinsurers	849,665	838,906
Due from affiliates	2,286	1,811
Deferred policy acquisition costs, net	2,797,269	2,727,422
Intangible assets	79,780	82,434
Other assets	66,989	68,648
Separate account assets	2,033,119	1,564,111
Total assets	$ 12,971,585	11,161,133
Liabilities and Stockholder's Equity		
Liabilities:		
Future policy benefits	$ 4,161,925	4,023,009
Unearned premiums	3,350	3,119
Policy claims and other benefits payable	223,722	225,641
Other policyholders' funds	370,545	324,081
Current income tax payable	65,352	12,299
Deferred income taxes	808,015	550,990
Due to affiliates	44,678	40,313
Other liabilities	329,573	305,584
Separate account liabilities	2,033,119	1,564,111
Total liabilities	8,040,279	7,049,147
Stockholder's equity:		
Paid-in capital	1,097,843	1,095,062
Retained earnings	3,683,697	3,340,841
Accumulated other comprehensive income (loss), net of income taxes of $(74,855) and $173,391, respectively	149,766	(323,917)
Total stockholder's equity	4,931,306	4,111,986
Total liabilities and stockholder's equity	$ 12,971,585	11,161,133

See accompanying notes to condensed combined financial statements.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Condensed Combined Statements of Income

For the nine-month periods ended September 30,	2009	2008
(In thousands, except for per share amounts)	(Unaudited)	(Unaudited)
Revenues:		
Direct premiums	$ 1,577,364	1,562,359
Ceded premiums	(450,736)	(425,239)
Net premiums	1,126,628	1,137,120
Net investment income	260,876	232,288
Commissions and fees	246,685	374,449
Other, net	39,083	41,947
Realized investment losses, including other-than-temporary impairments	(31,473)	(59,741)
Total revenues	1,641,799	1,726,063
Benefits and expenses:		
Benefits and claims	451,825	455,526
Amortization of deferred policy acquisition costs	273,759	240,837
Insurance commissions	23,425	18,188
Insurance expenses	115,771	121,084
Sales commissions	120,755	200,926
Other operating expenses	95,280	119,783
Total benefits and expenses	1,080,815	1,156,344
Income before income taxes	560,984	569,719
Income taxes	192,476	195,329
Net income	$ 368,508	374,390
Pro forma earnings per share:		
Basic	$ —	—
Diluted	—	—
Weighted average outstanding common shares used in computing earnings per share:		
Basic	—	—
Diluted	—	—
Supplemental disclosures:		
Total other-than-temporary impairments	$ (81,355)	(68,204)
Other-than-temporary impairments included in accumulated other comprehensive income	27,640	—
Net other-than-temporary impairments	(53,715)	(68,204)
Other investment gains	22,242	8,463
Total realized investment losses	$ (31,473)	(59,741)

See accompanying notes to condensed combined financial statements.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Condensed Combined Statements of Stockholder's Equity and Other Comprehensive Income (Loss)
(Unaudited)

			Accumulated other comprehensive income (loss)			
	Paid-in capital	Retained earnings	Net unrealized investment gains (losses) not other-than-temporarily impaired	Net unrealized investment gains (losses) other-than-temporarily impaired	Foreign currency translation adjustment	Total
(In thousands)						
Balance at January 1, 2008	$1,136,656	3,596,058	(4,123)	—	51,374	4,779,965
Comprehensive income:						
Net income	—	374,390	—	—	—	374,390
Other comprehensive (loss) income:						
Net change in unrealized investment losses, net of tax of $87,750	—	—	(163,214)	—	—	(163,214)
Net foreign currency translation adjustments, net of tax $11,432	—	—	—	—	(18,550)	(18,550)
Total comprehensive income	—	374,390	(163,214)	—	(18,550)	192,626
Dividends	—	(254,700)	—	—	—	(254,700)
Return of capital to Parent	(10,910)	—	—	—	—	(10,910)
Capital contribution from Parent	19,175	—	—	—	—	19,175
Parent allocation of share-based compensation	(3,503)	—	—	—	—	(3,503)
Balance at September 30, 2008	$1,141,418	3,715,748	(167,337)	—	32,824	4,722,653
Balance at December 31, 2008	$1,095,062	3,340,841	(315,093)	—	(8,824)	4,111,986
Adoption of accounting principles:						
FSP SFAS No. 115-2, net of tax of $3,929	—	7,298	—	(7,298)	—	—
Adjusted balance, beginning of year	1,095,062	3,348,139	(315,093)	(7,298)	(8,824)	4,111,986
Comprehensive income:						
Net income	—	368,508	—	—	—	368,508
Other comprehensive (loss) income:						
Net change in unrealized investment losses, not other-than-temporarily impaired net of tax of $(233,024)	—	—	449,809	—	—	449,809
Net change in unrealized investment losses, other-than-temporarily impaired, net of tax of $5,745	—	—	—	(10,668)	—	(10,668)
Net foreign currency translation adjustments, net of tax of $(20,967)	—	—	—	—	41,840	41,840
Total comprehensive income	—	368,508	449,809	(10,668)	41,840	849,489
Dividends	—	(32,950)	—	—	—	(32,950)
Return of capital to Parent	(5,500)	—	—	—	—	(5,500)
Capital contribution from Parent	15,847	—	—	—	—	15,847
Parent allocation of share-based compensation	(7,566)	—	—	—	—	(7,566)
Balance at September 30, 2009	$1,097,843	3,683,697	134,716	(17,966)	33,016	4,931,306

See accompanying notes to condensed combined financial statements.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Condensed Combined Statements of Cash Flows

For the nine-month periods ended September 30,	2009	2008
(In thousands)	(Unaudited)	(Unaudited)
Cash flows from operations:		
Net income	$ 368,508	374,390
Adjustments to reconcile net income to net cash provided by operations:		
Increase in future policy benefits	77,297	81,657
Increase in other policy benefits	44,776	32,825
Deferral of policy acquisition costs	(299,031)	(325,262)
Amortization of deferred policy acquisition costs	273,759	240,837
Deferred tax provision	3,534	(82,038)
Change in accrued and other income taxes	54,369	110,840
Realized losses on sale of investments, including other-than-temporary impairments	31,473	59,741
Accretion and amortization of investments	(6,568)	(1,077)
Income (loss) recognized on equity method investments	(3,021)	6,665
Depreciation and amortization	7,910	10,169
Increase (decrease) in due from reinsurers	6,828	1,062
Change in due to/from affiliates	19,733	8,173
Increase in premiums and other receivables	(14,808)	(9,662)
Trading securities sold	10,973	37,623
Trading securities acquired	(18,471)	(25,871)
Parent allocation of share-based compensation	(7,566)	(3,503)
Other, net	(11,342)	(1,409)
Net cash provided by operations	538,353	515,160
Cash flows from investment activities:		
Investments sold, matured, called, and repaid:		
Fixed maturities available for sale – sold	591,132	700,626
Fixed maturities available for sale – matured, called, and repaid	740,198	893,342
Equity securities sold	1	5,638
Total investments sold or matured	1,331,331	1,599,606
Acquisition of investments:		
Fixed maturities – available for sale	(1,543,368)	(1,933,764)
Equity securities	(886)	(3,892)
Total investments acquired	(1,544,254)	(1,937,656)
Net decrease in policy loans	(61)	515
Purchases of furniture and equipment	(3,313)	(4,004)
Net cash used in investment activities	(216,297)	(341,539)
Cash flows from financing activities:		
Cash dividends paid to Parent	(32,950)	(254,700)
Capital returned to Parent, net	(5,500)	(10,910)
Net cash used in financing activities	(38,450)	(265,610)
Effect of foreign exchange rate changes on cash	(5,844)	4,242
Increase (decrease) in cash	277,762	(87,747)
Cash and cash equivalents at beginning of period	302,354	625,350
Cash and cash equivalents at end of period	$ 580,116	537,603
Supplemental disclosures of cash flow information:		
Income taxes paid	$ 164,014	172,753
Interest paid	(12)	1,260
Impairment losses included in realized losses on sale of investments	53,715	68,204
Noncash financing activities:		
Parent allocation of share-based compensation	$ (7,566)	(3,503)
Capital contribution from Parent, net	15,847	19,175

See accompanying notes to condensed combined financial statements.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

(1) Description of Business

Primerica, Inc. (the Company) is a leading distributor of financial products to middle income households through more than 100,000 licensed sales representatives. The Company assists its clients in North America to meet their needs for term life insurance, which it underwrites, and mutual funds, variable annuities and other asset protection products, which it distributes primarily on behalf of third parties.

(2) Summary of Significant Accounting Policies

(a) Principles of Combination, Basis of Presentation, and Use of Estimates

The accompanying unaudited condensed combined financial statements include those assets, liabilities, revenues, and expenses directly attributable to the Company's operations. All intercompany profits, transactions, and balances between the combined entities have been eliminated. These condensed combined financial statements include all adjustments considered necessary by management to present a fair statement of the financial position, results of operations, and cash flows for the periods presented. The results reported in these condensed combined financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. The accompanying unaudited condensed combined financial statements should be read in conjunction with the combined financial statements and related notes as of and for the year ended December 31, 2008.

Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles, but is not required for interim reporting purposes, has been condensed or omitted.

The entities in this report are under the common control of the Parent. These combined financial statements primarily include the accounts from four legal entities: Primerica Financial Services, Inc., a general agency and marketing company; Primerica Life Insurance Company (PLIC), the principal life insurance company; PFS Investments, Inc., an investment products company and broker-dealer; and Primerica Financial Services Home Mortgages, Inc., a mortgage broker company. PLIC, domiciled in Massachusetts, owns several subsidiaries, including a New York life insurance company, National Benefit Life Insurance Company (NBL), and Primerica Financial Services (Canada) Ltd., a holding company for its Canadian operations, which include Primerica Life Insurance Company of Canada (PLICC). Other smaller subsidiaries also are included such as Primerica Services, Inc., Primerica Client Services, Inc., Primerica Finance Corporation, and Primerica Convention Services, Inc.

The Company is anticipating an offering by the Parent of the Company's common stock pursuant to the *Securities Act of 1933* (the Offering). Prior to the completion of the Offering, the Parent will cause to be transferred to the Company the legal entities referred to above and will enter into significant coinsurance transactions with three affiliates of the Parent. The Parent will not transfer to the Company certain assets that were historically in these legal entities including an investment in the Parent's preferred stock, an investment in a limited liability company and certain international businesses and limited partnership investments. As such, these assets and related operating activity were excluded for the years reported and are reflected in the accompanying statements of stockholder's equity and other comprehensive income (loss) as a return of capital to, or capital contribution from, the Parent.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

Following completion of the corporate reorganization, as described above, the Company will have million shares of common stock outstanding. Basic and diluted pro forma earnings per share were calculated by dividing the December 31, 2008 net earnings by million pro forma basic shares outstanding and by million pro forma diluted shares outstanding, respectively. Pro forma shares outstanding used in our calculation of pro forma diluted earnings per share increased by shares over the pro forma basic shares outstanding, resulting from million shares of Class A Common Stock available under stock options, based on the treasury stock method.

The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported financial statement balances as well as the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses for the reporting period. Actual results could differ from those estimates. Management considers available facts and knowledge of existing circumstances when establishing estimated amounts included in the financial statements. Current market conditions increase the risk and complexity of the judgments in these estimates.

Similar to other companies with life insurance operations, the most significant items on the balance sheet that involve a greater degree of accounting estimates and actuarial determinations subject to change in the future are the valuation of investments, deferred policy acquisition costs (DAC), and liabilities for future policy benefits (FPB) and unpaid policy claims. Estimates regarding all of the preceding are inherently subject to change and are reassessed by management as of each reporting date.

FASB Launches Accounting Standards Codification

In June 2009, the Financial Accounting Standards Board (FASB) issued Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* (SFAS No. 168). SFAS No. 168 establishes the FASB Accounting Standards Codification (Codification or ASC) as the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretative releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other nongrandfathered, non-SEC accounting literature not included in the Codification will become nonauthoritative.

Following the Codification, the Board will not issue new standards in the form of Statements, FSPs, or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates (ASU), which will serve to update the Codification, provide background information about the guidance, and provide the basis for conclusions on the changes to the Codification.

GAAP is not intended to be changed as a result of the FASB's Codification project, but it does change the way the guidance is organized and presented. As a result, these changes have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

(b) Investments

Investments are reported on the following bases:

- Available-for-sale fixed maturity securities, including bonds and redeemable preferred stocks, not classified as trading securities are carried at fair value. Where market values are unavailable, the Company obtains estimates from independent pricing services or estimates fair value based upon a comparison to quoted issues of the same issuer or of other issuers with similar characteristics.
- Trading securities, which primarily consist of bonds, are carried at fair value. Changes in fair value of trading securities are included in net investment income in the period in which the change occurred.
- Equity securities, including common and nonredeemable preferred stocks, are classified as available for sale and are carried at fair value. Where market values are unavailable, the Company obtains estimates from independent pricing services or estimates fair value based upon a comparison to quoted issues of the same issuer or of other issuers with similar characteristics.
- Policy loans are carried at unpaid principal balances, which approximate fair value.

Investment transactions are recorded on a trade-date basis. The Company uses the specific-identification method to determine the realized gain or loss from securities transactions and reports the realized gain or loss in the accompanying condensed combined statements of income.

Unrealized gains and losses on available-for-sale securities are included as a separate component of accumulated other comprehensive income except for the credit loss component of other-than-temporary declines in fair value, which is recorded as realized losses in the accompanying condensed combined statements of income.

Investments are reviewed on a quarterly basis for other-than-temporary impairment (OTTI). Credit risk, interest rate risk, duration of the unrealized loss, actions taken by ratings agencies, and other factors are considered in determining whether an unrealized loss is other-than-temporary. Prior to January 1, 2009, if an unrealized loss was determined to be other-than-temporary, an impairment charge was recorded as the difference between amortized cost and fair value. The Company's condensed combined statement of income for the nine-month period ended September 30, 2008 reflects the full impairment (that is, the difference between the securities amortized cost basis and fair value) on debt securities that the Company did not have the ability and intent to hold until a recovery of the amortized cost basis, which may have been maturity. Subsequent to December 31, 2008, the Company's condensed combined statement of income for the nine-month period ended September 30, 2009 reflects the full impairment on debt securities that the Company intends to sell or would more-likely than-not be required to sell before the expected recovery of the amortized cost basis. For available-for-sale (AFS) debt securities that management has no intent to sell and believes that it more-likely than-not will not be required to sell prior to recovery, only the credit loss component of the impairment is recognized in earnings, while the remainder is recognized in accumulated other comprehensive income (AOCI) in the accompanying condensed combined financial statements. The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the security.

The Company has elected the fair value option for accounting for certain investments in accordance with the FASB's ASC 825, formerly referred to within Statement of Financial Accounting Standards

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

(SFAS) No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. Changes in the fair value of such investments are recorded in net investment income in the accompanying combined statements of income.

The Company participates in securities lending with broker-dealers and other financial institutions. The Company requires, at the initiation of the agreement, minimum collateral on securities loaned equal to 102% of the fair value of the loaned securities. The Company had $293.2 million and $353.7 million of investments held as collateral with a third party at September 30, 2009 and December 31, 2008, respectively. The Company does not have the right to sell or pledge this collateral and it is not recorded on the accompanying condensed combined balance sheets.

Interest income on fixed maturity investments is recorded when earned using an effective-yield method, which gives consideration to amortization of premiums and accretion of discounts. Dividend income on equity securities is recorded when declared. These amounts are included in net investment income in the accompanying condensed combined statements of income.

Included within the fixed maturity securities are loan- and asset-backed securities. Amortization of the premium or accretion of the discount uses the retrospective method. The effective yield used to determine amortization or accretion is calculated based on actual and historical projected future cash flows, which are obtained from a widely accepted data provider and updated quarterly.

(c) Accounting Changes

Measuring Liabilities at Fair Value

In August 2009, the FASB issued ASU No. 2009-05, *Fair Value Measurements and Disclosure (Topic 820): Measuring Liabilities at Fair Value* This ASU provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following techniques:

1. A valuation technique that uses quoted prices for similar liabilities (or an identical liability) when traded as assets, or
2. A valuation technique that is consistent with the principles of Topic 820.

This ASU also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required, are Level 1 fair value measurements.

This ASU is effective immediately and does not have a material impact on Primerica.

Measurement of Fair Value in Inactive Markets

In April 2009, the FASB issued FASB Staff Position (FSP) SFAS No. 157-4,*Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (ASC 820-10/FSP SFAS No. 157-4). The FSP reaffirms that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The FSP

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

also reaffirms the need to use judgment in determining if a formerly active market has become inactive. The adoption of the FSP had no effect on the Company's condensed combined financial statements.

Interim Disclosures about Fair Value of Financial Instruments

In April 2009, the FASB issued FSP SFAS No. 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, (ASC 825-10/FSP SFAS No. 107-1). This FSP requires disclosing qualitative and quantitative information about the fair value of all financial instruments on a quarterly basis, including methods and significant assumptions used to estimate fair value during the period. These disclosures were previously only done annually. The disclosures required by this FSP are effective for the period ended June 30, 2009 and are included in the notes to condensed combined financial statements.

Other-Than-Temporary Impairments on Investment Securities

In April 2009, the FASB issued FSP SFAS No. 115-2 and SFAS No. 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (ASC 320-10/FSP SFAS No. 115-2), which amends the recognition guidance for OTTI of debt securities and expands the financial statement disclosures for OTTI on debt and equity securities. The Company adopted the FSP in the first quarter of 2009.

As a result of this FSP, the Company's condensed combined statements of income reflect the full impairment (that is, the difference between the security's amortized cost basis and fair value) on debt securities that the Company intends to sell or would more-likely than-not be required to sell before the expected recovery of the amortized cost basis. For AFS debt securities that management has no intent to sell and believes that it is more-likely than-not will not be required to be sold prior to recovery, only the credit loss component of the impairment is recognized in earnings, while the remainder is recognized in AOCI in the accompanying condensed combined balance sheets. The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the security. As a result of the adoption of the FSP, the Company's income for the nine months ended September 30, 2009 was higher by $27.6 million on a pretax basis ($18.0 million after-tax).

The cumulative effect of the change included an increase in the opening balance of retained earnings at January 1, 2009 of $11.2 million on a pretax basis ($7.3 million after-tax). See note 4.

Additional Disclosures for Derivative Instruments

On January 1, 2009, the Company adopted SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment to SFAS No. 133* (ASC 815-10/SFAS No. 161). The standard requires enhanced disclosures about derivative instruments and hedged items. No comparative information for periods prior to the effective date is required. The new guidance had no impact on how the Company accounts for these instruments.

Business Combinations

In December 2007, the FASB issued SFAS No. 141 (revised), *Business Combinations* (ASC 805-10/SFAS No. 141(R)), which is designed to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial

reports about a business combination and its effects. The new guidance retains the fundamental requirements in previous guidance that the acquisition method of accounting be used for all business combinations. The new guidance also retains the guidance for identifying and recognizing intangible assets separately from goodwill. The most significant changes in the new guidance are: (1) acquisition costs and restructuring costs will now be expensed; (2) stock consideration will be measured based on the quoted market price as of the acquisition date instead of the date the deal is announced; and (3) the acquirer will record a 100% step-up to fair value for all assets and liabilities, including the noncontrolling interest portion, and goodwill is recorded as if a 100% interest was acquired.

The Company adopted the new guidance on January 1, 2009, and the standard is applied prospectively.

(d) Future Application of Accounting Standards

Investments in Certain Entities That Calculate Net Asset Value Per Share

In September 2009, the FASB issued ASU 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2009-12) to provide guidance on measuring the fair value of certain investments. ASU 2009-12 permits entities to use net asset value as a practical expedient to measure the fair value of its investments in certain investment funds. ASU 2009-12 also requires additional disclosures regarding the nature and risks of such investments. ASU 2009-12 provides guidance on the classification of such investments as Level 2 or Level 3 of the fair value hierarchy. ASU 2009-12 is effective for reporting periods ending after December 15, 2009. This ASU is not expected to have a material impact on the Company's accounting for its investments.

Elimination of QSPE's and Changes in the Consolidation Model for Variable Interest Entities

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (ASC 860-20/SFAS No. 166). SFAS No. 166 will require entities to provide additional information about sales of securitized financial assets and similar transactions, particularly if the seller retains some risk exposure to the assets. This statement also eliminates the concept of qualifying special purpose entities (QSPEs), changes the requirements for the derecognition of financial assets, and calls upon sellers of the assets to make additional disclosures about them. This statement is effective for interim or annual reporting periods ending after November 15, 2009. The adoption of this statement will have no effect on the Company's condensed combined financial statements.

In June 2009, the FASB issued SFAS No. 167, *Consolidation of Variable Interest Entities* (ASC 810-10/ SFAS No. 167), which changed how a company determines when an entity that is insufficiently capitalized or not controlled through voting should be consolidated. A company has to determine whether or not it should provide consolidated reporting of an entity based upon the entity's purpose and design and the parent company's ability to direct the entity's actions. The statement is effective for interim or annual reporting periods ending after November 15, 2009. The adoption of the statement will have no effect on the Company's condensed combined financial statements.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

Proposed Definition of Deferred Acquisition Costs of Insurance Entities

In November 2009, the Emerging Issues Task Force (EITF) reached a proposed consensus that deferred acquisition costs should include costs directly related to the successful acquisition of new and renewed insurance contracts. The proposed consensus, if enacted, could have a material impact on our accounting for indirect costs that vary with and primarily relate to the acquisition of new and renewed insurance contracts. It also could have a material impact on direct costs related to policy applications that do not result in issued policies. If the EITF reaches a final consensus at a subsequent meeting and it is ratified by the FASB, this guidance would be effective for interim and annual periods ending on or after December 15, 2010 with either prospective or retrospective application permitted.

Proposed Additional Fair Value Measurement Disclosure

In August 2009, the FASB issued an exposure draft of a proposed ASU, *Improving Disclosures About Fair Value Measurements*, which proposes new disclosures about fair value measurements. Certain of the proposed amendments would be effective for reporting periods ending after December 15, 2009. Additional disclosures have been proposed that would require a sensitivity analysis regarding the impact of unobservable inputs on the fair valuation of Level 3 instruments, which would be effective for reporting periods ending after March 15, 2010.

Proposed Additional Loss-Contingency Disclosure

In June 2008, the FASB issued an exposure draft proposing expanded disclosures regarding loss contingencies accounted for under ASC 450-10 to 20,*Accounting for Contingencies* (ASC 450-10 to 20), and under ASC 805-10. This proposal increases the number of loss contingencies subject to disclosure and requires substantial quantitative and qualitative information to be provided about those loss contingencies. The proposed effective date for fiscal years ending after December 15, 2009, but will have no effect on the Company's accounting for loss contingencies.

(3) Business Segment Information

The following table presents certain information regarding the Company's operations by segment:

	Nine-month period ended September 30,	
	2009	2008
	(In thousands)	
Revenues:		
Term life insurance	$ 1,312,246	1,290,400
Investment and savings products	217,186	307,779
Corporate and other distributed products	112,367	127,884
Total	$ 1,641,799	1,726,063
Income before income taxes:		
Term life insurance	$ 509,978	519,263
Investment and savings products	67,306	105,285
Corporate and other distributed products	(16,300)	(54,829)
Total income before income taxes	$ 560,984	569,719

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

	September 30, 2009	December 31, 2008
	(In thousands)	
Assets:		
Term life insurance	$ 8,929,697	8,534,143
Investment and savings products	2,144,697	1,653,504
Corporate and other distributed products	1,897,191	973,486
Total	$ 12,971,585	11,161,133

Although the Company does not view the business in terms of geographic segmentation, the following geographic statistics are provided. The Company's operations in Canada accounted for 13% and 15% of the Company's total revenues for the nine-month periods ended September 30, 2009 and 2008, respectively. These operations also made up 23% and 21% of total assets at September 30, 2009 and December 31, 2008, respectively. The majority of the Canadian assets are separate accounts supporting the segregated funds product in Canada and are held in the investment and savings products segment. Excluding separate account assets, the operations of Canada make up 9% and 8% of total assets at September 30, 2009 and December 31, 2008, respectively.

(4) Investments

At September 30, 2009 and December 31, 2008, the cost or amortized cost, gross unrealized gains and losses, and estimated fair value of the Company's fixed maturity and equity securities available-for-sale were as follows:

	September 30, 2009			
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(In thousands)			
Securities available-for-sale, carried at fair value:				
Fixed maturities:				
U.S. government and agencies	$ 37,750	1,176	(345)	38,581
Foreign government	320,543	36,844	(773)	356,614
States and political subdivisions	10,839	823	(1)	11,661
Corporates	3,794,982	252,221	(68,887)	3,978,316
Mortgage- and asset-backed	1,848,254	71,374	(86,228)	1,833,400
Total fixed maturities	6,012,368	362,438	(156,234)	6,218,572
Total equities	40,889	3,791	(2,726)	41,954
Total fixed maturities and equities	$ 6,053,257	366,229	(158,960)	6,260,526

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

	December 31, 2008			
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(In thousands)			
Securities available-for-sale, carried at fair value:				
Fixed maturities:				
U.S. government and agencies	$ 33,234	1,630	(968)	33,896
Foreign government	219,774	4,592	(12,633)	211,733
States and political subdivisions	9,641	574	(137)	10,078
Corporates	3,345,426	36,478	(405,724)	2,976,180
Mortgage- and asset-backed	2,191,974	49,583	(193,439)	2,048,118
Total fixed maturities	5,800,049	92,857	(612,901)	5,280,005
Total equities	41,574	1,792	(7,311)	36,055
Total fixed maturities and equities	$ 5,841,623	94,649	(620,212)	5,316,060

At September 30, 2009, $1,528.4 million cost of investments in equity and fixed maturity exceeded their fair value by $158.9 million. Of the total unrealized losses, the gross unrealized loss on equity securities was $2.7 million and the cost of the equity securities with unrealized losses was $13.1 million. Of the remainder, $140.1 million represents fixed maturity securities that have been in a gross unrealized loss position for less than a year and, of these, 88% are rated investment grade; $1,375.2 million represents fixed maturity securities that have been in a gross unrealized loss position for a year or more and, of these, 84% are rated investment grade.

The available-for-sale mortgage-backed securities portfolio fair value balance of $1,833.4 million consists of $46.1 million of securities backed by mortgages that are Alt-A or subprime.

The decrease in gross unrealized losses on mortgage-backed securities was primarily related to a narrowing of market spreads, reflecting decreases in risk/liquidity premiums. The decrease in gross unrealized losses on corporates was also due to a narrowing of market spreads.

At December 31, 2008, $3,698.7 million cost of investments in equity and fixed maturity securities exceeded their fair value by $620.2 million. Of the total unrealized losses, the gross unrealized loss on equity securities was $7.3 million and the cost of the equity securities with unrealized losses was $23.4 million. Of the remainder, $2,341.0 million represents fixed maturity securities that have been in a gross unrealized loss position for less than a year and, of these, 94% are rated investment grade; $1,334.3 million represents fixed maturity securities that have been in a gross unrealized loss position for a year or more and, of these, 87% and rated investment grade.

The available-for-sale mortgage-backed securities portfolio fair value balance of $2,048.1 million consists of $55.5 million of securities backed by mortgages that are Alt-A or subprime.

As discussed in more detail below, the Company conducts and documents periodic reviews of securities with unrealized losses to evaluate whether the impairment is other than temporary. Any unrealized loss identified as other than temporary is recorded directly in the accompanying condensed combined statements of income.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

The following tables summarize, for all securities in an unrealized loss position at September 30, 2009 and December 31, 2008, the aggregate fair value and the gross unrealized loss by length of time such securities have continuously been in an unrealized loss position:

	September 30, 2009					
	Less than 12 months			12 months or longer		
	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
	(In thousands)					
Fixed maturities:						
U.S. government and agencies	$ —	—	—	$ 4,754	(345)	2
Foreign government	7,224	(28)	4	27,486	(745)	14
States and political subdivisions	—	—	—	566	(1)	1
Corporates	107,837	(3,530)	98	677,820	(65,357)	446
Mortgage- and asset-backed	21,102	(356)	10	512,205	(85,872)	246
Total fixed maturities	136,163	(3,914)		1,222,831	(152,320)	
Equities	319	(5)	14	10,047	(2,721)	15
Total fixed maturities and equities	$ 136,482	(3,919)		$ 1,232,878	(155,041)	

	December 31, 2008					
	Less than 12 months			12 months or longer		
	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
	(In thousands)					
Fixed maturities:						
U.S. government and agencies	$ 4,123	(968)	2	$ —	—	—
Foreign government	98,203	(8,320)	69	10,687	(4,313)	2
States and political subdivisions	158	(31)	1	467	(106)	1
Corporates	1,481,758	(194,462)	1,169	658,466	(211,262)	502
Mortgage- and asset-backed	473,693	(79,235)	231	334,827	(114,204)	175
Total fixed maturities	2,057,935	(283,016)		1,004,447	(329,885)	
Equities	12,286	(5,147)	346	3,858	(2,164)	236
Total fixed maturities and equities	$ 2,070,221	(288,163)		$ 1,008,305	(332,049)	

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

The scheduled maturity distribution of the available-for-sale fixed maturity portfolio at September 30, 2009 follows. Expected maturities may differ from scheduled contractual maturities because issuers of securities may have the right to call or prepay obligations with or without call or prepayment penalties.

	Cost or amortized cost	Estimated fair value
	(In thousands)	
Due in 1 year or less	$ 437,840	446,931
Due after 1 year through 5 years	1,771,237	1,884,342
Due after 5 years through 10 years	1,506,773	1,622,324
Due after 10 years	448,264	431,575
	4,164,114	4,385,172
Mortgage- and asset-backed securities	1,848,254	1,833,400
Total	$ 6,012,368	6,218,572

The following table presents the net effect on stockholder's equity of unrealized gains and losses from investment securities at September 30:

	September 30, 2009	December 31, 2008
	(In thousands)	
Net unrealized investment losses including foreign currency translation adjustment	$ 207,269	(525,563)
Less foreign currency translation adjustment	(33,320)	40,390
Net unrealized investment losses excluding foreign currency translation adjustment	173,949	(485,173)
Less deferred income taxes	(57,196)	170,080
Net unrealized investment losses excluding foreign currency translation adjustment, net of taxes	$ 116,753	(315,093)

(a) Trading Portfolio

At September 30, 2009 and December 31, 2008, the Company had an additional $19.7 million and $11.1 million, respectively, of fixed maturity securities classified as trading securities. Included in net investment income for the nine-month periods ended September 30, 2009 and 2008 were trading portfolio gains (losses) of $1.4 million and $(0.7) million, respectively. Of the amount included in net investment income for the nine-month periods ended September 30, 2009 and 2008, the Company had trading investment income from fixed maturity securities still owned of $1.0 million and $(2.1) million, respectively.

(b) Assets on Deposit

As required by law, the Company has investments on deposit with governmental authorities and banks for the protection of policyholders with a fair value of $18.7 million and $18.6 million at September 30, 2009 and December 31, 2008, respectively.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

(c) Derivatives

The Company held a number of foreign currency swap contracts with an aggregate fair value of $(3.1) million and $(1.9) million at September 30, 2009 and December 31, 2008, respectively. The maturity of each of these contracts varies, with maturity dates ranging from October 2013 to May 2015. The Company uses foreign currency swaps to reduce the Company's foreign exchange risk due to exposure to foreign exchange rates that results from direct foreign currency investments.

The Company held a number of foreign currency forward contracts with an aggregate fair value of $0.2 million and $0.5 million at September 30, 2009 and December 31, 2008, respectively. The maturity of each of these contracts varies, with no maturity date extending beyond September 2009. Forward contracts are used on an ongoing basis to reduce the Company's exposure to foreign exchange rates that results from direct foreign currency investments.

The notional balance of the Company's derivatives was $22.1 million and $25.9 million at September 30, 2009 and December 31, 2008, respectively.

The Company has a deferred loss of $26.4 million related to closed forward contracts that were used to hedge the Company's exposure to foreign currency exchange rates that resulted from the net investment in the Company's Canadian operations. This amount is included in accumulated other comprehensive income. No amounts are expected to reverse out of accumulated other comprehensive income in the next 12 months.

(d) Investment Income

For the nine-month periods ended September 30, 2009 and 2008, the sources of investment income of the Company were as follows:

	2009	2008
Bonds	$261,968	230,496
Preferred and common stock	4,865	(2,892)
Policy loans	1,098	1,390
Cash equivalents	2,494	13,477
Other	(191)	725
Total investment income	270,234	243,196
Investment expenses	9,358	10,908
Net investment income	$260,876	232,288

For the nine-month periods ended September 30, 2009 and 2008, proceeds and gross realized investment gains and losses resulting from sales or other redemptions of investment securities were as follows:

	2009	2008
	(In thousands)	
Proceeds from sales or other redemptions	$ 1,331,331	1,599,606
Gross realized:		
Gains from sales	$ 26,402	9,395
Losses from sales	(3,507)	(812)
Losses from OTTI	(53,715)	(68,204)
Gains (losses) from hedging	(653)	(120)
Net realized investment losses	$ (31,473)	(59,741)

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

The amount of net unrealized investment losses that were reclassified from accumulated other comprehensive income was $30.8 million and $59.6 million at September 30, 2009 and 2008, respectively.

(e) Other-Than-Temporary Impairment

The Company conducts and documents periodic reviews of securities with unrealized losses to evaluate whether the impairment is other than temporary. As discussed in more detail below, prior to January 1, 2009, these reviews were conducted pursuant to ASC 320-10, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* (ASC 320-10). Any unrealized loss identified as other than temporary was recorded directly in the condensed combined statement of income. As of January 1, 2009, the Company adopted ASC 320-10. Accordingly, any credit-related impairment related to debt securities the Company does not plan to sell and is more-likely than-not to be required to sell is recognized in the condensed combined statements of income, with the noncredit-related impairment recognized in AOCI. The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the securities. For other impaired debt securities, the entire impairment is recognized in the condensed combined statements of income.

All bonds in default were considered to be other-than-temporarily impaired. Certain bonds not in default were considered to be other-than-temporarily impaired due to adverse credit events such as news of an impending filing for bankruptcy, an analysis of the issuer's most recent financial statements or other information in which liquidity deficiencies, significant losses, and large declines in capitalization were evident, and analysis of rating agency information in which severe downgrades were evident, among others, that indicated a significant increase in the possibility of default. Additionally, asset-backed and mortgage-backed bonds that were impaired were shown to have a potential loss based on a combination of a high delinquency rate, default rate, prepayment rates, loss severity and expectations about future performance.

Management has determined that the unrealized losses on the Company's investments in fixed maturity and equity securities at September 30, 2009 are temporary in nature. The Company conducts a review each quarter to identify and evaluate investments that have indications of possible impairment. An investment in a debt or equity security is impaired if its fair value falls below its cost and the decline is considered other than temporary. Factors considered in determining whether a loss is temporary include the length of time and extent to which fair value has been below cost, and the financial condition and near-term prospects for the issue. The Company's review for impairment generally entails:

- Analysis of individual investments that have fair values less than a predetermined percentage of amortized cost, including consideration of the length of time the investment has been in an unrealized loss position;
- Analysis of corporate bonds by reviewing the issuer's most recent performance to date, including analyst reviews, analyst outlooks, and rating agency information;
- Analysis of commercial mortgage-backed bonds based on the risk assessment of each security including: performance to date, credit enhancement, risk analytics and outlook, underlying collateral, loss projections, rating agency information, and available third party reviews and analytics;

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

- Analysis of residential mortgage-backed bonds based on loss projections provided by models and comparison to current credit enhancement levels;
- Analysis of the Company's other investments, as required based on the type of investment; and
- Analysis of all downward credit migrations that occurred during the quarter.

For debt securities a critical component of the evaluation for OTTI is the identification of credit impaired securities, where management does not expect to receive cash flows sufficient to recover the entire amortized cost basis of the security. This analysis considers the likelihood of receiving all contractual principal and interest. The majority of our investments are evaluated by using discounted cash flow principals.

Significant levels of estimation and judgment are required to determine the fair value of certain of our investments. The factors influencing these estimations and judgments inherently are subject to change in subsequent reporting periods.

As of September 30, 2009, the unrealized losses on the Company's investment portfolio were largely caused by interest rate sensitivity and change in the credit spreads. The Company believes that a fluctuation caused by interest rate movement has little bearing on the recoverability of its investment. These investments are not considered other-than-temporarily impaired.

Recognition and Measurement of Other-Than-Temporary Impairment

The following table presents the total OTTI recognized during the nine months ended September 30, 2009 (in thousands):

Impairment losses related to securities which the Company does not intend to sell and is more-likely-than-not that it will not be required to sell:	
Total OTTI losses recognized during the nine months ended September 30, 2009	$ 56,508
Less portion of OTTI loss recognized in accumulated other comprehensive income (loss)	(27,640)
Net impairment losses recognized in earnings for securities that the Company does not intend to sell and is more-likely-than-not that it will not be required to sell	28,868
OTTI losses recognized in earnings for securities that the Company intends to sell or more-likely-than-not that it will be required to sell before recovery	24,847
Total impairment losses recognized in earnings	$ 53,715

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

The nine-month roll-forward of the credit-related losses recognized in earnings for all securities still held at September 30, 2009 is as follows (in thousands):

	Cumulative OTTI credit losses recognized in earnings for available-for-sale securities				
	January 1, 2009 cumulative OTTI credit losses recognized for securities still held	Additions for OTTI securities where no credit losses were recognized prior to January 1, 2009	Additions for OTTI securities where credit losses have been recognized prior to January 1, 2009	Reductions due to sales of credit impaired securities	September 30, 2009 cumulative OTTI credit losses recognized for securities still held
U.S. government and agencies	$ —	—	—	—	—
Foreign government	—	—	—	—	—
States and political subdivisions	—	—	—	—	—
Corporates	72,211	33,608	12,497	(20,286)	98,030
Mortgage- and asset-backed	9,776	2,542	3,715	—	16,033
Total OTTI credit losses recognized for available-for-sale fixed maturity securities	$ 81,987	36,150	16,212	(20,286)	114,063

(f) Fair Value

The Company's estimated fair value and hierarchy classifications at September 30, 2009 are as follows:

	Level 1	Level 2	Level 3	Estimated fair value
		(In thousands)		
Assets:				
Fixed maturities:				
U.S. government and agencies	$ —	38,581	—	38,581
Foreign government	—	356,614	—	356,614
States and political subdivisions	—	11,661	—	11,661
Corporates	—	3,958,396	19,920	3,978,316
Mortgage- and asset-backed	—	1,088,704	744,696	1,833,400
Total fixed maturities	—	5,453,956	764,616	6,218,572
Trading securities	—	19,690	—	19,690
Equity securities	12,238	27,492	2,224	41,954
Separate accounts	—	2,033,119	—	2,033,119
Total assets	$ 12,238	7,534,257	766,840	8,313,335
Liabilities:				
Currency swaps and forwards	$ —	2,920	—	2,920
Separate accounts	—	2,033,119	—	2,033,119
Total liabilities	$ —	2,036,039	—	2,036,039

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

The Company's estimated fair value and hierarchy classifications at December 31, 2008 are as follows:

	Level 1	Level 2	Level 3	Estimated fair value
		(In thousands)		
Assets:				
Fixed maturities:				
U.S. government and agencies	$ —	33,896	—	33,896
Foreign government	—	211,733	—	211,733
States and political subdivisions	—	10,078	—	10,078
Corporates	—	2,963,596	12,584	2,976,180
Mortgage- and asset-backed	—	1,322,490	725,628	2,048,118
Total fixed maturities	—	4,541,793	738,212	5,280,005
Trading securities	—	11,094	—	11,094
Equity securities	11,685	23,173	1,197	36,055
Separate accounts	—	1,564,111	—	1,564,111
Total assets	$ 11,685	6,140,171	739,409	6,891,265
Liabilities:				
Currency swaps and forwards	$ —	1,420	—	1,420
Separate accounts	—	1,564,111	—	1,564,111
Total liabilities	$ —	1,565,531	—	1,565,531

In assessing fair value of its investments, the Company uses a third party pricing service for more than 95% of its publicly traded securities. The remaining public securities are primarily valued using non-binding broker quotes. The Company uses an independent asset management service to value its private securities. The asset manager uses a public corporate spread model that calculates a price for the private issues. The pricing is based on public corporate spreads having similar tenors (e.g., sector, average life and quality rating); liquidity and yield based on quality rating, average life and treasury yields. All data inputs come from observable data corroborated by Barclays Capital Live and/or the JP Morgan Global High yield index.

The Company performs internal reasonableness assessments on fair value determinations within its portfolio. If a fair value appears unreasonable, the Company will re-examine the inputs. The Company may challenge a fair value assessment made by the pricing service or the asset management service, but the Company does not generally adjust quotes or prices related to fair value assessments for any of the assets in its portfolio. Because many fixed income securities do not trade on a daily basis, fair value is determined using industry-standard methodologies by applying available market information through processes such as U.S. Treasury curves, benchmarking of like-securities, sector groupings, quotes from market participants and matrix pricing. Observable information is complied and integrates relevant credit information, perceived market movements and sector news. Additionally, security prices are periodically back-tested to validate and/or refine models as conditions warrant. Market indicators and industry and economic events are also monitored as triggers to obtain additional data. For certain structured securities with limited trading activity, industry-standard pricing methodologies use adjusted market information, such as index prices or discounting expected future cash flows, to estimate fair value. If these measures are not deemed observable for a particular security, the security will be classified as Level 3.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

Where specific market information is unavailable for certain securities, pricing models produce estimates of fair value primarily using Level 2 inputs along with certain Level 3 inputs. These models include matrix pricing. The pricing matrix uses current treasury rates and credit spreads received from third party sources to estimate fair value. The credit spreads incorporate the issuer's industry- or issuer-specific credit characteristics and the security's time to maturity, if warranted. Remaining un-priced securities are valued using an estimate of fair value based on indicative market prices that include significant unobservable inputs not based on, nor corroborated by, market information, including the utilization of nonbinding broker quotes.

The following table presents changes in the Level 3 fair value category (in thousands):

Beginning balance at December 31, 2008	$ 739,409
Net unrealized through other comprehensive income	19,613
Transfers in and/or out of level 3	2,207
Additions/deductions	5,611
Ending balance at September 30, 2009	$ 766,840

Upon the adoption of ASC 825-10, the Company elected the fair value option for equity investments that are not in the Russell 3000 Index. The following presents, as of December 31, 2008, the fair value of the securities selected for fair value accounting in accordance with ASC 825-10, as well as changes in fair value for the 12 months then ended included in net investment income in the accompanying condensed combined statements of income.

	Fair value, January 1, 2008	Fair value, December 31, 2008	Fair value losses 9 months ended September 30, 2008	Fair value, January 1, 2009	Fair value, September 30, 2009	Fair value gains 9 months ended September 30, 2009
			(In thousands)			
Equity securities	$ 15,166	4,579	(5,397)	4,579	6,508	1,929

(5) Financial Instruments

The carrying values and estimated fair values of the Company's financial instruments were as follows:

Financial instruments	September 30, 2009		December 31, 2008	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
	(In thousands)			
Assets:				
Fixed maturity securities	$ 6,218,572	6,218,572	5,280,005	5,280,005
Trading securities	19,690	19,690	11,094	11,094
Equity securities	41,954	41,954	36,055	36,055
Policy loans and other invested assets	28,364	28,364	28,304	28,304
Cash and cash equivalents	580,116	580,116	302,354	302,354
Separate accounts	2,033,119	2,033,119	1,564,111	1,564,111
Liabilities:				
Currency swaps and forwards	$ 2,920	2,920	1,420	1,420
Separate accounts	2,033,119	2,033,119	1,564,111	1,564,111

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))

Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

The fair values of financial instruments presented above are estimates of the fair values at a specific point in time using various sources and methods, including market quotations and a complex matrix system that takes into account issuer sector, quality, and spreads in the current marketplace.

The carrying amounts for receivables, accrued investment income, accounts payable, cash collateral and payables for security transactions approximated their fair values due to the short-term nature of these instruments. Consequently, such instruments are not included in the above table. The preceding table also excludes liabilities for future policy benefits and unpaid policy claims as these liabilities are not financial instruments as defined by GAAP.

Estimated fair values of investments in fixed maturity securities are principally a function of current spreads and interest rates that are primarily provided by a third party vendor. Therefore, the fair values presented are indicative of amounts the Company could realize or settle currently. The Company does not necessarily intend to dispose of or liquidate such instruments prior to maturity. Trading securities, which primarily consist of bonds, are carried at fair value. Equity securities, including common and nonredeemable preferred stocks, are carried at fair value. The carrying value of policy loans and other invested assets and cash and cash equivalents approximates fair value. Segregated funds in separate accounts are carried at the underlying value of the variable annuity contracts, which is fair value. Derivative instruments are stated at fair value based on market prices.

(6) Comparability between Periods

The Company revised its estimates of DAC and FPB in 2008. As a result, benefits and claims expense and amortization of deferred policy acquisition costs in the accompanying condensed combined statements of income for the nine-month period ended September 30, 2009 is not directly comparable to the Company's results for the nine-month period ended September 30, 2008.

The revised estimates are based on a policy-by-policy approach rather than on an aggregated basis. Furthermore, under the new estimation method, if policies lapse at a rate other than what was originally assumed, the DAC and FPB are immediately revised, whereas under the previous estimation method, the financial impact of such variances was recorded prospectively over the remaining life of the aggregate block of policies.

(7) Commitments and Contingencies

The Company is involved in various litigation in the normal course of business. It is management's opinion, after consultation with counsel and a review of the facts, that the ultimate liability, if any, arising from such contingencies will not have any material adverse effect on the Company's financial position and results of operations.

At September 30, 2009 and December 31, 2008, the Company had commitments to provide additional capital contributions to invest in mezzanine debt securities of $11.9 million and $12.3 million, respectively. The timing of the funding is uncertain, although the obligation will expire in 2012.

The Company leases office equipment and office and warehouse space under various noncancelable operating lease agreements that expire through December 2018. Rental expense at September 30, 2009 included minimum rent and contingent rent of $1.7 million and $0 million, respectively. Rental expense at September 30, 2008 included minimum rent and contingent rent of $1.7 million and $0 million, respectively.

PRIMERICA, INC.
(Wholly Owned by Citigroup Inc. (the Parent))
Notes to Condensed Combined Financial Statements
September 30, 2009 and 2008
(Unaudited)

At September 30, 2009, the minimum aggregate rental commitments for operating leases are as follows (in thousands):

At September 30:	
2009	$ 1,625
2010	6,327
2011	6,505
2012	6,600
2013	4,150
Thereafter	6,600
Total	$ 31,807

(8) Subsequent Events

Through December 22, 2009, the issuance date of the financial statements, the Company does not have any subsequent events warranting further disclosure.

Shares

Primerica, Inc.

Common Stock

PRELIMINARY PROSPECTUS

, 2010

Citi

Until , 2010 (25 days after the date of this prospectus), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. Other Expenses of Issuance and Distribution

The following table sets forth the various expenses, other than underwriting discounts and commissions, payable by the registrant and the selling stockholder in connection with the offering contemplated by this registration statement. All of the fees set forth below are estimates except for the SEC registration fee, the FINRA fee and the stock exchange listing fee.

	Amount	
	Payable by the Selling Stockholder	Payable by the Registrant
SEC registration fee	$ 5,580	—
FINRA fee	10,500	—
Stock exchange listing fee	*	*
Blue Sky fees and expenses	*	*
Printing expenses	*	*
Legal fees and expenses	*	*
Accounting fees and expenses	*	*
Transfer agent and registrar fees	*	*
Miscellaneous fees and expenses	*	*
Total	$ *	*

* To be completed by amendment

ITEM 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent to the registrant. The Delaware General Corporation Law provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any by-laws, agreement, vote of stockholders or disinterested directors or otherwise. The registrant's certificate of incorporation provides for indemnification by the registrant of its directors, officers and employees to the fullest extent permitted by the Delaware General Corporation Law.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders; (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) for unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions; or (4) for any transaction from which the director derived an improper personal benefit. The registrant's certificate of incorporation and bylaws provides for such limitation of liability to the fullest extent permitted by the Delaware General Corporation Law.

The registrant will on its own, or in conjunction with its controlling shareholder, maintain industry standard policies of insurance under which coverage is provided to its directors and officers against legal liability for loss which is not indemnified arising from claims made by reason of breach of duty or other wrongful act while acting in their capacity as directors and officers of the registrant.

The proposed form of underwriting agreement to be filed as Exhibit 1.1 to this Registration Statement provides for indemnification of directors and certain officers of the registrant by the underwriters against certain liabilities.

ITEM 15. Recent Sales of Unregistered Securities

We sold 100 shares of our common stock to Citi on October 26, 2009 for $1.00. The sale was exempt from registration under Section 4(2) of the Securities Act.

We issued shares of our common stock and the $ million Citi note to Citi on , 2010 in exchange for Citi's transfer to us of the capital stock of its subsidiaries that hold the businesses comprising our operations. The sale was exempt from registration under Section 4(2) of the Securities Act.

ITEM 16. Exhibits and Financial Statements Schedules

(a) Exhibits

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the application agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. The registrant acknowledges that, notwithstanding the inclusion of the foregoing cautionary statements, it is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this registration statement not misleading.

Exhibit Number	Description
1.1	Form of Underwriting Agreement*
3.1	Form of Amended and Restated Certificate of Incorporation of the Registrant*
3.2	Form of Amended and Restated Bylaws of the Registrant*
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP*
10.1	Form of Intercompany Agreement*
10.2	Form of Transition Services Agreement*
10.3	Form of Tax Sharing Agreement*
10.4	Form of Long-Term Services Agreement*
10.5	Form of 80% Coinsurance Agreement between Primerica Life and Prime Reinsurance Company*
10.6	Form of 10% Coinsurance Agreement between Primerica Life and Prime Reinsurance Company*
10.7	Form of 80% Coinsurance Trust Agreement between Primerica Life and Prime Reinsurance Company*
10.8	Form of 10% Coinsurance Economic Trust Agreement between Primerica Life and Prime Reinsurance Company*
10.9	Form of 10% Coinsurance Excess Trust Agreement between Primerica Life and Prime Reinsurance Company*
10.10	Form of Capital Maintenance Agreement between Citigroup, Inc. and Prime Reinsurance Company*
10.11	Form of Coinsurance Agreement between National Benefit Life Insurance Company and American Health and Life Insurance Company*
10.12	Form of 90% Coinsurance Trust Agreement between National Benefit Life Insurance Company and American Health and Life Insurance Company*
10.13	Form of Coinsurance Agreement between Primerica Life Canada and [ ]*
10.14	Primerica, Inc. 2010 Omnibus Incentive Plan*
10.15	Form of Restricted Stock Award Agreement under the Primerica, Inc. 2010 Omnibus Incentive Plan*
10.16	Selling Agreement by and among The Travelers Insurance Company, The Travelers Life and Annuity Company, Travelers Distribution, LLC and PFS Investments Inc., dated July 1, 2005, as amended**
10.17	Agreement of Lease by and between Breckinridge Place Limited Partnership and Primerica Life Insurance Company, dated May 28, 1993, as amended*
10.18	Lease Agreement between Conata Properties Corporation and Primerica Life Insurance Company, dated March 1, 1993, as amended
10.19	Agreement of Lease by and between GF Building One Associates and Primerica Life Insurance Company, dated July 1, 1993, as amended
10.20	Standard Industrial Lease by and between Principal Life Insurance Company and Primerica Life Insurance Company, dated January 15, 2003, as amended
10.21	Industrial Lease Agreement by and between Duke Realty Limited Partnership and Primerica Life Insurance Company, dated November 21, 2002, as amended
10.22	Agreement of Sublease between Citibank, N.A. and National Benefit Life Insurance Company, dated June 12, 2009*
10.23	Lease between 2725321 Canada Inc. and Primerica Life Insurance Company of Canada, dated March 3, 2008, as amended

Exhibit Number	Description
10.24	Agreement of Lease between Industrial-Alliance Life Insurance Company and Primerica Life Insurance Company of Canada, dated April 16, 1996, as amended
10.25	Lease between The Great-West Life Assurance Company and 801611 Ontario Limited, and Primerica Life Insurance Company of Canada, dated June 21, 2000, as amended*
10.26	Mutual Fund Dealer Agreement between PFS Investments, Inc. and Legg Mason Investors Services, LLC, effective June 1, 2008, as amended**
10.27	Selling Group Agreement between PFS Investments, Inc. and Van Kampen Funds, Inc. (formerly known as American Capital Marketing, Inc.), dated June 22, 1992
10.28	Selling Group Agreement between PFS Investments, Inc. and The American Funds Group, dated January 1, 2002, as amended
15.1	Review Report of KPMG LLP, dated December 22, 2009
21.1	Subsidiaries of the Registrant
23.1	Consent of KPMG LLP
23.2	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (contained in its opinion filed as Exhibit 5.1 hereto)*
24.1	Powers of Attorney (included on signature page to registration statement)

* To be filed by amendment

** Confidential treatment has been requested for certain portions omitted from this exhibit pursuant to Rule 406 under the Securities Act of 1933. Confidential portions of this exhibit have been filed separately with the Securities and Exchange Commission.

(b) Financial Statement Schedules

Number	Description
Schedule I	Summary of Investments other than Investments in Related Parties
Schedule III	Insurance Disclosures
Schedule IV	Reinsurance

ITEM 17. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to the registrant's directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by the registrant is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

The registrant hereby undertakes that:

(i) for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(ii) for purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Duluth, State of Georgia, on the 22nd day of December, 2009.

Primerica, Inc.

By: /S/ PETER W. SCHNEIDER
Name: Peter W. Schneider
Title: Executive Vice President, General Counsel and Secretary

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated on the 22nd day of December, 2009.

Signature	Title
/S/ JOHN A. ADDISON, JR. **John A. Addison, Jr.**	Co-President and Director (Co-Principal Executive Officer)
/S/ D. RICHARD WILLIAMS **D. Richard Williams**	Co-President and Director (Co-Principal Executive Officer)
/S/ ALISON S. RAND **Alison S. Rand**	Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 10.16

[EXECUTION COPY]

Confidential materials omitted and filed
separately with the Securities and Exchange
Commission. Asterisks denote omissions.

SELLING AGREEMENT

This Selling Agreement, dated as of July 1, 2005 (this "Agreement"), is made by and among The Travelers Insurance Company, The Travelers Life and Annuity Company (each, an "Insurance Company" and, collectively, the "Insurance Companies"), Travelers Distribution, LLC (the "Underwriter"), and PFS Investments Inc. ("Distributor").

RECITALS

WHEREAS, the Insurance Companies issue certain life insurance and/or annuity products identified on Schedule A attached hereto (the "Products");

WHEREAS, Distributor directly (or through one or more of its Affiliates) is licensed to solicit and sell the Products through its Registered Representatives and Selling Entities in the Territory; and

WHEREAS, upon the terms and subject to the conditions set forth in this Agreement, Distributor desires to solicit and sell through its Registered Representatives and Selling Entities, and the Insurance Companies desire that Distributor so solicit and sell, the Products in the Territory.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"1997 Selling Agreement" means the Selling Agreement dated December 1997, as amended, by and among the Insurance Companies, Distributor and Tower Square Securities, Inc.

"AAA Rules" has the meaning ascribed to such term in Section 7.3.

"Act" has the meaning ascribed to such term in Section 4.7.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such first Person. The term "control" (including its correlative meanings "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"Agreement" has the meaning ascribed to such term in the preamble.

"Approved Sales Materials" means Sales Materials approved in writing by Distributor and the applicable Insurance Company and any required regulatory authorities.

"BSA" has the meaning ascribed to such term in Section 4.7.

"Business Day" means any day other than a Saturday, Sunday or day on which the New York Stock Exchange or banking institutions in The City of New York, New York, are authorized or obligated by Law or executive order to be closed.

"Citigroup" means Citigroup Inc., a Delaware corporation, and the ultimate, indirect parent of Distributor.

"Citigroup Standards and Practices" means the client service and relationship standards, business practices, ethical standards, customer privacy and protection policies and general service quality standards, reputational considerations and industry standards, as determined from time to time by Citigroup or any of its Affiliates, provided that such Citigroup Standards and Practices, to the extent they relate to a Product or New Product and/or Distributor, shall be applied, and changes thereto shall be made, without discriminating in any material manner against any Insurance Company relative to all other similarly situated providers of such Products or New Products distributed by such Distributor.

"COB Plan" has the meaning ascribed to such term in Section 7.11.

"Comparable Distributor" means a distributor using a substantially similar approach to the marketing, servicing, sales support and overall distribution of products.

"Competitive" means (a) the terms, total compensation, customer appeal, consumer pricing and value, wholesaler coverage, training and support, features and service standards and metrics of the applicable product, taken as a whole, are at least equivalent to those of other comparable products, considered as a group, then distributed by Distributor and (b) the financial strength rating of the applicable provider is substantially similar to the other providers (considered as a group) then providing such comparable products to Distributor.

"Confidential Information" has the meaning ascribed to such term in Section 4.1.

"Dispute" has the meaning ascribed to such term in Section 7.3.

"Distributor" has the meaning ascribed to such term in the preamble.

"Exclusive Products" has the meaning ascribed to such term in Section 2.2.

"Existing Product" has the meaning ascribed to such term in Section 2.6.

"First Term" means the five-year period commencing on the date of this Agreement and ending on the fifth anniversary of the date of this Agreement.

"Governmental Authority" means any federal, state or local domestic, foreign or supranational governmental, regulatory or self-regulatory authority, agency, court, tribunal, commission or other governmental, regulatory or self-regulatory entity.

"Indemnified Party" has the meaning ascribed to such term in Section 6.1.

"Indemnifying Party" has the meaning ascribed to such term in Section 6.1.

"Insurance Companies" has the meaning ascribed to such term in the preamble.

"Law" means any law (including common law), Order, ordinance, writ, statute, treaty, rule or regulation of a Governmental Authority.

"Level Playing Field" means, with respect to a Product, Distributor (a) shall afford the same access to its distribution platforms for such Product offered by the Insurance Company as the access it affords to comparable products offered by a Third Party Insurer and (b) shall not provide to its Sales Force any compensation or other economic inducement or benefit for the sale of comparable products sold in a comparable sales support and compensation framework offered by a Third Party Insurer that are more favorable than the compensation or other economic inducements or benefits provided to such Sales Force for the sale of such products offered by the Insurance Company; provided that a Level Playing Field may include variations in Sales Force compensation that are (i) based upon neutral criteria that do not differentiate between product providers, such as achieving sales volume or persistency objectives, or (ii) for products (including combined product and service arrangements) for which distributor compensation is negotiated by the provider on a sale-by-sale basis, such as group retirement products.

"Insurance Company" has the meaning ascribed to such term in the preamble.

"NASD" means the primary private-sector regulator of the United States securities industry, formerly known as the National Association of Securities Dealers, Inc.

"New Products" means, with respect to Distributor, any life insurance or annuity product that the Insurance Company is authorized to offer but was not included among the types of insurance or annuity products distributed by Distributor on the date of this Agreement. For avoidance of doubt, the addition of new features to Products shall not constitute New Products in whole or in part, regardless of whether any insurance regulatory filing is required in connection therewith

"Non-Exclusive Products" has the meaning ascribed to such term in Section 2.3.

"Parties" means Distributor, the Underwriter and the Insurance Companies.

"Person" means any individual, corporation, business trust, partnership, association, limited liability company, unincorporated organization or similar organization, or any Governmental Authority.

"Private Label Product" means a life insurance or annuity product customized for Distributor in the Territory that (i) is branded under the name of Distributor in the Territory or (ii) is a variable life insurance or variable annuity contract that offers as an option more than two investment choices or mutual funds that are advised or managed by Citigroup or one of its Affiliates (or any successor to Citigroup or a Citigroup Affiliate of substantially all of the business or assets of Citigroup or such Citigroup Affiliate that relate primarily to the asset management business), including Distributor (in the capacity of either an advisor or sub-advisor). For the avoidance of doubt and without limitation, a Private Label Product (whether existing on the date of this Agreement or thereafter) shall be deemed a Product for all purposes under this Agreement.

"Proceeding" has the meaning ascribed to such term in Section 4.6.

"Products" has the meaning ascribed to such term in the recitals.

"Registered Representative" means an individual who is (a) a Series 6 registration with the NASD with respect to whom Distributor has on file a Form U-4 and has completed a background investigation that has been filed with the NASD, (b) duly registered with all applicable state securities regulatory authorities as a registered person of Distributor, (c) duly licensed under the insurance laws of all states in which such individual is required to be licensed in order to solicit and sell the Products or New Products and (d) duly appointed by the Insurance Companies with state insurance departments to act as an agent for the Insurance Companies to solicit and sell the Products or New Products.

"Sales Force" means those point-of-sale representatives and their direct supervisors utilized by Distributor or its Affiliates whose responsibility includes the sale or promotion of Products or New Products offered by an Insurance Company.

"Sales Materials" means all promotional, sales, marketing and advertising materials and other communications or materials used in connection with Products, including such materials published, or designed for use, in a newspaper, magazine or other periodical, radio, television, telephone or tape recording, videotape display, signs or billboards, motion pictures or electronic media, web sites and Internet related communications, sales literature (i.e., written communications distributed or made specifically available to the Sales Force or customers, including brochures, circulars, research reports, market letters, form letters, seminar texts, reprints or excerpts of any other advertisement, sales literature or published article), and also training materials and other communications prepared by the Insurance Companies or the Underwriter for Registered Representatives; provided that Sales Material shall not include the Parties' Product applications or any communications or materials that do not promote, market, or advertise Products.

"SEC" means the Securities and Exchange Commission.

"Second Term" means the five-year period commencing on the expiration of the First Term and ending on the tenth anniversary of the date of this Agreement.

"Selling Entity" means the Distributor, together with such of its Affiliates as are specified onSchedule B attached hereto.

"Substitute Product" has the meaning ascribed to such term in Section 2.6.

"Term" has the meaning ascribed to such term in Section 5.1.

"Territory" means the United States and the Commonwealth of Puerto Rico.

"Third Party Insurer" means an insurance company that is not Affiliated with the Insurance Companies or any of their Affiliates.

"Umbrella Agreement" means the Domestic Distribution Agreement, dated as of the date of this Agreement, by and between Citigroup and MetLife, Inc.

"Variable Products" has the meaning ascribed to such term in Section 2.1.

Section 1.2 Construction. For the purposes of this Agreement: (a) words (including capitalized terms defined herein) in the singular shall be held to include the plural and vice versa, and words (including capitalized terms defined herein) of one gender shall be held to include the other gender as the context requires; (b) the terms "hereof," "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this

Agreement as a whole (including all of the Schedules) and not to any particular provision of this Agreement, and Article, Section, paragraph and Schedule references are to the Articles, Sections, paragraphs and Schedules to this Agreement, unless otherwise specified; (c) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation"; (d) all references to any period of days shall be deemed to be to the relevant number of calendar days unless otherwise specified; and (e) "commercially reasonable efforts" shall not require a waiver by any Party of any material rights or any action or omission that would be a breach of this Agreement.

ARTICLE II

DISTRIBUTION ARRANGEMENTS

Section 2.1 Purpose and Background. The Parties enter into this Agreement for the purpose of authorizing Distributor and the Selling Entities, through their respective Registered Representatives, in accordance with and subject to the conditions of this Agreement, to solicit applications for the Products and such New Products as may be agreed upon by the Parties from time to time, some of which Products and New Products may be deemed to be securities and subject to registration under applicable Law (the "Variable Products"). Schedule A may be amended from time to time upon sixty (60) days' prior written notice to and agreement by Distributor to reflect any such New Products. No amendment adding New Products will be effective without the written consent of Distributor.

Section 2.2 Exclusive Distribution Arrangements. During the First Term, each Insurance Company shall have the right to be the exclusive provider in the Territory of each Product, if any, as to which such Insurance Company is the exclusive provider to Distributor of such Product in the Territory (whether pursuant to a written agreement or *de facto)* on the date of this Agreement and identified on Schedule A as an exclusive product (collectively, the "Exclusive Products"). During the Second Term, each such Insurance Company shall have the right to be a provider, on a non-exclusive, Level Playing Field basis, to Distributor of each Exclusive Product distributed by Distributor on the date of this Agreement.

Section 2.3 Non-Exclusive Distribution Arrangements. During the Term, each Insurance Company shall have the right to be a provider in the Territory of each Product, if any, as to which there is no exclusive provider to Distributor of such Product in the Territory on the date of this Agreement and identified on Schedule A as a non-exclusive product (collectively, the "Non-Exclusive Products") on a non-exclusive, Level Playing Field basis.

Section 2.4 Private Label Products.

(a) If an Insurance Company is the provider of a Private Label Product to Distributor on the date of this Agreement, such Insurance Company shall have the right to be the provider of such Private Label Product during the Term. Schedule A identifies all of such Private Label Products on the date of this Agreement.

(b) Subject to Section 2.4(f), if, prior to the seventh anniversary of the date of this Agreement, Distributor desires to distribute, as a Private Label Product in the Territory, a life

insurance product (other than term life insurance) or annuity product that it does not distribute as a Private Label Product on the date of this Agreement, Distributor shall notify the Insurance Companies no later than the time of notification of any Third Party Insurer.

(c) If Distributor does not select an Insurance Company or one of its Affiliates as the provider of the new Private Label Product and Distributor desires to continue to seek a Third Party Insurer, as the provider, Distributor shall include the Insurance Companies and its Affiliates in the process for selection of such provider (whether by formal request for proposals or otherwise) to provide such Private Label Product prior to selecting a Third Party Insurer. Distributor shall entertain in good faith, and on terms no less favorable than those extended to any other proposed provider, proposals from the Insurance Companies and its Affiliates to provide such new Private Label Product.

(d) Distributor (i) shall have exclusive discretion in determining the process for selection of, and the criteria for evaluation of, potential providers of any such Private Label Product and (ii) shall make a good faith determination of the relative suitability of proposals from potential providers for satisfying the requirements of such Private Label Product (it being understood that if Distributor determines that a proposal from an Insurance Company or its Affiliate satisfies such requirements, considered as a whole, at least as well as the most favorable proposal or proposals of the other potential providers, the proposal from the Insurance Company or its Affiliate shall be selected); provided, however, that Distributor shall not be required to select any such proposal.

(e) The rights granted to the Insurance Companies and its Affiliates under this Section 2.4 shall not apply with respect to any new Private Label Product if an insurance company not Affiliated with Citigroup or the Insurance Companies contacts or approaches Distributor, without solicitation by Distributor relating to such Private Label Product, about developing or the possibility of developing such Private Label Product.

(f) Notwithstanding the foregoing, but subject to Section 2.5(b), nothing in this Section 2.4 shall be construed to limit Distributor's ability to offer Products substantially the same as any Private Label Product on a non-private label basis.

Section 2.5 New Products.

(a) At any time during the Term, (i) an Insurance Company may propose to Distributor that Distributor distribute a New Product offered by the Insurance Company or its Affiliate and (ii) Distributor may propose to the Insurance Companies or its Affiliates that Distributor distribute a New Product offered by the Insurance Companies or its Affiliates.

(b) If, prior to the seventh anniversary of the date of this Agreement, Distributor desires to offer a New Product on an exclusive basis, Distributor shall notify the Insurance Companies no later than the time of any notification of any Third Party Insurer.

(c) If Distributor does not select an Insurance Company or one of its Affiliates as the provider of such New Product and Distributor desires to continue to seek a Third Party Insurer, as the provider, Distributor shall include the insurance Companies and its Affiliates in the process for selection of such provider (whether by formal request for proposals or otherwise). Distributor shall entertain in good faith, and on terms no less favorable than those extended to any other proposed provider, proposals from the Insurance Companies and its Affiliates to provide such New Product.

(d) Distributor (i) shall have exclusive discretion in determining the process for selection of, and the criteria for evaluation of, potential providers of any such New Product and (ii) shall make a good faith determination of the relative suitability of proposals from potential providers for satisfying the requirements of such New Product (it being understood that if Distributor determines that a proposal from an Insurance Company or its Affiliate satisfies such requirements, considered as a whole, at least as well as the most favorable proposal or proposals of the other potential providers, such proposal from an Insurance Company or its Affiliate shall be selected); provided, however, that Distributor shall not be required to select any such proposal.

(e) The rights granted to the Insurance Companies and its Affiliates under this Section 2.5 shall not apply with respect to a New Product if an insurance company not Affiliated with the Insurance Companies or Citigroup contacts or approaches Distributor, without solicitation by Distributor relating to such New Product, about providing or the possibility of providing such New Product to be provided on an exclusive basis.

Section 2.6 Substitute Products.

(a) At any time during the Term, an Insurance Company may propose in writing that any of its insurance company Affiliates offer, in place of any Product then offered by the Insurance Company through Distributor (an "Existing Product") in the Territory, a substitute product and if (i) such insurance company Affiliate has been assigned a financial strength rating of at least Aa3 by Moody's Investors Service, Inc. (or any successor thereto) or at least AA- by Standard and Poor's (or any successor thereto) and (ii) such substitute product is substantially the same as the Existing Product in the terms, total compensation, consumer pricing, wholesaler coverage, training and support, features and service standards and metrics (a "Substitute Product"), then Distributor shall distribute such Substitute Product in place of the Existing Product.

(b) The insurance company Affiliate that offers such Substitute Product shall have the same rights under this Agreement with respect to the Substitute Product as the Insurance Company possessed with respect to the Existing Product. By way of illustration and without limiting the generality of the foregoing, if the Insurance Company was entitled to provide the Existing Product on a non-exclusive, Level Playing Field basis through Distributor, such insurance company Affiliate shall be entitled to provide the Substitute Product on a non-exclusive, Level Playing Field basis through Distributor in place of such Existing Product.

(c) Distributor and such insurance company Affiliate will enter into an addendum to this Agreement in the form of Schedule 2.6(c) attached hereto in respect of the Substitute Product. The insurance company Affiliate of the Insurance Company providing the Substitute Product shall bear reasonable costs incurred by Distributor in connection with or arising out of the replacement of the Existing Product with the Substitute Product.

Section 2.7 Independent Contractor Status. Distributor and the Selling Entities are independent contractors (and not employees, joint venturers or partners) with respect to each Insurance Company in the performance of services under this Agreement.

Section 2.8 Request for Proposals. If, during the Term, Distributor proposes to issue a formal written request for proposals to any Third Party Insurer that involves any life insurance or annuity product that the Insurance Companies or their Affiliates are authorized to offer, Distributor shall give notice thereof to the Insurance Company and entertain proposals from the Insurance Company or their Affiliates to be a provider to Distributor of such product. Distributor shall consider such proposals in good faith and on terms no less favorable than the terms extended to any other proposed provider.

Section 2.9 Licensing and Appointment.

(a) The Insurance Companies have each respectively appointed Underwriter to serve as the distributor and principal underwriter of the Products. The Underwriter is registered with the SEC, the NASD and all appropriate state securities regulatory authorities as a broker/dealer.

(b) The Underwriter hereby appoints the Distributor to distribute the Products through Registered Representatives of its Sales Force.

Section 2.10 Securities Licensing/NASD Compliance.

(a) Distributor shall at all times when performing its functions under this Agreement, be registered as a securities broker with the SEC and NASD and licensed or registered as a securities broker/dealer in the states and other local jurisdictions that require such licensing or registration in connection with sales of variable products.

(b) Distributor agrees to abide by all applicable Laws. For the purpose of compliance with any such Laws, Distributor acknowledges and agrees that in performing Distributor services covered by this Agreement, it is acting in the capacity of an independent broker and dealer, as defined by the By-Laws of the NASD, and not as an agent or employee of either Underwriter or any registered investment company.

Section 2.11 Insurance Licensing. Selling Entities represent that at all times when performing their functions under this Agreement, each of them shall be validly licensed as an insurance agency in the states and other jurisdictions that require such licensing or registration in connection with sales or solicitation of the Products. Distributor represents that the Selling Entities are properly authorized as required under applicable state Law to receive insurance commissions generated from sales of the Products.

Section 2.12 Selling Entities: Sale and Solicitation of Variable Insurance Products.

(a) Distributor and Selling Entities each represent that they will engage in the solicitation and sale of Products in accordance with applicable securities laws and regulations. In this regard, the parties understand that Distributor is not authorized to act as an insurance agency.

Instead, it has established affiliation agreements with each of the Selling Entities pursuant to which such agencies may receive commissions from the sale of variable insurance products.

(b) In this process, Distributor represents that each Selling Entity is an associated person, as that term is defined under Section 3(a)(18) of the Securities Exchange Act of 1934, as amended. Distributor further represents that it will maintain supervision and control over the activities and be solely responsible for the acts and omissions of each Registered Representative appointed by a Selling Entity engaged in the solicitation and sales of Variable Products pursuant to this Agreement.

(c) Additionally, Distributor will ensure that each Selling Entity designated to receive commissions on behalf of Distributor will be licensed as required to receive commissions for the sale of variable products in each applicable state. Additionally, Distributor represents that individuals who are not properly licensed under securities laws and regulations will not engage in any way in the solicitation or sale of Variable Products.

Section 2.13 Appointment of Broker/Dealer and Selling Agencies.

(a) The Insurance Companies (and, with respect to any Variable Product, Underwriter) hereby authorize the Distributor and the Selling Entities to sell Products listed on Schedule A, as it may be amended from time to time, including the Variable Products through its Registered Representatives. Distributor is also appointed to perform certain administrative services necessary to facilitate the solicitation and sales of the Variable Products.

(b) Selling Entities are each appointed general agencies of Insurance Companies and each is authorized to sell the Products.

(c) Pursuant to the appointments described in this Section 2.13, Distributor and Selling Entities must comply with the following requirements:

(i) All services provided in connection with the sale of Variable Products that require an active NASD or state securities registration will be provided by the Distributor or its Registered Representatives;

(ii) All individuals soliciting sales of Products will be properly licensed and appointed to the Insurance Companies as required in accordance with the state insurance Law of those jurisdictions in which the Products are distributed;

(iii) Unregistered employees will not engage in any securities activities nor receive any compensation based on transactions in insurance securities or the provision of securities advice; and

(iv) Customers purchasing variable Products will make their checks payable to the Insurance Companies.

(d) For the purpose of compliance with any applicable Law, Distributor and the Selling Entities acknowledge and agree that in performing the Product selling functions reflected by this Agreement, they or the Registered Representative are acting as the agent of the Insurance Companies and in that capacity are authorized only to solicit applications from the public for the Products.

Section 2.14 Licensing and Appointment of Registered Representatives.

(a) In each jurisdiction in which the Registered Representative solicits the sale of Products, the Insurance Companies shall, for both Registered Representatives and Selling Entities, be responsible for processing all appointments, appointment renewals and appointment cancellations and, where applicable, adding variable annuity authority to a Registered Representative's existing license. The Insurance Companies shall not otherwise be responsible for processing any licenses.

(b) Subject to Section 2.14(e), Distributor shall be responsible for the license and appointment fees associated with the licensing and appointments (which fees it generally has the Sales Force pay). The Insurance Companies shall be responsible for the fees associated with all appointment renewals and appointment cancellations of each Registered Representative and Selling Entities.

(c) Through a nightly electronic feed (or other such transmission as agreed to in writing by the Parties), (i) the Insurance Companies will provide the Distributor with appointments and their cancellation, including applicable effective dates and expiration dates, and the addition of variable annuity authority to licenses; and (ii) Distributor will provide the applicable Insurance Company with status updates (license and agent agreement terminations, name changes, etc.)

(d) Each Party shall be permitted, during normal business hours, upon reasonable notice, to audit any other Party's records for compliance with the requirements of this Section 2.14.

(e) If any insurance company is substituted at any time for the current Insurance Companies (or any subsequent insurance companies are substituted or otherwise added as permitted under this Agreement), then for those Registered Representatives appointed with the Insurance Companies as of the date of any such substitution (or with any subsequent insurance companies as of the time of the substitution or other addition), then the appointment fees, cancellation fees and expenses, including the costs associated with any background checks or other such investigations, associated with such appointments, shall be paid by the Insurance Companies.

Section 2.15 Responsibility for Activities of Registered Representatives.

(a) Distributor will select and supervise persons whom it will train to solicit applications for the Products in conformance with applicable Laws.

(b) The Insurance Companies shall have authority to determine whether to appoint or terminate each Registered Representative as an insurance agent of the Insurance Companies. Distributor agrees to cooperate in supplying information or making recommendations necessary to complete such insurance agent appointments. The Insurance Companies will consult with Distributor before exercising its right to cancel the appointment of any Registered Representative.

(c) In jurisdictions which require that Insurance Companies perform background information prior to appointment, Distributor agrees to provide such information as may be necessary to perform such review.

(d) Upon request by Underwriter, Distributor shall furnish such appropriate records as may be necessary to establish supervision of the Registered Representatives in connection with sales of the Products.

(e) Distributor shall notify Underwriter if any Registered Representative ceases to be a registered representative of Distributor, ceases to maintain the proper licensing required for the sale of the Products, or is under investigation for the sale of the Products.

Section 2.16 Suitability.

(a) Distributor shall be responsible for ensuring compliance with state insurance and NASD suitability rules and standards applicable to purchases of the Products.

(b) The Insurance Companies will establish appropriate procedures to receive and establish control of Product applications, and associated payments, from Registered Representatives. Product applications shall include the requisite Distributor application and any application required by the Insurance Companies. The Insurance Companies and the Distributor shall establish workflow procedures for individual Products consistent with those procedures generally provided in Schedule 2.16 that allow for the proper handling and timely processing of all applications (whether in good order or not in good order and customer payments, in accordance with all regulatory requirements). Such workflow procedures shall allow Distributor to perform its trade review and other functions from Duluth, Georgia by reviewing digital images of all necessary documents. The Insurance Companies shall provide the Distributor any periodic reports and other information reasonably requested by Distributor to allow it to effectively monitor and supervise the workflow processes, provided that nothing herein shall relieve Distributor of its obligations under Section 2.12.

(c) The Insurance Companies will issue variable annuity Products only for those customers' Product applications approved by Distributor. The Insurance Companies reserve the right to reject any Product application and return any payment made in connection with an application which is rejected.

(d) The Insurance Companies agree to deliver contracts, transaction confirmations and other customer communications by mail, with notice of such mailing sent to the applicable Registered Representative, to those Persons that purchase Products through the Distributor.

(e) The Insurance Companies agree to support compliance by Registered Representatives with the rules of Distributor with respect to sales and suitability of Products and cash/noncash approvals.

Section 2.17 Solicitation. Distributor will perform the selling functions required by this Agreement in accordance with the terms and conditions of any applicable prospectus(es). Distributor will make only representations included in the prospectus or in any authorized

supplemental material. No sales solicitations, including the delivery of supplemental sales literature or other such materials, shall occur, be delivered to, or used with a prospective purchaser unless accompanied or preceded by appropriate and then current prospectus(es).

Section 2.18 Replacement. Distributor and Selling Entities agree that, following the termination of this Agreement for any reason, they will not enter into any plan, program, scheme or course of action which would systematically attempt to induce any Product owner(s) away from Insurance Companies, except that following the termination of this Agreement Distributor may always recommend a move to another company's product if Distributor reasonably believes that such other product would be more suitable than Insurance Companies' Product for a particular client or clients. For the avoidance of doubt, this Section 2.18 does not (a) restrict communications to Product owners by Distributor, Selling Entities or the Sales Force with respect to factual matters material to the financial condition of the Insurance Companies, provided that the content of the communication to Product owners may not recommend or otherwise suggest they terminate their Products with Insurance Companies, nor (b) restrict the Distributor, Selling Entities or the Sales Force from responding to inquiries of Product owners.

Section 2.19 Bonding of Registered Representatives and Others. Distributor represents that all of its directors, officers, employees and Registered Representatives are and shall be continuously covered by a blanket fidelity bond, covering for larceny and embezzlement, issued by a reputable bonding company. This bond shall be maintained at Distributor's expense and shall be, at least, of the form, type and amount required under the NASD Rules of Fair Practice. Distributor will maintain its current level of fidelity bond coverage. Distributor will provide thirty (30) days prior written notice to Insurance Companies if such fidelity bond coverage is reduced.

Section 2.20 Website Support. The Insurance Companies shall provide online support and information for the Sales Force and customers by creating and maintaining for each dedicated websites. Each website shall be specifically tailored for the applicable Products in both appearance and functionality, largely similar to those websites in use on the date of this Agreement (collectively, the "Websites"). The Websites' functionality shall include the functionality and information described in Schedule 2.20 attached hereto. Distributor shall cooperate with Insurance Companies in connection with this Section 2.20.

Section 2.21 Marketing Allowance Fees. The Insurance Companies shall pay to Distributor Marketing Allowance Fees in accordance withSchedule 2.21 attached hereto and provide those other incentives in Schedule 2.21.

Section 2.22 Information, Access and Reports Provided by the Insurance Companies

(a) The Insurance Companies will compile and provide daily to Distributor periodic marketing and activity reports summarizing sales results in a manner and format substantially similar to those reports provided as of the date of this Agreement or as otherwise reasonably requested by Distributor from time to time. In addition, the Insurance Companies will compile and provide those reports described in Schedule 2.22 attached hereto.

(b) The Insurance Companies will provide Distributor with access to customer and Registered Representative information and documents with respect to activities arising under or in connection with this Agreement in a manner and format substantially similar to the access and format provided as of the date of this Agreement or as otherwise reasonably requested by Distributor, including access to information described in Schedule 2.22 attached hereto.

(c) The Parties acknowledge that following termination of this Agreement, Distributor will still have a need for the information, documents and reports provided by this Section 2.22 in order to, among other matters, deal with consumer complaints, respond to customer inquiries, track, monitor and measure assets under management, commissions and other financial information with respect to Products, and meet regulatory requirements. Accordingly, Distributor's rights to access the information, documents and reports as provided in this Section 2.22 shall survive termination of this Agreement to the extent Distributor or Selling Entities have a reasonable need for the information, documents or reports.

Section 2.23 Market Timing. Distributor understands and acknowledges that Insurance Companies, in their sole discretion and at any time during the term of this Agreement, may restrict or prohibit: (i) the solicitation, offer or sale of new Products to one or more potential product holders and (ii) transfers within existing Products by one or more product holders, if such Products are used or to be used for "market timing" as that term is described in Product prospectuses or as determined in accordance with federal securities laws. Insurance Companies will monitor for market-timing activity related to the Products and notify Distributor in writing if such activity is determined. If Insurance Companies determine in their sole discretion that Distributor, Registered Representatives, or a Distributor client is engaging in market-timing activity in connection with the Products, Insurance Companies may take action that is necessary, in their sole discretion, to halt such activity and promptly notify Distributor in writing. Distributor agrees that it will not participate in or facilitate market timing by a Product holder or potential Product holder and will assist Insurance Companies in implementing their policies and procedures to prevent market timing activity by its Registered Representatives, including instructing any Registered Representative who Insurance Companies suspect may be involved with customers who are in violation of Insurance Companies' policies as outlined in the applicable prospectus. Insurance Company may exercise its rights to terminate the appointment of any Registered Representative that Insurance Company believes is involved in impermissible market timing.

Section 2.24 Tax Reporting Responsibility. Distributor, and not the Insurance Companies, shall be solely responsible under applicable tax Law (i) for the reporting of compensation paid to Registered Representatives and (ii) for any withholding of taxes from compensation paid to Registered Representatives were any such requirements to be applicable.

ARTICLE III

COMPENSATION

Section 3.1 Compensation.

(a) Subject to Sections 3.1(c) and 3.1(d), compensation payable to Selling Entities on sales of the Products sold by Registered Representatives will be paid in accordance with the Compensation Schedule set forth in Schedule 3.1 attached hereto. All compensation payable to Selling Entities under this Agreement shall be paid from the assets of Insurance Companies and not from clients' investments in the Products or the assets of the underlying subaccounts. Compensation will be paid in accordance with the Compensation Schedule in effect at the time the purchase payments are received by the Insurance Company, in the case of annuities, or at the time the applications are received, in the case of life insurance. Termination of this Agreement shall have no effect on compensation due and coming due Selling Entities on Products issued prior to the termination date.

(b) The Parties shall, no less frequently than annually, negotiate in good faith to amend Schedule 3.1 to make Compensation competitive with market rates for similar product offerings, which Schedule 3.1 shall be amended as agreed to in writing by the Parties.

(c) Compensation for PrimeBuilder, PrimeBuilder II and PrimElite Products (which, as shown on Exhibit A, are not currently being marketed) which are currently in force shall be paid pursuant to this Agreement, except as follows:

(i) PrimeBuilder. Compensation payable with respect to PrimeBuilder will be paid in accordance with "The Commission Schedule for Annuity Contracts" ("1997 Commission Schedule") attached to the 1997 Selling Agreement, specifically,

- the "PrimeBuilder Compensation" table at the bottom of page 11 of the 1997 Commission Schedule and
- the "Promotion and Marketing Allowance" and "Marketing Materials Allowance" on page 12.

(ii) PrimeBuilder II. Compensation payable with respect to PrimeBuilder II will be paid in accordance with the "First Amended Commission Schedule for Annuity Contracts" per memorandum dated September 26, 2000 and effective November 1, 1998, which attached Schedule is entitled "PrimeBuilder II 401 (k) Commission Schedule."

(iii) PrimElite. Compensation payable with respect to PrimElite will be paid in accordance with the 1997 Commission Schedule (excluding paragraph 4 thereof entitled "Production Bonus," inasmuch as the Production Bonus is covered in Schedule 3.1 to this Agreement), specifically paragraphs 1, 2, 3 and 5 on pages 12 and 13 of the 1997 Commission Schedule; the rate in paragraph 2 was amended by memorandum dated January 12, 2001.

(d) Additional compensation is payable pursuant to Sections 2.21, above, and 3.2, below.

Section 3.2 Marketing and Administrative Support Fee. The Insurance Companies shall pay to Distributor Marketing and Administrative Support Fees in accordance with Schedule 3.2 attached hereto.

Section 3.3 Disclosure. The Parties shall disclose to purchasers of Products and New Products all compensation related to the Products and New Products, paid to

Distributor or third parties, directly or indirectly, as required by applicable Law; provided that each Party reserves its right to disclose to customers or potential customers the details regarding compensation payable under this Agreement.

Section 3.4 Chargebacks. Insurance Companies agree to identify for Distributor, for each commission payment, the name of the Registered Representative who solicited the Product covered by the payment. In the event a chargeback of a commission payment is warranted, Insurance Companies shall claim the chargeback within 90 days of the event causing the chargeback. Failure of Insurance Companies to claim the chargeback during this 90-day period shall discharge Distributor from the obligation to honor the chargeback.

Section 3.5 Limitations on Compensation. No Compensation shall be payable, and Selling Entities agree to reimburse the Insurance Companies for any Compensation that may have been paid to the Selling Entities, only in any of the following situations:

(i) Insurance Companies' determination not to issue the Product applied for based on their-current underwriting guidelines;

(ii) Product owner's exercise of any "free look" provision;

(iii) it is determined that any person soliciting an application or any other person or entity receving Compensation for soliciting applications or premium for the Products who is required to be licensed is not or was not duly licensed as an insurance agent;

(iv) pursuant to the order of any regulatory body;

(v) Insurance Companies refund the premium paid by applicant as a result of a complaint by applicant that the Insurance Companies, after consultation with and agreement by Selling Entities, reasonably determine to be well founded;

(vi) as a result of the parties' agreement to return the premium payment for a Product;

(vii) premiums have been refunded due to overpayment, errors in billing or in the timing of automatic premium collection deductions, or errors resulting in policy reissue;

(viii) the check delivered in payment of any contract premium does not clear;

(xi) the Product on which commission payments were made is terminated or premium is refunded because the Registered Representative(s) or Selling Entity who sold the Insurance Policy committed an act, error or omission which materially contributed to the termination of the Product or the need to return premium;

(x) the applicant's initial premium on a 1035 exchange is returned because the expected rollover amount from another policy or contract is not transferred due to the exchange not meeting the legal requirements to qualify for a tax-free exchange;

(xi) the Insurance Company returns unearned premium on a life insurance contract as required by the provisions of the policy, or;

(xii) the Insurance Company determines that it has a legal liability to return premiums on a contract within the chargeback period.

ARTICLE IV

ADDITIONAL COVENANTS

Section 4.1 Confidential Information.

(a) During the Term, each Party and its Affiliates may receive confidential information and other proprietary information ("Confidential Information") of the other Parties and their Affiliates. Each Party shall take all appropriate actions consistent with applicable Law and Citigroup Standards and Practices to ensure the protection, confidentiality and security of Confidential Information.

(b) Confidential Information of the Distributor and its Affiliates includes the names, addresses, telephone numbers and social security numbers of applicants for, purchasers of and other customers of Products and New Products as well as other identity and private information in respect of Distributor's or its Affiliates' customers, employees, Registered Representatives, other representatives of the Sales Force, and agents. Each Insurance Company, the Underwriter and their Affiliates acknowledge and agree that Confidential Information of Distributor and its Affiliates is and shall remain the property of Distributor and its Affiliates. Distributor's Confidential Information shall not include any customer information that: (i) was previously known by the Insurance Company or the Underwriter from a source other than Distributor without obligations of confidence; (ii) was or is rightfully received by the Insurance Company or the Underwriter from a third party (other than such customer) without obligations of confidence to Distributor or from publicly available sources without obligations of confidence to Distributor; or (iii) was or is developed by means independent of information obtained from Distributor.

(c) Confidential Information of Insurance Companies and Underwriter includes, but is not limited to, any information concerning the products, services or programs of Insurance Companies or Underwriter and any other information pertaining to Underwriter and Insurance Companies that is proprietary in nature. Distributor and its Affiliates acknowledge and agree that Confidential Information of Insurance Companies and their Affiliates is and shall remain the property of the Insurance Companies and their Affiliates, the Underwriter, or their respective Affiliates. Insurance Companies' Confidential Information shall not include any information that: (x) was previously known by any of Selling Entities or their Affiliates or their respective predecessors from a source other than Insurance Companies without obligations of confidence; (y) was or is rightfully received by Selling Entities or their Affiliates or their respective predecessors from a third party without obligations of confidence to Insurance Companies or from publicly available sources without obligations of confidence to such Party; or (z) was or is developed by means independent of information obtained from Insurance Companies.

(d) As a condition to its access rights to the Confidential Information of another Party, the receiving Party shall not use, copy or disclose such Confidential Information in any manner unless the Party providing the Confidential Information shall consent to such use, copying or disclosure in writing. The Insurance Companies may not use the Distributor's or its Affiliates' Confidential Information to sell or cross-sell the Insurance Company's products, provided, however, that the Insurance Company and Underwriter may use Distributor's and it's Affiliate's Confidential Information to service Products and New Products, including, as appropriate, to accept additional contributions and premium for and to modify, add, or exchange coverage to any Product or New Product purchased by a policy owner who purchased from Distributor, or comply with applicable Law with respect to the Products and the purchase of those Products. The Parties also understand that the Insurance Companies may respond to inquiries from holders of Products or New Products concerning other Insurance Company products and services, provided there was no solicitation of such inquiry using Distributor's or its Affiliate's Confidential Information. The Parties may not disclose Confidential Information to any third party except as permitted in this Section 4.1. The Parties may disclose Confidential Information only to their respective directors, officers, employees and agents on a need-to-know basis, provided they have first obtained the assurance of each such director, officer, employee and agent to observe this confidentiality. In the event that a Party shares Confidential Information with a third party that is performing services under this Agreement, the Party must have a written agreement with such third party which includes a confidentiality provision prohibiting disclosure or use of Confidential Information other than to carry on the purposes for which the information was provided. The Parties shall be fully responsible for any breaches of the terms of this Section 4.1 by their respective directors, officers, employees, agents and third-party service providers (regardless of whether such Person remains a director, officer, employee, agent or otherwise engaged by such Party) and the each Party shall, at its sole expense, to take all reasonable measures (including, without limitation, court proceedings) to restrain such Persons from prohibited or unauthorized disclosure or use of the Confidential Information. The Parties shall take reasonable steps to protect the Confidential Information, applying at least the same security measures and level of care as they employ to protect their own Confidential Information. A Party shall promptly report to the other any unauthorized disclosure or use of Confidential Information of which it becomes aware. If a Party is compelled by applicable Law to disclose any Confidential Information, the Party so compelled must promptly notify, in writing, the Party whose Confidential Information is being disclosed, and provide that Party with an opportunity to limit the production; provided that nothing herein shall require such notification if the disclosing Party is required by Law or requested by a Governmental Authority to maintain the confidentiality of an ongoing investigation. Each Party shall have the right to audit (at its own cost and expense) the other for the limited purpose of ensuring compliance with this provision.

(e) If any Confidential Information is stored, processed or otherwise maintained on a Party's computer systems or equipment which use the Internet for connectivity or communications (including any website) or is transmitted by a Party (through the Internet, mail, magnetic tape, line transmission or any other communication media), the Party storing or transmitting the Confidential Information will use, and will cause its personnel and any third parties engaged or retained by the Party to use, commercially reasonable efforts (appropriate for financial service companies for protecting and safeguarding confidential and personal information) in order to safeguard such information from hacking, intrusion, tampering, theft, loss, and breaches of confidentiality.

(f) Insurance Company and Underwriter will comply and cooperate (and will cause any third party used by Insurance Company or Underwriter that maintains Confidential Information on its website, computer systems or equipment to comply and cooperate) with the same security standards as provided in the Information Security Standards contained in the Citigroup Standards and Practices (and any supplementary practices or procedures of Citigroup provided by Primerica to Insurance Company or Underwriter), including any required Application Vulnerability Assessment and ethical hack testing. Insurance Companies and Underwriter shall not store Confidential Information in any Internet-based application (including any website) unless such action has been previously approved in writing by Distributor.

(g) Each Party shall be permitted, during normal business hours, upon reasonable notice, to audit any other Party's records for compliance with the requirements of this Section 4.1

(h) The Parties agree that this Section 4.1 shall not apply to individuals with whom the Insurance Company has a pre-existing relationship other than through Distributor.

Section 4.2 Access; Training; Sales Support

(a) To the extent that as of the date of this Agreement, Distributor permits wholesalers or Product representatives of the Insurance Company or its Affiliate Underwriter to have access to Distributor, including its Sales Force, sales offices or sales, education or training meetings that involve the promotion of Exclusive Products made available by the Insurance Company for distribution by Distributor in the Territory, in a manner consistent with applicable Law and with the Citigroup Standards and Practices, Distributor shall, during the First Term, continue to permit such access on the same terms and conditions as on the date hereof in a manner consistent with applicable Law and the Citigroup Standards and Practices, including the Citigroup privacy promise and information security standards.

(b) The Insurance Company and its Affiliate Underwriter providing the Exclusive Products shall continue during the First Term to maintain wholesaler coverage, training, and sales support to Distributor on terms and conditions that are no less favorable than those provided by the Insurance Company to Distributor on the date of this Agreement, including the coverage, training and sales support described in Schedule 4.2 attached hereto. The Insurance Company and its Affiliate Underwriter will, in good faith, seek and consider Distributor's recommendations when evaluating the adequacy of the performance of each wholesaler and, if requested, the need for replacement of any wholesaler whose performance is significantly deficient. The Insurance Companies and its Affiliate Underwriter will be solely responsible for all acts and omissions of their wholesalers.

Section 4.3 Sales Materials.

(a) Subject to the requirements of this Section 4.3, the Insurance Companies will produce, develop and print Sales Materials, which shall include customized brochures, customized marketing pieces and other point-of-sale materials, in sufficient quantities to meet the reasonable needs of Distributor's Sales Force.

(b) Any Sales Materials to be made available by an Insurance Company to Distributor's Sales Force or customers shall be made available only with the prior consent (which shall not be unreasonably withheld, conditioned or delayed) of Distributor, with the cost borne solely by the applicable Insurance Company; it being understood and agreed by the Parties that all such Sales Materials that are used by the Insurance Company in connection with the distribution of Products through Distributors on the date of this Agreement and previously consented to by the Distributor shall not require any additional consent. The Insurance Companies will promptly give written notice to Distributor if, after giving its approval to any Approved Sales Materials, any state or federal regulatory agency gives any of such Approved Sales Materials a negative rating or comment during a market conduct review or otherwise and advise Distributor as to continued use of the Approved Sales Material receiving a negative rating or comment. In the event that either of the Parties determines to discontinue the use of any such Approved Sales Materials, the Parties shall cooperate to ensure that such use is discontinued by Distributor's Sales Force. All Approved Sales Materials prepared by an Insurance Company (excluding trademarks and service marks of Distributor) shall be and remain the sole and exclusive property of the Insurance Company.

(c) Any Sales Materials prepared by Distributor and to be made available by Distributor to its Sales Force or customers that describes the Insurance Company or any of its Affiliates or any insurance or annuity product offered by any of them may be made available only with the prior consent (which shall not be unreasonably withheld, conditioned or delayed) of the Insurance Company, with the cost borne solely by Distributor; it being understood and agreed by the Parties that all such Sales Materials that are used by Distributor in connection with the distribution of Products on the date of this Agreement and previously consented to by the applicable Insurance Company shall not require any additional consent. The Distributor will promptly give written notice to the applicable Insurance Company if, after giving its approval to any Approved Sales Materials, any state or federal regulatory agency gives any of such Approved Sales Materials a negative rating or comment during a market conduct review or otherwise and advise the applicable Insurance Company as to continued use of the Approved Sales Material receiving a negative rating or comment. In the event that any of the Parties determines to discontinue the use of any such Approved Sales Materials, the Parties shall cooperate to ensure that such use is discontinued by Distributor's Sales Force. All Approved Sales Materials prepared by the Distributor (excluding trademarks and service marks of the applicable Insurance Company or its Affiliates) shall be and remain the sole and exclusive property of the Distributor; provided that if the Approved Sales Material mentions either Products or Insurance Companies by name or express reference, then Insurance Companies may, pursuant to a non-exclusive license, use that portion of any such Approved Sales Material which discusses such Products or Insurance Companies.

(d) Each Party shall take commercially reasonable precautions to prohibit the production, use and distribution of Sales Materials not permitted by Sections 4.3(b) and 4.3(c).

(e) The prospectuses for the PrimElite II Product consists of the contract prospectus and the subaccount prospectus. Distributor shall be responsible for printing the

contract prospectuses and, through its Registered Representatives, shall deliver them to prospective customers. Insurance Companies shall be responsible for producing the subaccount prospectuses and delivering them when the contract for the Product is mailed to the customer. Insurance Companies shall be responsible for producing and delivery of all other prospectuses for other Products.

Section 4.4 Books and Records.

(a) Distributor will maintain all books and records required by applicable Law (including SEC Rule 17a-3 and -4) in connection with the offer and sale of the Products. The books and records of Distributor relating to the sale of the Products will be maintained so as to clearly and accurately disclose the nature and details of all transactions. Underwriter and Insurance Companies reserve the right to request reasonable periodic inspection of such books and records as relate to the sale and solicitation of the Products.

(b) The Insurance Company will maintain all Product applications and associated documents submitted by Registered Representatives in the manner and for as long as required by applicable Law (including SEC Rule 17a-3 and -4). Insurance Company will provide, upon reasonable request, Distributor with access to such records, sufficient to conduct its day-to-day business and to satisfy its obligations to maintain books and records under all applicable Law, including SEC Rule 17a-3 and -4.

(c) The Parties will maintain records of all Approved Sales Materials, and any corresponding regulatory approvals, used with or distributed to Registered Representatives or customers, and shall provide the other Parties access to such records as reasonably required.

(d) The Insurance Companies and the Underwriter will maintain records of wholesaler activities and contacts with Registered Representatives and periodically provide such information to Distributor.

Section 4.5 Annual Compliance Certification. Upon written request, but no more frequently than annually:

(i) Distributor shall certify to the Insurance Companies its material compliance with the terms of Sections 2.2, 2.3 and 2.4(a) during the period covered by such certificate; and

(ii) the Insurance Companies shall certify to Distributor that they have not, during the period covered by such certification, provided to any Comparable Distributor any product that is substantially similar to an Exclusive Product provided by the Insurance Companies on an exclusive basis to Distributor with terms, total compensation, consumer pricing, wholesaler coverage, training and support, features and service standards and metrics, taken as a whole, that are materially more favorable to such Comparable Distributor than the terms, total compensation, consumer pricing, wholesaler coverage, training and support, features and service standards and metrics of such Exclusive Product, taken as a whole.

The certifications provided for herein shall be provided inSchedule 4.5 attached hereto. The obligations of the Parties pursuant to this Section 4.5 shall not relieve any obligations of their Affiliates pursuant to the Umbrella Agreement.

Section 4.6 Cooperation. The Parties agree to cooperate fully in any customer complaint or insurance, securities or other regulatory investigation, inquiry, inspection, or proceeding or in any judicial proceeding (each, a "Proceeding") arising in connection with the Products or New Products sold pursuant to this Agreement. Distributor and Underwriter shall cooperate with each other to resolve any customer complaint, and each agrees to promptly notify the other upon receipt of notice of any Proceeding involving the Products or any situation which would materially affect the respective party's ability to perform its obligations hereunder. Each of the Parties agrees that it will promptly notify the other Parties of any material claim of which it becomes aware involving the sale or solicitation of the Products.

Section 4.7 Money Laundering, Foreign Assets Control.

(a) The Parties agree to comply with all applicable anti-money laundering Laws, including the reporting, recordkeeping and compliance requirements of the Bank Secrecy Act ("BSA"), as amended by The International Money Laundering Abatement and Financial Anti-Terrorism Act of 2002, Title III of the USA PATRIOT Act (the "Act"), its implementing regulations, and related SEC and self-regulatory organization rules. These requirements include requirements to identify and report currency transactions and suspicious activity, to implement a customer identification program to verify the identity of customers, and to implement an anti-money laundering compliance program.

(b) As required by the Act, each Party represents that it has a comprehensive anti-money laundering compliance program that includes, policies, procedures and internal controls for complying with the BSA; policies, procedures and internal controls for identifying, evaluating and reporting suspicious activity; a designated compliance officer or officers; training for appropriate employees; and an independent audit function. As the entities maintaining the accounts, the Insurance Companies agree to establish reasonable procedures to monitor the accounts for suspicious activity, and, as permitted by Law, to (i) make commercially reasonable efforts to advise Distributor when any customer activity is identified for heightened review or upon the filing of a suspicious activity report and (ii) to share information with Distributor about any such account.

(c) Selling Entities certify, and will certify to Insurance Companies and Underwriter annually hereafter, that they have established and implemented a Customer Identification Program, in compliance with applicable regulations, as part of their anti-money laundering compliance program that, at a minimum, requires: (i) the verification of the identity of any customer seeking to open an account; (ii) the retention of a record of the information used to verify each customer's identity; and (iii) the determination, within a reasonable time before or after the account is opened, as to whether the customer appears on any lists of known or suspected terrorists or terrorist organizations as provided to them by any government agency.

Selling Entities agree that they will verify the identity of each customer that they introduce to Insurance Companies, whether through documentary or non-documentary means, and that Insurance Companies will rely upon such verification, as prescribed by the regulations promulgated under Section 326 of the Act in accordance with the safe-harbor provided in Section 103.122(b)(6) of the regulations under the Act.

(d) Insurance Companies or Underwriter certify, and will certify to Distributor annually hereafter, that they have established and implemented a Customer Identification Program, in compliance with applicable regulations, as part of their anti-money laundering compliance program that, at a minimum, requires: (i) the verification of the identity of any customer seeking to open an account; (ii) the retention of a record of the information used to verify each customer's identity; and (iii) the determination, within a reasonable time before or after the account is opened, as to whether the customer appears on any lists of known or suspected terrorists or terrorist organizations as provided to them by any government agency.

Insurance Companies or Underwriter agree that they will retain the record of the information used by Selling Entities to verify each customer's identity, and that Distributor will rely upon such retention, as prescribed by the regulations promulgated under Section 326 of the Act in accordance with the safe-harbor provided in Section 103.122(b)(6) of the regulations under the Act.

(e) Upon discovering that a customer is identified on any OFAC list, Insurance Companies will, within a commercially reasonable time after making such discovery and as permitted by applicable Law, advise Distributor or Selling Entities.

Section 4.8 Consultation. To the extent provided as of the date of this Agreement, the Insurance Companies will continue to provide Distributor (i) consultation with respect to regulation and reporting requirements associated with the Products and (ii) administrative, consultative and technical support with respect to the ongoing activities involving the Products, all as reasonably requested by Distributor.

Section 4.9 Trademarks. Nothing in this Agreement provides any Party with any rights to the other Party's trademarks, service marks, trade names, logos, or other commercial or product designations, other than those rights, if any, provided to a Party under the Umbrella Agreement.

ARTICLE V

TERM; TERMINATION

Section 5.1 Term. The term of this Agreement (the "Term") will commence on the date of this Agreement and shall continue until the tenth anniversary of the date of this Agreement.

Section 5.2 Termination. This Agreement may be terminated at any time during the Term:

(a) by the mutual written consent of the Parties;

(b) by Distributor, in respect of any Product or New Product offered by an Insurance Company, if:

(i) Citigroup reasonably determines that such Product or New Product offered by an Insurance Company is not Competitive;provided, however, that this clause (i) shall not apply to any Exclusive Product during the First Term;

(ii) any change is made or any feature is added to such Product or New Product (or a fund or investment option therein) without Distributor's prior written approval (which approval shall not be unreasonably withheld, conditioned or delayed);

(iii) such Product or New Product or the offering thereof (including on an exclusive basis) conflicts with:

(1) applicable Law, including any regulatory compliance procedures or restrictions in connection therewith;

(2) any material provision of any existing agreement by which Citigroup or its Affiliates or any of their respective assets or properties are bound, provided that this clause (2) shall not apply to any Product offered by an Insurance Company and distributed by Distributor pursuant to an arrangement in effect on the date of this Agreement or any Substitute Products distributed in replacement thereof pursuant to Section 2.6, unless the violation is caused by or relates to (A) any difference between the Substitute Product and the Existing Product it replaced, or (B) solely the fact of the replacement of the Existing Product with the Substitute Product; or

(3) the Citigroup Standards and Practices, provided that in the case of the application of this clause (3) during the First Term to any Exclusive Product following a change in the Citigroup Standards and Practices, any such change in the Citigroup Standards and Practices shall not result in the inability of the Insurance Company to be an exclusive provider of such Exclusive Product (unless such change may be reasonably appropriate to comply with applicable Laws);

(iv) such Product is an Exclusive Product and (x) the Insurance Company or any of its Affiliates provides to any Comparable Distributor a product that is substantially similar to such Exclusive Product and (y) the terms, total compensation, consumer pricing, wholesaler coverage, training and support, features and service standards and metrics of such product, taken as a whole, are more favorable than the terms, total compensation, consumer pricing, wholesaler coverage, training and support, features and service standards and metrics of such Exclusive Product, taken as a whole; provided, however, that this Section 5.2(b)(iv) shall not apply to any distribution arrangements of an Insurance Company for any Exclusive Product in effect on the date of this Agreement;

(v) with respect to any Exclusive Product, a Governmental Authority, with jurisdiction over Distributor requests or mandates that Distributor cease offering or no longer offer the Exclusive Product on an exclusive basis; provided, however, in the case of such a request (but not a mandate), Distributor shall provide prompt notice of any such request to the Insurance Company, and shall consult and cooperate with the Insurance Company in its efforts to obtain from such Governmental Authority an agreement that permits Distributor to continue to distribute such Exclusive Product on an exclusive basis. If such an agreement is reached, the Distributor shall continue to distribute the Exclusive Product on an exclusive basis in accordance with the terms of Section 2.2. If such an agreement cannot be reached, Distributor shall distribute the Exclusive Product on a non-exclusive, Level Playing Field basis for the remainder of the Term in accordance with the terms of this Agreement; or

(vi) with respect to any Exclusive Product, the financial strength rating assigned to the Insurance Company falls below both (x) Al by Moody's Investor Services, Inc. (or any successor thereto) and (y) A+ by Standard & Poor's (or any successor thereto).

Section 5.3 Termination Notice.

(a) Prior to Distributor's exercising its right under Section 5.2(b) to cease offering any Product or New Product, Distributor shall provide written notice to the Insurance Company, containing a reasonably detailed statement of the grounds for such exercise, and shall afford the Insurance Company a period of thirty days in which to cure the deficiency unless the deficiency is not capable of being cured. Distributor shall consult and cooperate with the Insurance Company as reasonably requested during such period in identifying possible cures.

(b) If the Insurance Company is able to propose a cure that is reasonably satisfactory to Distributor before the expiration of such period, Distributor shall not be entitled to exercise its right to cease offering the applicable Product or New Product, provided that if any cure involves a change in such Product's or New Product's terms or features that requires filing with or approval (or non-disapproval) by any Governmental Authority, Distributor shall, prior to exercising such right, afford the Insurance Company such further period of time as may be reasonably necessary to accomplish such filing or obtain such approval or non-disapproval.

(c) Notwithstanding anything to the contrary in this Section 5.3, Distributor shall not be required to continue to distribute any Product or New Product pending any cure period, if the offering of such Product or New Product would reasonably be expected to (i) violate applicable Law, including any regulatory compliance procedures or restriction in connection therewith, (ii) conflict with the Citigroup Standards and Practices insofar as they relate to reputational considerations or industry standards in the Territory or (iii) in the case of an Exclusive Product under Section 5.2(b)(v) above, conflict with a mandate from a Governmental Authority, with jurisdiction over Distributor that Distributor cease offering or no longer offer the Exclusive Product on an exclusive basis; provided in the case of this clause (iii), such Distributor shall distribute the Exclusive Product on a non-exclusive, Level Playing Field basis, for the remainder of the Term in accordance with the terms of this Agreement.

Section 5.4 Effect of Termination. Notwithstanding the termination of this Agreement, all the conditions, duties and obligations of the Parties, shall remain in effect with respect to any outstanding insurance policy or annuity contract issued prior to such termination, including the obligation of the Insurance Company to provide client services (e.g., client policy information and values, policyowner service capabilities, copies of client statements, etc.) by the Insurance Company to Distributor. Furthermore, and notwithstanding the termination of this Agreement or any provision hereof to the contrary, the following provisions shall survive termination: Article I, Section 2.18, Section 2.19, Section 2.21, Section 2.22 (to the extent Distributor or Selling Entities have a reasonable need for the information, documents or reports, including for regulatory purposes), Section 3.1, Section 3.2, Section 3.4, Section 3.5, Section 4.1, Section 4.4, Section 4.6, 4.7, 5.4, Article VI, Sections 7.1 through 7.9 (inclusive), Section 7.12

and Section 7.13. Following termination of this Agreement the Parties shall enter into an appropriate servicing agreement providing for, among other matters, Registered Representative appointment changes as may be required.

Section 5.5 No Waiver. Failure of any Party to terminate this Agreement for any of the causes set forth in this Article V will not constitute a waiver of the right to terminate this Agreement at a later time for any of these causes.

ARTICLE VI

INDEMNIFICATION

Section 6.1 Indemnification.

(a) Each Party shall hold harmless, defend, exonerate and indemnify each other Party for all losses, claims, liabilities, costs and expenses (including taxes, fees, fines, penalties, interest, reasonable expenses of investigation and attorneys' fees and disbursements) the other Party suffers that results from the breach by the Indemnitor (as defined below) of any representation, warranty, covenant, condition or duty contained in this Agreement or violation of applicable Law with respect to its services required under this Agreement. Such indemnification extends to the employees, officers, directors, affiliates and agents of each of the Parties.

(b) After receipt of notice of the commencement of any action or threat of such action (a "Third-Party Action") by a Party (which for purposes of this Article VI shall include Selling Entities, each of which shall be a third party beneficiary of this Article VI) that believes it is entitled to indemnification under this Article VI ("Indemnitee"), the Indemnitee shall notify each Person obligated to provide indemnification under this Article VI ("Indemnitor") in writing of the commencement thereof as soon as practicable thereafter if a claim in respect thereof is to be made against the Indemnitor, provided that the omission so to notify the Indemnitor will not relieve it from any liability under this Article VI, except to the extent that the Indemnitor demonstrates that the defense of such Third-Party Action is materially prejudiced by the failure to give notice. Such notice shall describe the claim in reasonable detail.

(c) The Indemnitor shall have the right to assume control of the defense of such Third-Party Action and shall retain counsel reasonably satisfactory to the Indemnitee to represent the Indemnitee and shall pay the reasonable fees and disbursements of such counsel related to such Third-Party Action. In any such Third-Party Action, any Indemnitee shall (x) cooperate and provide such assistance as the Indemnitor reasonably may request in connection with the Indemnitor's defense and shall be entitled to recover from the Indemnitor the reasonable out-of-pocket costs of providing such assistance (including reasonable fees of any counsel retained by the Indemnitee with the consent of the Indemnitor to facilitate such assistance). The Indemnitee shall have the right to participate in the defense of the case and to retain its own counsel; provided, however, that the fees and expenses of such participation and counsel shall be the responsibility of such Indemnitee. The Indemnitor may, in its reasonable discretion, settle or compromise any Third-Party Action with respect to which it has assumed control of the defense; provided, however, that the Indemnitor may not settle, compromise or consent to entry of judgment with respect to such Third-Party Action other than for monetary damages without the consent of the Indemnitee, which consent shall not be unreasonably withheld, conditioned or delayed.

(d) If notice of a claim for indemnity is given to an Indemnitor in connection with the commencement of any Third-Party Action hereunder and the Indemnitor does not, either (i) within ten (10) Business Days after the receipt of such notice, give notice to the Indemnitee of its election to assume the defense of such Third-Party Action, or (ii) give notice to the Indemnitee that it rejects the claim for indemnification pursuant to Section 6.1(f), herein, the Indemnitee shall have the right, at its option and at the Indemnitor's expense, to defend such Third-Party Action in a manner that the Indemnitee deems appropriate. In such a case, the Indemnitee shall not consent to the settlement, compromise or entry of judgment with respect to the Third-Party Action without prior written notice to, consultation with, and consent of the Indemnitor, which consent shall not be unreasonably withheld, conditioned or delayed.

(e) A claim for indemnification by any Indemnitee hereunder for any matter not involving a third-party action may be asserted by notice to the Indemnitor.

(f) Notwithstanding anything within this Article VI to the contrary, a Party who has received a notice of claim for indemnification under this Article VI may notify the Indemnitee that it rejects the claim. Such notice must be given by such Party within ten (10) days of its receipt of the notice of claim and shall describe the basis for the rejection of the claim in reasonable detail.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Notices. All notices, demands and other communications required or permitted to be given under this Agreement to any Party shall be in writing and any such notice, demand or other communication shall be deemed to have been duly given when delivered by hand, courier or overnight delivery service or, if mailed, two (2) Business Days after deposit in the mail and sent certified or registered mail, return receipt requested and with first-class postage prepaid, or in the case of facsimile notice, when sent and transmission is confirmed, and, regardless of method, addressed to the Party at its address or facsimile number set forth below (or at such other address or facsimile number as the Party shall furnish the other Parties in accordance with this Section):

(a) If to Distributor:

PFS Investments Inc.
3120 Breckinridge Boulevard
Duluth, GA 30099-0001
Attention: President
Facsimile: (770) 564-5669

with a copy to Distributor's legal counsel (which copy shall not constitute notice):

3120 Breckinridge Boulevard
Duluth, GA 30099-0001
Attention: General Counsel
Facsimile: (770) 564-6216

(b) If to the Insurance Companies:

The Travelers Insurance Company
22 Corporate Plaza
Newport Beach, CA 92660
Attention: Edward Wilson
Facsimile: (212) 413-4891

with a copy to Insurance Company's legal counsel (which copy shall not constitute notice):

1 MetLife Plaza
27-01 Queens Plaza North
Long Island City, NY 11101
Attention: Nicholas D. Latrenta, Chief Counsel
Facsimile: (212) 578-3691

(c) If to the Underwriter:

Travelers Distribution, LLC
22 Corporate Plaza
Newport Beach, CA 92660
Attention: Edward Wilson
Facsimile: (212) 413-4891

(d) with a copy to Underwriter's legal counsel (which copy shall not constitute notice):

1 MetLife Plaza
27-01 Queens Plaza North
Long Island City, NY 11101
Attention: Nicholas D. Latrenta, Chief Counsel
Facsimile: (212) 578-3691

Section 7.2 Governing Law. This Agreement shall be governed by and construed in accordance with the Law of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflict of laws principles of such State.

Section 7.3 Arbitration; Jurisdiction; Venue; Service of Process.

(a) Any and all disputes arising under or relating to this Agreement, including the breach, termination or validity of this Agreement, or the transactions contemplated by this Agreement ("Dispute"), shall be finally settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect, except as modified herein ("AAA Rules").

(b) There shall be three neutral and impartial arbitrators. Each Party shall appoint one arbitrator within thirty (30) days of the receipt by the respondent of the demand for arbitration. The two arbitrators so appointed shall appoint the chair of the arbitral tribunal within thirty (30) days of the appointment of the second appointed arbitrator. If any arbitrator is not appointed within the time limit provided herein, such arbitrator shall be appointed in accordance with the NASD Rules or AAA Rules, as applicable. Each arbitrator appointed shall be a retired judge or a practicing attorney, admitted to practice in the State of New York, who is, if practicable, an experienced arbitrator of large, complex securities and insurance cases.

(c) The arbitral tribunal shall hold a preliminary conference or teleconference with the Parties within fifteen (15) days of their appointment. The hearing shall be held as soon as practicable thereafter, but no later than three months after the preliminary conference unless the Parties so agree or the arbitral tribunal extends the time period for good cause shown. In rendering an award, the arbitral tribunal shall be required to follow the Laws of the State of New York. In addition to any damages, the arbitral tribunal may award any remedy provided for under applicable Law and the terms of this Agreement, including injunction, specific performance or other forms of equitable relief. The arbitral tribunal is not empowered to award damages in excess of compensatory damages, and each Party hereby irrevocably waives any right to recover punitive, exemplary or similar damages with respect to any Dispute. The award shall be in writing and shall state the findings of fact and conclusions of Law on which it is based. The award shall be final and binding upon the Parties and shall be the sole and exclusive remedy between the Parties regarding any Disputes presented to the arbitral tribunal. Judgment upon the award may be entered in any court having jurisdiction.

(d) Any arbitration proceedings, decision or award rendered hereunder and the validity, effect and interpretation of this arbitration agreement shall be governed by the Federal Arbitration Act, 9 U.S.C. §1 et seq.

(e) By agreeing to arbitration, the Parties do not intend to deprive a court of competent jurisdiction of its authority to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration, or for a preliminary injunction or other equitable relief to maintain the status quo or prevent irreparable harm prior to the appointment of the arbitral tribunal. Without prejudice to such provisional remedies as may be available under the jurisdiction of such court, the arbitral tribunal shall have full authority to grant provisional remedies and to direct the Parties to request that any court modify or vacate any temporary or preliminary relief or other order issued by such court, and to award damages for the failure of any Party to respect the arbitral tribunal's orders to that effect.

(f) The Parties hereby submit to the exclusive jurisdiction of the federal courts located in New York, New York, and if such courts have no jurisdiction, the New York State Courts located in New York, New York, for the purpose of seeking any provisional remedies as contemplated by Section 7.3(e), and to the non-exclusive jurisdiction of such courts for the enforcement of any arbitral award issued hereunder. In any such action, suit or

proceeding, each of the Parties irrevocably and unconditionally waives, and agrees not to assert by way of motion, as a defense or otherwise, any claim that the Party is not subject to the jurisdiction of the above courts, that such action or suit is brought in an inconvenient forum or that the venue of such action, suit or other proceeding is improper. To the fullest extent permitted by Law, each of the parties irrevocably waives all rights to trial by jury in any such action, suit or other proceeding.

Section 7.4 Entire Agreement. This Agreement and all schedules hereto embody the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior agreements with respect thereto, including the 1997 Selling Agreement, except that, as provided by Section 3.1(c), the certain rights of any Selling Entity to receive ongoing compensation in respect of all PrimElite, PrimeBuilder or PrimeBuilder II Products which are currently in force under the 1997 Selling Agreement shall remain in effect in respect of such Products and are not modified in any respect hereby so long as such Selling Entity is broker of records as directed by the client in respect of such Product; provided, however, that the absence herein of any provision contained in the Umbrella Agreement shall not be interpreted to supersede such provision in the Umbrella Agreement. The Parties intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or other proceeding involving this Agreement.

Section 7.5 Amendment, Modification and Waiver. No amendment to this Agreement shall be effective unless it shall be in writing and signed by each Party. Any failure of a Party to comply with any obligation, covenant, agreement or condition contained in this Agreement may be waived by the Party entitled to the benefits thereof only by a written instrument duly executed and delivered by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure of compliance.

Section 7.6 Severabiliry. If any provision of this Agreement or the application of any such provision is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable Law, the Parties waive any provision of Law that renders any provision of this Agreement invalid, illegal or unenforceable in any respect. The Parties shall, to the extent lawful and practicable, use their commercially reasonable efforts to enter into arrangements to reinstate the intended benefits, net of the intended burdens, of any such provision held invalid, illegal or unenforceable.

Section 7.7 Successors and Assigns; No Third-Party Beneficiaries. Subject to the terms of this Section 7.7, this Agreement and all its provisions shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Nothing in this Agreement, whether expressed or implied, will confer on any Person, other than the Parties or their respective permitted successors and assigns, any rights, remedies or liabilities; provided that the provisions of Article VI will inure to the benefit of the employees, officers, directors, affiliates and agents of each of the Parties. No Party may assign its rights or obligations under this Agreement without the prior written consent of the other Parties (which consent may not be unreasonably withheld, conditioned or delayed) and any purported assignment without such consent shall be void.

Section 7.8 No Obligation. For the avoidance of doubt, nothing in this Agreement shall (i) impose upon the Insurance Companies any obligation to distribute any Products or New Products offered by the Insurance Companies through Distributor; provided, however, that the Purchaser Insurance Company shall give the Distributor written notice at least 60 days prior to ceasing distribution of any such Product or New Product, (ii) impose upon Distributor or its Affiliates any obligation to provide to its or their employees any Product or New Product issued by the Insurance Companies, (iii) restrict the ability of the Insurance Companies to distribute insurance or annuity products through Persons other than Distributor or its Affiliates or (iv) restrict the ability of any of the Parties or any of their Affiliates from acquiring or disposing of any assets of, or reorganizing or consolidating, any business; provided, however, that nothing in this Section 7.9 shall limit or restrict any obligations that Distributor has to distribute on an exclusive basis a Product or New Product offered by an Insurance Company if such Insurance Company has the right under this Agreement to be the exclusive provider of such Product or New Product to such Distributor.

Section 7.9 Further Assurance and Assistance. The Parties shall, and shall cause their respective Affiliates to, execute and deliver any and all documents, and take such further acts, in addition to those expressly provided for herein, that may be necessary or appropriate to effectuate the provisions of this Agreement.

Section 7.10 Force Majeure. No Party shall be responsible to the other Parties for delays or errors in its performance or any breach under this Agreement occurring solely by reason of circumstances beyond its control, including, without limitation, acts of civil or military authority, national emergencies, fire, major mechanical breakdown, labor disputes, flood, landslide, hurricane, tsunami or other catastrophe, acts of God, insurrection, war, riots, delays of supplier, or failure of transportation, communication or power supply (a "Disaster").

Section 7.11 Continuity of Business Plan. Notwithstanding Section 7.10, each Party shall adopt a Continuity of Business Plan (a "COB Plan") to ensure the least disruption to the availability of Products to any Insured Customer, which COB Plan may be reviewed from time to time upon reasonable notice by the other Party and during normal business hours. Each Party must immediately advise the other Party upon the occurrence of any event or circumstance that will, or would reasonably be expected to, disrupt their operations and in such event, upon request of the other Party and, to the extent practicable, deliver all Confidential Information pertaining to Insured Customers. Notwithstanding Section 7.10, each Party shall implement its COB Plan to permit it to perform its obligations hereunder, within a commercially reasonable period of time, in the event of a Disaster.

Section 7.12 Headings. The Article and Section headings contained in this Agreement are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

Section 7.13 Counterparts. This Agreement may be executed by the Parties in multiple counterparts which may be delivered by facsimile transmission. Each counterpart when so executed and delivered shall be deemed an original, and all such counterparts taken together shall constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed on its behalf by an authorized officer as of the date first above written.

THE TRAVELERS INSURANCE COMPANY

By: /s/ Ernest J. Wright
Name: Ernest J. Wright
Title: Vice President and Secretary

THE TRAVELERS LIFE AND ANNUITY COMPANY

By: /s/ Ernest J. Wright
Name: Ernest J. Wright
Title: Vice President and Secretary

TRAVELERS DISTRIBUTION LLC

By: /s/ Ernest J. Wright
Name: Ernest J. Wright
Title: Secretary

PFS INVESTMENTS INC.

By: /s/ William A. Kelly
Name: William A. Kelly
Title: Chief Executive Officer and President

Schedule A

Products

Product	Status	Exclusive Product	Private Label
PrimElite	Not currently marketed	Yes	Yes
PrimElite II	Currently being marketed	Yes	Yes
Protected Equity Portfolio	Currently being marketed	Yes	No
Travelers Target Maturity	Currently being marketed	Yes	No
PrimeBuilder (401(k))	Not currently marketed.	Yes	Yes
PrimeBuilder II (401(k))	Not currently marketed.	Yes	Yes
GoldTrack Express (401(k))	Currently being marketed	Yes	No

The Parties may from time to time agree that the Insurance Company issues an insurance product to a particular prospective customer, which product is neither a Product or a New Product or a Substitute Product nor otherwise governed by the Agreement. If the Parties can agree on compensation with respect to each such transaction, then that sale may be made pursuant to the Agreement, provided that the compensation for the transaction will only be as agreed by the Parties at the time and, except where expressly provided, shall survive termination of the Agreement. Aside from such compensation as agreed by the Parties, products issued under this Section shall be governed in all other respects by the Agreement as though such product were a Product.

Schedule B

Selling Entities

Primerica Financial Services, Inc.
Primerica Financial Services Insurance Marketing, Inc.
Primerica Financial Services of Alabama, Inc.
Primerica Insurance Services of Louisiana, Inc.
Primerica Financial Services Insurance Marketing of Maine, Inc.
Primerica Insurance Agency of Massachusetts, Inc.
Primerica Financial Services Insurance Marketing of Nevada, Inc.
Primerica Financial Services Agency of New York, Inc.
Primerica Insurance Marketing Services of Puerto Rico, Inc.
Primerica Financial Services Insurance Marketing of Wyoming, Inc.

Schedule 2.6(c)

Form of Substitute Product Addendum

ADDENDUM

This Addendum, dated as of [Insert Date] (this "Addendum"), is made by and among [Insert Name(s) of Affiliate Insurance Company(ies)], [Insert Jurisdiction(s) and Type(s) of Entity(ies)] (each, an "Affiliate Insurance Company" and, collectively, the "Affiliate Insurance Companies"), [Insert Name of Underwriter], [Insert Jurisdiction and Type of Entity (the "Affiliate Underwriter")], and Distributor.

RECITALS

WHEREAS, Distributor is a party to that certain Selling Agreement, dated as of July 1, 2005 (the 'Selling Agreement"), by and among Distributor, the Insurance Companies and the Underwriter;

WHEREAS, the Affiliate Insurance Companies issue certain life insurance and/or annuity products meeting the conditions set forth in respect of such products in the Selling Agreement that are identified on Schedule A to this Addendum (the "Substitute Products");

WHEREAS, Distributor directly (or through one or more of its Affiliates) is licensed to solicit and sell the Substitute Products through its Registered Representatives and Selling Entities in the Territory;

WHEREAS, upon the terms and subject to the conditions set forth in the Selling Agreement, the Insurance Company has the right to require the Distributor to distribute the Substitute Products; and

WHEREAS, as required by the Selling Agreement and upon the terms and subject to the conditions set forth in this Addendum, Distributor desires to solicit and sell through its Registered Representatives and Selling Entities, and the Affiliate Insurance Companies desire that Distributor so solicit and sell, the Substitute Products in the Territory.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

1. Defined Terms. Capitalized terms used and not otherwise defined in this Addendum have the respective meanings ascribed to them in the Selling Agreement.

2. Substitute Products. Each of the Affiliate Insurance Companies and the Affiliate Underwriter hereby represent and warrant to Distributor that (a) such Affiliate Insurance Company has a financial strength rating of at least Aa3 by Moody's Investors Service, Inc. (or any successor thereto) or at least AA- by Standard and Poor's (or any successor thereto); and (b) each Substitute Product is substantially the same the corresponding Existing Product in the terms, total compensation, consumer pricing, wholesaler coverage, training and support, features and service standards and metrics. Based upon such representations and warranties, Distributor hereby agrees, effective as of the date written above, that each of the Substitute Products shall be deemed Products to be distributed by Distributor.

3. Incorporation of Terms. Except as otherwise set forth in this Addendum, all of the terms and provisions of the Selling Agreement hereby are incorporated by reference into this Addendum in respect of the Substitute Products and applicable to the parties hereto. For all purposes of such incorporation by reference, the Affiliate Insurance Companies shall be deemed to be Insurance Companies and the Affiliate Underwriter shall be deemed to be the Underwriter. Except as set forth in this Addendum, the Selling Agreement shall remain in full force and effect and otherwise shall be unaffected hereby.

4. Miscellaneous Provisions.

(a) Notices. All notices, demands and other communications required or permitted to be given to any Party under this Addendum shall be in writing and any such notice, demand or other communication shall be deemed to have been duly given when delivered by hand, courier or overnight delivery service or, if mailed, two (2) Business Days after deposit in the mail and sent certified or registered mail, return receipt requested and with first-class postage prepaid, or in the case of facsimile notice, when sent and transmission is confirmed, and, regardless of method, addressed to the Party at its address or facsimile number set forth below (or at such other address or facsimile number as the Party shall furnish the other Parties in accordance with this Section): if to the Distributor, to the address set forth in the Selling Agreement; and if to the Affiliate Insurance Companies or to the Underwriter, to the address(es) set forth on the signature page to this Addendum.

(b) Severability. If any provision of this Addendum or the application of any such provision is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Addendum or invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable Law, the Parties waive any provision of Law that renders any provision of this Addendum invalid, illegal or unenforceable in any respect. The Parties shall, to the extent lawful and practicable, use their commercially reasonable efforts to enter into arrangements to reinstate the intended benefits, net of the intended burdens, of any such provision held invalid, illegal or unenforceable

(c) Governing Law. This Addendum shall be governed by and construed in accordance with the Laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflict of laws principles of such State.

(d) Counterparts. This Addendum may be executed in any number of counterparts, each of which shall be an original, and all of which shall together constitute a single instrument.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed on its behalf by an authorized officer as of the date first above written.

[AFFILIATE INSURANCE COMPANY]

By: _____
Name:
Title:

[AFFILIATE INSURANCE COMPANY]

By: _____
Name:
Title:

[AFFILIATE UNDERWRITER]

By: _____
Name:
Title:

[DISTRIBUTOR]

By: _____
Name:
Title:

Schedule A

Substitute Products

[List Substitute Products in the Territory to be covered by the Addendum. Indicate whether exclusive or non-exclusive. If multiple countries/jurisdictions included in the Territory, include country/jurisdiction notation as appropriate.]

Suitability

Workflow Procedures

The Insurance Company and the Distributor agree to establish workflow procedures to allow for the proper handling and timely processing of individual (not 401(k)) Product applications. The general agreement and responsibilities between the Parties are as follows:

1. The Insurance Company will receive all required paperwork directly from Registered Representatives.

2. The Insurance Company will perform an initial review of such paperwork to ensure that the Distributor's application is enclosed, completed, and signed by both the Registered Representative and the client.

3. Once the case file is reviewed and deemed complete, the Insurance Company will provide an electronic image to the Distributor for their suitability review.

4. The Distributor will review suitability for each case file in a timely manner in order for the Insurance Company to comply with Federal securities laws and NASD rules, provided that, until the Distributor's approval is received, the application will be considered to be NOGO (as described below).

5. Once suitability approval is determined, the Distributor will provide the Insurance Company with a mutually agreed upon form, which will signify approval.

6. Upon receiving approval from Distributor, the Insurance Company will proceed with the issuance of the annuity contract.

- The above scenario assumes that the complete application and paperwork required by the Insurance Company is received and determined to be Of Good Order (OGO)
- In the event that paperwork is received Not of Good Order (NOGO) – the case file deficiencies will be identified by the Insurance Company and will be included (as a notification) in an electronic transmission to the Distributor in their suitability review, or through other communication methods, as necessary.
- Simultaneous to the Distributor's suitability review, the Insurance Company will be making attempts to obtain the necessary information to enable the case file to become OGO, processed, and completed within the time limits mandated by Federal securities laws and NASD rules.
    - Once the case file is revised to OGO status and the suitability approval has been received by the Insurance Company, the Insurance Company will proceed with the issuance of the annuity contract.
    - In the event that the case file is not approved for suitability or information necessary for OGO status is not obtained, the Insurance Company will return the original paperwork, as well as the amount of premium or purchase payment received, to the Registered Representative, in compliance with Federal securities laws and NASD rules.

The Insurance Company agrees to provide Distributor with appropriate reporting in accordance with the terms of the Agreement to ensure all files are being reviewed and maintained appropriately.

Schedule 2.20

Website Matters

All of the below services and requirements shall be provided at least consistent with the level existing as of the date of this Agreement.

Content & Functionality	The Insurance Company will provide web support of customers and Registered Representatives through two dedicated websites, a Customer Website and a Registered Representative Website, each specifically tailored for the Product in both appearance and functionality largely similar to that existing as of the date of this Agreement. The Customer Website shall include the following functionality: • View/print account information • Process transfers/exchanges and redirect future contributions The Registered Representative Website shall include the following functionality: • Ordering/downloading of Approved Sales Materials • View/print clients account information The Websites will be co-branded with Primerica. The Registered Representative Website will be accessible through a link from Primerica Online. The Registered Representative Website will be secured in a manner that prevents its users from accessing other Insurance Company websites from that website.
Web Development	The Insurance Company will provide the programming, systems development, and data or system modifications required to the Websites to support and maintain full functionality in support of customers and Registered Representatives. The Insurance Company will provide all necessary data feeds to support the Websites. The Insurance Company will provide the programming, systems development, and data or system modifications to the Registered Representative Website required to support a direct link from Primerica Online.
Web Maintenance	The Insurance Company will provide maintenance support for the Websites and link described above in accordance with acceptable service levels agreed upon by the parties.
Service Standards	The Insurance Company will support ongoing posting of data updates to content, and will support all service levels, including for support service for use of the web sites, as determined and agreed upon by the parties prior to production.

Schedule 2.21

I. Marketing Allowance Fee

Defined Terms. For purposes of this Schedule only, the following terms shall have the following meanings:

(a) "Basis Point" shall equal 1/100 of 1% (or, expressed as a decimal: 0.0001). By way of example, two Basis Points equals 2/100 of 1% (or, expressed as a decimal: 0.0002).

(b) "Contract Year" shall mean each twelve (12) month period commencing on the date of the Agreement and ending on the date preceding each anniversary of the date of this Agreement;

(c) "Production" shall mean all premium (including rollover premium for 401(k) Products) for Products received during each Contract Year by Insurance Companies;

(d) "Production Unit" shall mean One Hundred Million Dollars ($100,000,000.00) of Production (including any portion thereof).

Fee. To assist Selling Entities in the marketing of Products and the costs associated therewith, Insurance Companies agree to pay Selling Entities a marketing allowance fee ("Fee") each Contract Year calculated on an annual basis as follows:

[**] Basis Points of the first Production Unit;
[**] Basis Points of the second Production Unit;
[**] Basis Points of the third Production Unit;
[**] Basis Points of the fourth Production Unit;
[**] Basis Points of the fifth Production Unit;
[**] Basis Points of the sixth Production Unit;
[**] Basis Points of the seventh Production Unit;
[**] Basis Points of the eighth Production Unit
[**] Basis Points of the ninth Production Unit;
[**] Basis Points of the tenth Production Unit;
[**] Basis Points of the eleventh Production Unit;
[**] Basis Points of the twelfth Production Unit;
[**] Basis Points of the thirteenth Production Unit;
[**] Basis Points of the fourteenth Production Unit;
[**] Basis Point of any additional Production.

Payment. The Fee shall be paid to the Distributor quarterly, payable within thirty (30) days after the end of each quarter. The fee shall be based on that portion of Production received by the Insurance Companies in the quarter for which payment is being made (but, in calculating the applicable Basis Points in the second through the fourth quarters in any Contract Year, with recognition of that portion of Production received by the Insurance Companies in prior quarters during that Contract Year). The Fee is payable during the term of the Agreement, provided that any such Fee that accrues prior to the termination of the Agreement, but not paid, shall be payable within thirty (30) days of termination of the Agreement, notwithstanding the termination

Minimum Fee. (a) Notwithstanding the above formula, the Fee for the first Contract Year shall not be less than [**] Dollars ($[**]). If, following the fourth quarter of the first Contract Year, this amount has not been paid based on the above formula, then the balance remaining due shall be paid within thirty (30) days of the end of the fourth quarter.

(b) If the Agreement is terminated prior to the end of the first Contract Year, Selling Entities shall only be entitled to such pro rata portion of the Fee based on the number of days that have elapsed during the first Contract Year prior to the effective date of termination of the Agreement.

Limitations by Law. Notwithstanding anything contained herein to the contrary, in the event that Insurance Company determines, in its sole discretion, that any payment required hereunder or that any provision of this Schedule is in violation of applicable Law, the Parties agree that they will make such payment adjustments or amendments to this Schedule, as shall be reasonable or necessary to be in compliance with such applicable Law; provided that the Parties will make every effort to make arrangements to effectuate the purposes of this Schedule to the fullest extent permitted by applicable Law.

Annual Reviews. The Parties agree to meet at least once each Contract Year, at a time and place agreeable to the Parties, to review Distributor's marketing plan and to review the Marketing Allowance Fee Schedule to determine if any changes are appropriate. Any changes must be in writing and signed by the Parties in order to be effective.

II. Other Incentives

The Insurance Company will continue to fund the New Rider Incentive and Umbrella Club promotions in effect as of the date of this Agreement. As part of these promotions, the Insurance Company will provide trinkets and giveaways for Registered Representatives in sufficient quantities to meet the reasonable needs of Distributor.

The Insurance Company will provide support to Distributor in the amount of $12,000 annually, payable in equal quarterly payments, to help fund the salary for Distributor's Variable Annuity Product Manager. The parties shall in good faith negotiate at the end of each calendar year any increases in this payment.

Schedule 2.22

Information, Access and Reports

The Parties agree that they shall negotiate, in good faith, amendments to this Schedule 2.22 regarding reports in connection with Existing Products to the extent that the Insurance Companies establish new operational or administrative systems.

Sales Activity Reports	The Insurance Company will provide weekly sales activity reports and other Management Information Systems ("MIS") reports as reasonably requested by Distributor. The Insurance Company will provide such reports on a weekly basis in a manner such that data may be measured by jurisdiction or other such criteria as reasonably requested by Distributor. Such sales reports will include Top Producer Reports, Productivity Analysis and New Writer Activity Reports as provided as of the date of this Agreement.
Wholesaler Activity Reports	The Insurance Company or its Affiliate Underwriter will provide weekly wholesaler activity reports to Distributor with a schedule outlining the activities of each of the external wholesalers promoting Product opportunities for Distributor and other MIS reports as reasonably requested by Distributor. The Insurance Company or its Affiliate Underwriter will provide such reports on a weekly basis in a manner such that data may be measured by jurisdiction or other such criteria as reasonably requested by Distributor. Such wholesaler activity reports will include Travel Locations, Training Topics, Wholesaler Goals and Percent to Goal Tracking as provided as of the date of this Agreement.
Sales Desk Activity Reports	The Insurance Company will provide weekly sales desk activity reports to Distributor detailing the performance of the sales desk and other MIS reports as reasonably requested by Distributor. The Insurance Company will provide such reports on a weekly basis in a manner such that data may be measured by jurisdiction or other such criteria as reasonably requested by Distributor. Such sales desk activity reports will track inbound calls by Product and by topic (i.e., licensing, contests, request for materials, etc.), outbound calls, wait time and other such metrics as provided as of the date of this Agreement.
Business Activity Reports	The Insurance Company will provide weekly business activity reports to Distributor and other MIS reports as reasonably requested by Distributor. The Insurance Companies will provide such reports on a weekly basis in a manner such that data may be measured by jurisdiction or other such criteria as reasonably requested by Distributor. Such business activity reports will include Client Retention Reports and other such reports as provided as of the date of this Agreement.
Assets Under Management ("AUM") Customer Detail File	The Insurance Company will transmit in National Securities Clearing Corporation format to Distributor on a monthly basis each customer's account file, including the account number, date established, status of account, number of shares, and owner's name, address, social security number and date of birth. In addition, each month the Insurance Company will provide month-end pricing for the prior month for all funds currently sold.

Additional Reports	The Insurance Company will continue to provide those reports and data feeds as provided to Distributor as of the data of this Agreement. Such reports will include for PrimElite and Protected Equity Portfolio: • Securities Daily Production Report – automated daily email • Data Feed – weekly data feed into the Production Table after completion of Friday cycle, currently referred to as L70PROD.VLMI32.TRANS. • Daily AUM Balances by Fund – MS Excel format, produced the first business day of each month (by 12:00 PM ET) for the prior month • AUM Summary Report – automated email produced on third business day of each month for the prior month • Suitability Invoice Email – produced monthly until such time as Trade Desk is moved to Georgia • Intercompany accruals necessary to ensure accurate financial reporting produced by 3:00 PM ET of the first business day of each month The Insurance Company will continue to provide a daily (by 3:00 PM ET) email itemizing the prior days sales and premium payments involving GoldTrack Express, PrimeBuilder and PrimeBuilder II.
Mailings	The Insurance Company will provide to Distributor a pro forma copy of all contract packages sent to customers, including disclosures, supplements, announcements, applicable fund prospectuses, quarterly statements to customers, as well as copies of other mailings as reasonably requested by Distributor. The Insurance Company will provide to Distributor copies of all prospectus and contract supplements, announcements and disclosures sent to Registered Representatives and copies of other such mailings as reasonably requested by Distributor. The Insurance Company will provide to Distributor copies of all Sales Material, including Product announcements and training and incentive trip announcements sent to customers and Registered Representatives, as well as copies of other such mailings to customers and Registered Representatives as reasonably requested by Distributor. The Insurance Company will provide such copies in advance of the mailing or other delivery.
Access to Systems and Information	The Insurance Companies will provide Distributor with any information and access as required by Distributor to comply with applicable law. The Insurance Companies will provide Distributor with reasonable online access to its image systems (e.g., the Travelers imaging system created by ALPS Electronics, Inc.), Websites and other such systems as reasonably requested by Distributor. Such access will include access to images (or copies where applicable) of account applications, copies of the customer's purchase payment check, policy delivery receipt, surrender forms, regulatory inquiries received by the Insurance Company, communications (including written and recorded or notes of oral communication) by and among the Insurance Company, the customer and the Registered Representative. Access to the Websites will include access to information regarding the customer's Website use and frequency, access to view individual documents and statements of the customer.

	The Insurance Companies will provide Distributor with information sufficient to enable Distributor to create the existing four surveillance reports (and any currently under development): Free look, Surrenders Over 59 1/2, Surrenders Under 59 1/2 and Elderly, as well as programming support to create future reports, such as the VA to Mutual Fund Report currently under development. Information for surveillance reports shall be delivered to Distributor no later than the fifth business day of every month covering information from the prior month. The Insurance Companies will, upon request, provide Distributor with copies of documents for open and closed accounts, including account statements, account histories, customer confirmations, daily and historical values of sub-accounts, present and historical sub-account allocations, commission earning statements on an account, as well as other such documents as reasonably requested by Distributor, including any relevant information relevant to a customer complaints, regulatory inquiries, litigation, customer assistance, etc. Distributor shall have the right to request from Insurance Company a daily data feed containing such information as reasonably requested by Distributor to comply with OFAC. Such information shall include a position file, listing all client names and relevant contact information, and a price file, listing the month-end price for each fund.
Licensing and Disclosure Information	The Insurance Company will immediately forward to Distributor the following information: • Any applicant denied a variable appointment by a regulator based on address, employment or disclosure information in an application, along with the reason for the denial. • Registered Representative cancelled by Insurance Companies “for cause” or otherwise following allegations of misconduct, including failure to provide timely updates of license information (unless Distributor initiates the request for cancellation or is otherwise already aware of the circumstances). Insurance Companies will provide a copy of the cancellation form and the name and telephone number of a contact person at the Insurance Companies who has information regarding the allegations.
Assistance	The Insurance Companies will provide Distributor with a dedicated contact (individual or team) to assist in complaint resolution, gathering of required information, systems issues, outages, access requests as well as other such assistance as reasonably requested by Distributor.

Schedule 3.1

Compensation Schedule

COMMISSION SCHEDULE FOR ANNUITY CONTRACTS

This Schedule governs compensation and related matters with respect to all Products sold through Distributor by Registered Representatives, including with respect to Products sold under the 1997 Selling Agreement except to the extent provided for in Section 3.1.

Payment of compensation for any Product is subject to the following conditions and limitations, in addition to any applicable provision of the Agreement.

1. Commissions based on premium payments will be based only on premium actually received and accepted by the Insurance Company.

2. No commission will be earned on the initial exchange of any Insurance Company contract. Subsequent premium payments will, as permitted by law, be eligible for commission payments. The Insurance Companies will not permit a contract holder of a Product to switch or otherwise exchange the Product for another variable annuity product of the Insurance Companies.

3. The Insurance Company reserves the right to reduce first-year commissions and renewal commissions, if necessary, on any annuity contracts sold to residents of any jurisdiction which imposes new, and/or additional premium or similar taxes or charges. In such event, the Insurance Company will notify the Selling Entity.

4. If within forty-five (45) days after confirmation of any premium being credited to a Product by the Insurance Company, that Product is (i) redeemed, (ii) tendered for full or partial surrender, (iii) canceled or (iv) the life at risk thereunder dies, then, at the option of the Insurance Company or Underwriter, no commission will be payable with respect to such premium payments and any commission previously paid for said premium payments must be refunded to the Insurance Company or Underwriter, as direct by Underwriter. Underwriter agrees to notify Distributor within twenty (20) business days after the request for redemption, full or partial surrender [or] cancellation or notification of death of the life at risk is received by the applicable Insurance Company.

5. Commissions will be paid in accordance with instructions received from Selling Entities.

6. If Distributor or any Registered Representative of Distributor rebates or offers to rebate all or any part of a premium on an policy issued by the Insurance Company in violation of applicable state insurance laws or regulations, or if Distributor or any Registered Representative of Distributor shall withhold any premium on an policy issued by the Insurance Company, the same may be grounds for termination of this Agreement by Underwriter.

7. If Distributor induces or attempts to induce any contract owner to relinquish a Product, except under circumstances where there is reasonable ground for believing the policy, contract or certificate is not suitable for such person, Distributor’s right to receive any compensation under this Agreement on that Policy, contract or certificate shall cease and terminate.

COMMISSION RATES

GoldTrack Express

Commissions, Trail Commissions and Take Over Compensation

The Case Asset Level, the Surrender Charge and the plan year for each plan determines the applicable percentage rate for both commissions and trail commissions, as well as any takeover compensation for the plan.

- Commissions are based on a percentage of "Flow" and are calculated and paid weekly. "Flow" is periodic premium and roll-over premium received. For Option 1 these commissions are not payable after Year 2.
- Trail commissions are based on the percentage of Assets and are calculated and paid monthly. "Assets" are assets under management in the plan allocated to the contracts. For Option 1 trails are not payable in Years 1 or 2.
- Takeover compensation is payable at the time of the transfer. For the No Surrender version, there is no compensation on takeover assets.
- The Case Asset Level is the assets for each plan and is reset at the beginning of each February and September. Commission rates and trail rates then apply until the next reset date, at which time any change in Case Asset Level determines the applicable rates. The initial Case Asset Level is determined based upon the expected amount of rollover premium plus the total additional premium expected in the first year. Cases may be moved to a lower M&E (but not a higher M&E) in competitive situations. The Case Asset Level also determines the M&E charge payable by the plan.

		5-Year Surrender Versions					No Surrender Version
		Option 1			Option 2		
Case Asset Level	M&E Charge	% of Takeover	% of Flow Years 1 and 2	% of Assets Year 3+	% of Flow/Takeover Years 1+	% of Assets Years 1+	% of Assets Years 1+
$0.00 - $500,000.00	1.50%	2.25%	3.35%	0.45%	0.55%	0.50%	.65%
$500,000.01 - 1,000,000.00	1.30%	2.00%	2.60%	0.30%	0.50%	0.45%	.45%
$1,000,000.01 - $2,000,000.00	1.20%	1.25%	2.10%	0.25%	0.45%	0.40%	.40%
$2,000,000.01 - $3,000,000.00	1.10%	1.00%	1.60%	0.25%	0.40%	0.35%	.35%
$3,000,000.01 - $4,000,000.00	1.00%	0.75%	1.35%	0.20%	0.35%	0.30%	.30%
$4,000,000.01 +	0.85%	0.50%	1.10%	0.20%	0.30%	0.20%	.30%

PrimElite II

A. Commissions

When oldest of contract owner and annuitant is age	Commission Percentage
75 or younger	6.50%
76 to 85	4.875%
86 and above	0.00%

Commission calculated on percent of premium allocated to the subaccounts. The commission is calculated and paid daily. The applicable age is the age at the time the premium payment is received.

B. Promotional Bonus

Contracts Issued	Percent of Premium
Prior to January 22, 2001	[**]%
On or after January 22, 2001	[**]%

Bonus based on premium received and is calculated and paid monthly.

C. Marketing Expense Allowance

[**]% of premium received and is calculated and paid monthly.

D. Production Bonus

The Production Bonus applies to all individual variable annuities (currently PrimElite, PrimElite II and PEP) sold through Distributor.

The Bonus equals the Production Bonus rate times the excess of A over B, where:

A = Year-to-date aggregate premiums received for the current calendar year for individual variable annuity products

B = Floor Amount (as defined below)

As of the effective date of this Agreement, the Floor Amount is $1,005,802,370.05. If in any calendar year the aggregate premium received for the individual variable annuity Products is greater than the previously established Floor Amount, a new current Floor Amount is established. This new current Floor Amount is equal to the aggregate amount of premium received for individual variable annuity Products during that calendar year. The Floor Amount cannot decrease in any year

The Production Bonus rate is [**]%, which is calculated and paid monthly.

E. Trail Commissions

When oldest of contract owner and annuitant is ape	Annualized Percentage of Account Value
75 or younger	0.25%
76 or older	0.1875%

Calculated monthly and paid quarterly based on assets under management beginning with the second year of the contract. The applicable age is the age at the time the trail commission is calculated.

Protected Equity Portfolio ("PEP")

Attained Age	Commission Percentage
80 or younger	6.0%
81 - 85	3.0%

Commission calculated on percent of premium at time received and paid daily. No trail commissions payable.

Travelers Target Maturity ("TTM")

Attained Age	Commission Percentage
80 or younger	3.25%
81 - 85	1.625%

Commission calculated on percent of premium at time received and paid daily. No trail commissions payable.

Schedule 3.2

Marketing and Administrative Support Fee

To assist Selling Entities in promoting sales of the PrimElite and PrimElite II Products and the costs associated therewith, The Travelers Life and Annuity Company ("TLAC") agrees to pay Selling Entities a monthly fee ("Support Fee") based on PrimElite and PrimElite II Products issued by TLAC, calculated as provided below.

In connection with the Support Fee, the Distributor shall provide certain services to TLAC as mutually agreed to by Distributor and TLAC. These services may include any or all of the following: business planning assistance; advertising; product-specific training; timely review and consideration of approval of new sales; and access by Insurance Company personnel and wholesalers to Distributor personnel and Registered Representatives.

1. Defined Terms. For purposes of this Schedule 3.2 only, the following terms shall have the following meanings:

(a) "Applicable Rate" shall be the number of Basis Points as specified by this Schedule 3.2 to be used to determine the Support Fee payable by TLAC or the Substitute Company, as applicable, and, as applicable, is either the TLAC Applicable Rate or the MetLife Applicable Rate.

(b) "Basis Point" shall equal 1/100 of 1% (or, expressed as a decimal: 0.0001). By way of example, two Basis Points equals 2/100 of 1% (or, expressed as a decimal: 0.0002).

(c) "Daily Average of Assets" shall equal the sum of the daily total net asset value (as measured at the close of each business day) in the separate accounts of PrimElite and PrimElite II within a given month, divided by the number of business days within that month. As used within this definition, the phrase "business day" shall mean any day the New York Stock Exchange is open for trading.

(d) "Fund Revenue" equals the weighted average of the Basis Points to which the Insurance Companies (for adjusting the TLAC Unadjusted Applicable Rate) or the Substitute Company and any Affiliates (for adjusting the MetLife Unadjusted Applicable Rate), are entitled, based on assets under management in the subaccounts of all PrimElite and PrimElite II variable annuities of either the Insurance Companies or the Substitute Company and any Affiliates, as applicable), based on any arrangement, written or otherwise, including any (i) sharing under participation agreements, (ii) advisor profits earned by affiliated investment advisors and (iii) any 12b-l fee's paid by the fund sponsor, less (iv) any marketing support payments made to the fund sponsor.

(e) "MetLife Support Fee" shall have the meaning provided below in this Schedule 3.2.

(f) "MetLife Applicable Rate" is the Applicable Rate for the MetLife Support Fee payable by the Substitute Company and shall initially be [**] Basis Points, subject to adjustment as provided below.

(g) "MetLife Unadjusted Applicable Rate" shall initially be [**] Basis Points, subject to adjustment as provided in Paragraph 6.

(h) "Revenue Factor" shall be equal to 50% of the difference between New Fund Revenue and Current Fund Revenue Basis Points, calculated as hereinafter set out.

(i) "TLAC Applicable Rate" is the Applicable Rate for the Support Fee payable by TLAC and shall initially be [**] Basis Points, subject to adjustment as provided below.

(j) "TLAC Unadjusted Applicable Rate" shall initially be [**] Basis Points, subject to adjustment as provided in Paragraph 5.

2. Calculation. The Support Fee shall equal the Daily Average of Assets:

(i) multiplied by the Applicable Rate; then

(ii) multiplied by the total number of calendar days within the given month; and then

(iii) divided by the total number of days in the year.

The TLAC Support Fee and the MetLife Support Fee shall be paid to the Distributor on a monthly basis within thirty (30) days of the end of each month.

3. Substitute Product. In the event a Substitute Product for the PrimElite II is offered in accordance with the terms of this Agreement, TLAC shall continue to pay the Support Fee with respect to all assets in the PrimElite and PrimElite II subaccounts for Products TLAC has issued, but not with respect to those assets in subaccounts for the Substitute Product issued by the Insurance Company Affiliate ("Substitute Company"). The Substitute Company shall, pursuant to a Substitute Product Addendum (as contemplated by this Agreement), calculate and pay a separate Support Fee ("MetLife Support Fee") based on assets in the subaccounts of the variable annuity products issued by the Substitute Company sold by Registered Representatives. The MetLife Support Fee provisions of the Substitute Product Addendum shall be based on this Schedule 3.2.

4. Transfer of Subaccounts. The TLAC Applicable Rate and/or the MetLife Applicable Rate will be re-determined in the event of any transfer of PrimElite or PrimElite II contracts to a Substitute Company equal to the asset-weighted average of the TLAC Applicable Rate and the MetLife Applicable Rate in the Substitute Company on the date of transfer.

5. Adjustment of TLAC Applicable Rate.

(a) The TLAC Applicable Rate shall be re-determined every five years, measured from the date of this Agreement. To adjust the TLAC Applicable Rate, first

(i) the TLAC Unadjusted Applicable Rate shall be re-determined. The re-determined TLAC Unadjusted Applicable Rate is equal to sum of the current TLAC Unadjusted Applicable Rate plus the Revenue Factor. Then,

(ii) the re-determined TLAC Unadjusted Applicable Rate is multiplied by the ratio of (x) to (y), where (x) is total assets in the separate accounts of PrimElite and PrimElite II on the 12/31 prior to the re-determination date, and (y) is total assets in the separate accounts of TLAC-issued PrimElite and TLAC-issued PrimElite II on the 12/31 prior to the re-determination date.

(b) The initial Current Fund Revenue will be determined on the next day following the date of this Agreement based upon the Fund Revenue payable on PrimElite and PrimElite II separate accounts assets issued by the Insurance Companies. By way of example, Current Fund Revenue, if measured as of 3/31/05, would be [**] Basis Points. Each five-year period a then current Fund Revenue ("New Fund Revenue") shall be calculated based upon Fund Revenue effective on the 12/31-calendar year-end preceding a re-determination of an Applicable Rate. Upon recalculation of the Revenue Factor, the New Fund Revenue shall become the Current Fund Revenue for purposes of the next re-determination.

(c) Example – Assume the date of this Agreement is 7/1/2005 and the initial Current Revenue Factor is [**] Basis Points. The first re-determination date is 7/1/2010.

- Therefore, the re-determination will be based on: the Revenue Factor on PrimElite and PrimElite II on 12/31/2009; the total assets in the separate accounts of PrimElite and PrimElite II on 12/31/2009 (assume this is $4 billion); and the total assets in the separate accounts of TLAC-issued PrimElite and PrimElite II (assume this is $3 billion).
- Assuming the New Fund Revenue is [**] Basis Points measured at 12/31/2009, the Revenue Factor would be 50% of [**] Basis Points less [**] Basis Points, or [**] Basis Point.
- The Unadjusted Applicable Rate as of 7/1/2010 would equal [**] Basis Points plus [**] Basis Point, or [**] Basis Points. The Applicable Rate would be [**], or [**] Basis Points times the ratio of $4 million to $3 million.

The Revenue Factor can be negative if New Fund Revenue is less than Current Fund Revenue.

6. Adjustment of MetLife Applicable Rate.

(a) The MetLife Applicable Rate shall be re-determined every five years, measured from the date of this Agreement. To adjust the MetLife Applicable Rate, first

(i) the MetLife Unadjusted Applicable Rate shall be re-determined. The re-determined MetLife Unadjusted Applicable Rate is equal to sum of the current MetLife Unadjusted Applicable Rate plus the MetLife Revenue Factor for the Substitute Product of the Substitute Company and any Affiliates as of the re-determination date. Then,

(ii) the re-determined MetLife Unadjusted Applicable Rate is multiplied by the ratio of (xx) to (yy), where (xx) is total assets in the separate accounts of Substitute Product on the 12/31 prior to the re-determination date, and (yy) is total assets in the separate accounts of Substitute Company-issued Substitute Product on the 12/31 prior to the re-determination date

(b) The initial MetLife Current Fund Revenue will be determined on the next day following the date the Substitute Company begins issuing the Substitute Product based upon the MetLife Fund Revenue payable on Substitute Product separate accounts assets issued by Substitute Company and any Affiliates. Each five-year period a revised MetLife New Fund Revenue shall be calculated based upon MetLife Fund Revenue effective on the 12/31-calendar year-end preceding a re-determination of an MetLife Applicable Rate. Upon recalculation of the MetLife Revenue Factor, the MetLife New Fund Revenue shall become the MetLife Current Fund Revenue for purposes of the next re-determination

7. Authentication. TLAC and the Substitute Company shall, upon reasonable notice, allow Distributor the opportunity to review all relevant documentation used by TLAC or the Substitute Company to allow the Selling Companies to authenticate the basis for any calculation (including any interim calculation) of any Revenue Factor, including the component parts of the formula.

8. Interim Calculations. In addition to the five-year re-determinations required by this Schedule 3.2, for tracking and budgetary purposes of the Selling Companies, the respective Revenue Factor for each of TLAC and the Substitute Company will be calculated on an annual year-end basis. The applicable Revenue Factor for these interim calculations shall be based on the difference between Fund Revenue effective on the applicable 12/31-calendar year-end and the Fund Revenue effective on the preceding 12/31 -calendar year-end.

9. Additional Compensation. In addition, Insurance Company shall, as mutually agreed, compensate Distributor for certain expenses (including conference and meeting costs) to the extent permitted by Law.

10. Term. The Support Fee is and shall remain payable so long as there are any assets in the subaccounts of any PrimElite or PrimElite II Products. The MetLife Support Fee is and shall remain payable so long as there are any assets in the subaccounts of any variable annuity products including with respect to any assets in subaccounts of Products that have been transferred to a Substitute Company.

Schedule 4.2

Coverage, Training and Sales Support Matters

Sales Desk	The Insurance Company shall provide sales desk support sufficient to adequately support Distributor's field operations. The Parties agree that the Insurance Company or the Underwriter is adequately supporting Distributor's field operations by providing as of the date of the Agreement [an eleven[1]] member dedicated sales desk team commonly referred to as the "Travelers Proprietary Sales Team." The sales desk shall be dedicated to Distributor and shall provide those services substantially similar to those provided as of the date of this Agreement, including such pre-sale support as: answering Product design/feature questions; providing proactive communication on Product, including base shop conference calls, field training, incentive campaigns and compliance changes; helping in understanding new business and application processing questions; acting as a liaison between the wholesaler and the Registered Representatives; and providing ground level follow up as appropriate. Post-sale support shall include appropriate sales recognition and follow up.
Wholesaling	The Insurance Company shall provide wholesaler support sufficient to adequately support Distributor's field operations. The Parties agree that the Insurance Companies or their Underwriter is adequately supporting Distributor's field operations by providing as of the date of the Agreement [a sixteen member dedicated wholesaler team, consisting of (i) one Channel Head; (ii) one Sales Manager; (iii) 12 Wholesalers; and (iv) two Junior Wholesalers.[2]] The wholesalers will actively promote Products sold by Registered Representatives, provide training (including at the Registered Representative's office) to those Registered Representatives who are targeted to sell the Products, and conduct Distributor-approved seminars for customers, where appropriate. In addition, wholesalers shall train Registered Representatives on compliance, suitability, new certifications, new applications and other such topics as reasonably requested by Distributor and consistent with regulatory and Distributor requirements applicable to Registered Representatives. The Insurance Company or its Affiliate Underwriter will appropriately train wholesalers and ensure that they are fully qualified and support the Distributor's standards and requirements for the Sales Force.
Wholesaler Activity Reports	The Insurance Company or its Affiliate Underwriter will provide wholesaler activity reports as provided in Schedule 2.22.

[1] Number to be finalized as of closing date.
[2] Numbers to be finalized as of closing date.

Schedule 4.5

Certification of Compliance

TO: The Travelers Insurance Company, The Travelers Life and Annuity Company (collectively, the "Insurance Companies"), Travelers Distribution, LLC (the "Underwriter")

As authorized representative of Distributor, I hereby certify on behalf Distributor, upon due inquiry, that, in connection with the Selling Agreement, dated as of _____, 2005, among the Insurance Companies, Underwriter and Distributor (the "Agreement"), Distributor is in material compliance with the terms of Sections 2.2, 2.3 and 2.4(a) of the Agreement.

The Parties acknowledge and agree that this Certification is being made pursuant to the requirement of Section 4.5 of the Agreement.

DISTRIBUTOR

By: _____
Name:
Title:
Date:

Schedule 4.5

Certification of Compliance

TO: PFS Investments Inc.

As authorized representative of Insurance Company, I hereby certify on behalf of Insurance Company, upon due inquiry, that, in connection with the Selling Agreement, dated as of _____, 2005, among Insurance Company, Underwriter and Distributor (the "Agreement"), the Insurance Company and/or its respective employees, have not, during the period covered by this certification, provided to any Comparable Distributor any product that is substantially the same as an Exclusive Product provided by the Insurance Company on an exclusive basis to Distributor with terms, total compensation, consumer pricing, wholesaler coverage, training and support, features and service standards and metrics, taken as a whole, that are materially more favorable to such Comparable Distributor than the terms, total compensation, consumer pricing, wholesaler coverage, training and support, features and service standards and metrics of such Exclusive Product, taken as a whole.

The Parties acknowledge and agree that this Certification is being made pursuant to the requirement of Section 4.5 of the Agreement.

INSURANCE COMPANY

By: _____
Name:
Title:
Date:

ADDENDUM

This Addendum, dated as of September 23, 2005 (this "Addendum"), is made by and among MetLife Investors USA Insurance Company, a Delaware life insurance company, and First MetLife Investors Insurance Company, a New York life insurance company (each, an "Affiliate Insurance Company" and, collectively, the "Affiliate Insurance Companies"), MetLife Investors Distribution Company ("Distributor") a Missouri corporation, and Distributor.

RECITALS

WHEREAS, Distributor is a party to that certain Selling Agreement, dated as of July 1, 2005 (the 'Selling Agreement"), by and among Distributor, the Insurance Companies and the Underwriter;

WHEREAS, the Affiliate Insurance Companies issue certain life insurance and/or annuity products meeting the conditions set forth in respect of such products in the Selling Agreement that are identified on Schedule A to this Addendum (the "Substitute Products");

WHEREAS, Distributor directly (or through one or more of its Affiliates) is licensed to solicit and sell the Substitute Products through its Registered Representatives and Selling Entities in the Territory;

WHEREAS, upon the terms and subject to the conditions set forth in the Selling Agreement, the Insurance Company has the right to require the Distributor to distribute the Substitute Products; and

WHEREAS, as required by the Selling Agreement and upon the terms and subject to the conditions set forth in this Addendum, Distributor desires to solicit and sell through its Registered Representatives and Selling Entities, and the Affiliate Insurance Companies desire that Distributor so solicit and sell, the Substitute Products in the Territory.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

1. Defined Terms. Capitalized terms used and not otherwise defined in this Addendum have the respective meanings ascribed to them in the Selling Agreement.

2. Substitute Products. Each of the Affiliate Insurance Companies and the Affiliate Underwriter hereby represent and warrant to Distributor that (a) such Affiliate Insurance Company has a financial strength rating of at least Aa3 by Moody's Investors Service, Inc. (or any successor thereto) or at least AA- by Standard and Poor's (or any successor thereto); and (b) each Substitute Product is substantially the same the corresponding Existing Product in the terms, total compensation, consumer pricing, wholesaler coverage, training and support, features and service standards and metrics. Based upon such representations and warranties, Distributor hereby agrees, effective as of the date written above, that each of the Substitute Products shall be deemed Products to be distributed by Distributor.

PFS Investments (Primerica)

/OGC

3. Incorporation of Terms. Except as otherwise set forth in this Addendum, all of the terms and provisions of the Selling Agreement hereby are incorporated by reference into this Addendum in respect of the Substitute Products and applicable to the parties hereto. For all purposes of such incorporation by reference, the Affiliate Insurance Companies shall be deemed to be Insurance Companies and the Affiliate Underwriter shall be deemed to be the Underwriter. Except as set forth in this Addendum, the Selling Agreement shall remain in full force and effect and otherwise shall be unaffected hereby.

4. Miscellaneous Provisions.

(a) Notices. All notices, demands and other communications required or permitted to be given to any Party under this Addendum shall be in writing and any such notice, demand or other communication shall be deemed to have been duly given when delivered by hand, courier or overnight delivery service or, if mailed, two (2) Business Days after deposit in the mail and sent certified or registered mail, return receipt requested and with first-class postage prepaid, or in the case of facsimile notice, when sent and transmission is confirmed, and, regardless of method, addressed to the Party at its address or facsimile number set forth below (or at such other address or facsimile number as the Party shall furnish the other Parties in accordance with this Section): if to the Distributor, to the address set forth in the Selling Agreement; and if to the Affiliate Insurance Companies or to the Underwriter, to the address(es) set forth on the signature page to this Addendum.

(b) Severability. If any provision of this Addendum or the application of any such provision is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Addendum or invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable Law, the Parties waive any provision of Law that renders any provision of this Addendum invalid, illegal or unenforceable in any respect. The Parties shall, to the extent lawful and practicable, use their commercially reasonable efforts to enter into arrangements to reinstate the intended benefits, net of the intended burdens, of any such provision held invalid, illegal or unenforceable.

(c) Governing Law. This Addendum shall be governed by and construed in accordance with the Laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflict of laws principles of such State.

(d) Counterparts. This Addendum may be executed in any number of counterparts, each of which shall be an original, and all of which shall together constitute a single instrument.

[*Remainder of Page Intentionally Left Blank*]

PFS Investments (Primerica)

/OGC

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed on its behalf by an authorized officer as of the date first above written.

METLIFE INVESTORS USA INSURANCE COMPANY
MetLife Investors USA Insurance Company
222 Delaware Ave. Ste 900
Wilmington, DE 19899

By: /s/ Richard C. Pearson
Name: Richard C. Pearson
Title: Executive Vice President

FIRST METLIFE INVESTORS INSURANCE COMPANY
First MetLife Investors Insurance Company
200 Park Avenue
New York, NY 10166

By: /s/ Richard C. Pearson
Name: Richard C. Pearson
Title: Executive Vice President

METLIFE INVESTORS DISTRIBUTION COMPANY
MetLife Investors Insurance Company
13045 Tesson Ferry Rd.
St. Louis, MO 63128

By: /s/ Richard C. Pearson
Name: Richard C. Pearson
Title: Vice President

DISTRIBUTOR:

PFS INVESTMENTS INC.
3120 Breckinridge Blvd.
Duluth, Georgia 30099-0001

By: /s/ William Kelly
Name: William Kelly
Title: President & CEO

PFS Investments (Primerica)

/OGC

Substitute Products

Travelers Product Name	Replatformed Product Name	Exclusive or Non-Exclusive	Private Label	Territory	Product Code
PrimElite II	PrimElite III	Exclusive	Yes	USA and Puerto Rico*	8401 6410-NY
Protected Equity Portfolio (PEP)	Protected Equity Portfolio (PEP)	Exclusive	No	USA and Puerto Rico*	8404 6404-NY

* MLI USA is not available in Puerto Rico as of yet. We will continue to sell Travelers version of the products above until MLI USA becomes available.

PFS Investments (Primerica)

/OGC

COMPENSATION SCHEDULES

PrimElite III

A. Commissions

Old Name: PrimElite II
Replatformed: PrimElite III

When oldest of contract owner and annuitant is age:	Commission Percentage
0-75	6.50%
76-85	4.875%
86+	0.00%

Commission calculated on percent of premium allocated to the subaccounts. The commission is calculated and paid daily. The applicable age is the age at the time premium payment is received.

B. Promotional Bonus

[**]% of premium received and is calculated and paid monthly.

C. Marketing Expense Allowance

[**]% of premium received and is calculated and paid monthly.

D. Production Bonus

The Production Bonus applies to all individual variable annuities (currently PrimElite, PrimElite II, PrimElite III, and Protected Equity Portfolio) sold through Distributor.

The Bonus equals the Production Bonus rate times the excess of A over B, where:

A = Year-to-date aggregate premiums received for the current calendar year for individual variable annuity products

B = Floor Amount (as defined below)

As of the effective date of this Addendum, the Floor Amount is $1,005,802,370.05. If in any calendar year the aggregate premium received for the individual variable annuity Products is greater than the previously established Floor Amount, a new current Floor Amount is established. This new current Floor Amount is equal to the aggregate amount of premium received for individual variable annuity Products during that calendar year. The Floor Amount cannot decrease in any year

The Production Bonus rate is [**]%, which is calculated and paid monthly.

PFS Investments (Primerica)

/OGC

E. Trail Commissions

When oldest of contract owner and annuitant is ape	Annualized Percentage of Account Value
75 or younger	0.25%
76 or older	0.1875%

Calculated monthly and paid quarterly based on assets under management beginning with the second year of the contract. The applicable age is the age at the time the trail commission is calculated.

Protected Equity Portfolio

Old Name: Protected Equity Portfolio (PEP)
Replatformed: Protected Equity Portfolio (PEP)

Attained Age	Commission Percentage
0-80	6.00%
81 -85	3.00%

Commissions calculated on percent of premium at time received and paid daily. No trail commissions payable.

PFS Investments (Primerica)

/OGC

ADDENDUM NO. 2

This Addendum, dated as of June 1, 2007 (the "Addendum"), is made by and among MetLife Investors USA Insurance Company, a Delaware life insurance company, First MetLife Investors Insurance Company, a New York life insurance company (each, an "Affiliate Insurance Company" and, collectively, the "Affiliate Insurance Companies"), MetLife Investors Distribution Company ("Underwriter"), a Missouri corporation, and Distributor.

RECITALS

WHEREAS, Distributor is a party to that certain Selling Agreement, dated as of July 1, 2005 (the 'Selling Agreement"), by and among Distributor, the Insurance Companies and the Underwriter;

WHEREAS, the Affiliate Insurance Companies issue certain life insurance and/or annuity products meeting the conditions set forth in respect of such products in the Selling Agreement that are identified on Schedule A to this Addendum (the "Substitute Products");

WHEREAS, Distributor directly (or through one or more of its Affiliates) is licensed to solicit and sell the Substitute Products through its Registered Representatives and Selling Entities in the Territory;

WHEREAS, upon the terms and subject to the conditions set forth in the Selling Agreement, the Insurance Company has the right to require the Distributor to distribute the Substitute Products; and

WHEREAS, as required by the Selling Agreement and upon the terms and subject to the conditions set forth in this Addendum, Distributor desires to solicit and sell through its Registered Representatives and Selling Entities, and the Affiliate Insurance Companies desire that Distributor so solicit and sell, the Substitute Products in the Territory.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

1. Defined Terms. Capitalized terms used and not otherwise defined in this Addendum have the respective meanings ascribed to them in the Selling Agreement.

2. Substitute Products. Each of the Affiliate Insurance Companies and the Affiliate Underwriter hereby represent and warrant to Distributor that (a) such Affiliate Insurance Company has a financial strength rating of at least Aa3 by Moody's Investors Service, Inc. (or any successor thereto) or at least AA- by Standard and Poor's (or any successor thereto); and (b) each Substitute Product is substantially the same the corresponding Existing Product in the terms, total compensation, consumer pricing, wholesaler coverage, training and support, features and service standards and metrics. Based upon such representations and warranties, Distributor hereby agrees, effective as of the date written above, that each of the Substitute Products shall be deemed Products to be distributed by Distributor. Compensation for the Substitute Product shall be as reflected in the Compensation Schedule attached hereto as Schedule B.

3. Incorporation of Terms. Except as otherwise set forth in this Addendum, all of the terms and provisions of the Selling Agreement hereby are incorporated by reference into this Addendum in respect of the Substitute Products and applicable to the parties hereto. For all purposes of such incorporation by reference, the Affiliate Insurance Companies shall be deemed to be Insurance Companies and the Affiliate Underwriter shall be deemed to be the Underwriter. Except as set forth in this Addendum, the Selling Agreement shall remain in full force and effect and otherwise shall be unaffected hereby.

4. Miscellaneous Provisions.

(a) Notices. All notices, demands and other communications required or permitted to be given to any Party under this Addendum shall be in writing and any such notice, demand or other communication shall be deemed to have been duly given when delivered by hand, courier or overnight delivery service or, if mailed, two (2) Business Days after deposit in the mail and sent certified or registered mail, return receipt requested and with first-class postage prepaid, or in the case of facsimile notice, when sent and transmission is confirmed, and, regardless of method, addressed to the Party at its address or facsimile number set forth below (or at such other address or facsimile number as the Party shall furnish the other Parties in accordance with this Section): if to the Distributor, to the address set forth in the Selling Agreement; and if to the Affiliate Insurance Companies or to the Underwriter, to the address(es) set forth on the signature page to this Addendum.

(b) Severability. If any provision of this Addendum or the application of any such provision is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Addendum or invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable Law, the Parties waive any provision of Law that renders any provision of this Addendum invalid, illegal or unenforceable in any respect. The Parties shall, to the extent lawful and practicable, use their commercially reasonable efforts to enter into arrangements to reinstate the intended benefits, net of the intended burdens, of any such provision held invalid, illegal or unenforceable

(c) Governing Law. This Addendum shall be governed by and construed in accordance with the Laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflict of laws principles of such State.

(d) Counterparts. This Addendum may be executed in any number of counterparts, each of which shall be an original, and all of which shall together constitute a single instrument.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed on its behalf by an authorized officer as of the date first above written.

METLIFE INVESTORS USA INSURANCE COMPANY
222 Delaware Ave. Ste 900
Wilmington, DE 19899

By: /s/ Richard C. Pearson
Name: Richard C. Pearson
Title: Vice President

FIRST METLIFE INVESTORS INSURANCE COMPANY
200 Park Avenue
New York, NY 10166

By: /s/ Richard C. Pearson
Name: Richard C. Pearson
Title: Vice President

METLIFE INVESTORS DISTRIBUTION COMPANY
13045 Tesson Ferry Rd.
St. Louis, MO 63128

By: /s/ Richard C. Pearson
Name: Richard C. Pearson
Title: Executive Vice President

PFS INVESTMENTS INC.
3120 Breckinridge Blvd.
Duluth, Georgia 30099-0001

By: /s/ William Kelly
Name: William Kelly
Title: President

PFS Investments (Primerica)

Schedule A
To Addendum No. 2

Substitute Product

MetLife Product Name	Replatformed Product Name	Exclusive or Non-Exclusive	Private Label	Territory	Product Code
PrimElite III	PrimElite IV	Exclusive	Yes	USA and Puerto Rico*	8401 6401-NY

* MLI USA products are not available in Puerto Rico as of yet. Distributor will continue to sell Travelers version of the products above until MLI USA products become available.

PFS Investments (Primerica)

Schedule B
To Addendum No. 2

COMPENSATION SCHEDULES

PrimElite IV

A. Commissions

Deposit Bands	Commission*	M&E Charge	
		ASU to 80	ROP
Less than $99,999	5.7%	1.50%	1.35%
$100,000 -$5249,999	5.0%	1.35%	1.20%
$250,000 -$499,999	4.5%	1.25%	1.10%
$500,000 and over	4.0%	1.10%	0.95%

The "Initial Deposit" is the amount of all premium deposits intended for the first 12 months as evidenced by the Letter of Estimate included with each application. The Initial Deposit determines the deposit band, which determines the applicable commission and M&E rate on the initial and all subsequent premium deposits, except as below provided.

If the owner only deposits during the first 12-month period premium amounts that, in the aggregate, are less than the Initial Deposit and which amounts would result in a lower deposit band, then

- the commission for all premium deposits in the first 12 month period will be adjusted as follows:

  The commission adjustment factor will be applied to the actual premium deposits less premium withdrawn that was subject to a chargeback. The commission adjustment factor will equal the difference between (w) the applicable commission rate based on the actual premium deposits made in the first 12 months and (x) the commission rate based on the Initial Deposit; less the difference in (y) the applicable M&E rate based on the actual premium deposits made in the first 12 months and (z) the M&E rate based on the Initial Deposit. Commission rates are based on current age at the time of the adjustment.

- the commission rate for premium deposits after the first 12 month period will equal the applicable commission rate based on the actual premium deposits made in the first 12 months.

If the premium amounts actually deposited in the first 12 months are within the same or a higher Deposit Band as the Initial Deposit, the commission rate is not adjusted.

"ASU" is the Annual Step Up option and "ROP" is the return of premium option.

* Commission rates shown apply to ages 75 and younger, based on the oldest contract owner. If the oldest contract owner is 76 to 85 commission rates are 75% of those shown in the table. There are no commissions for ages 86 and greater.

B. Promotional Bonus

[**]% of PrimElite IV premium received and is calculated and paid monthly.

PFS Investments (Primerica)

C. Marketing Expense Allowance

[**]% of PrimElite II, PrimElite III and PrimElite IV premium received and is calculated and paid monthly. This rate change will be payable beginning April 30, 2007 through December 31, 2007. Prior to December 15, 2007, the parties will use their best efforts to renegotiate the Marketing Expense Allowance to be payable beginning in 2008. In the event that no agreement is reached between the Parties prior to December 15, 2007, effective January 1, 2008, (a) Distributor will take on for all PrimElite products, including PrimElite IV, the printing responsibilities it performed prior to April 30, 2007 for PrimElite II and III. Specifically, (a) Distributor will print contract prospectuses, a point of sale brochure, a laminated one-page fact card, and product applications, (b) Insurance Companies and Underwriter will no longer print contract prospectuses, point of sale brochures or fact cards, and (c) the Marketing Expense Allowance will equal [**]%.

D. Production Bonus

The Production Bonus applies to all individual variable annuities (currently PrimElite, PrimElite II, PrimElite III, PrimElite IV, and Protected Equity Portfolio) sold through Distributor.

The Bonus equals the Production Bonus rate times the excess of A over B, where:

A = Year-to-date aggregate premiums received for the current calendar year for individual variable annuity products

B = Floor Amount (as defined below)

As of the effective date of this Addendum, a discrepancy exists between the full year production number for calendar year 2006 that is being researched in order to obtain the exact Floor Amount. Once that discrepancy has been resolved, the amount agreed to by the parties in a separate writing will become part of this Addendum. If in any calendar year the aggregate premium received for the individual variable annuity Products is greater than the previously established Floor Amount, a new current Floor Amount is established. This new current Floor Amount is equal to the aggregate amount of premium received for individual variable annuity Products during that calendar year. The Floor Amount cannot decrease in any year

The Production Bonus rate is [**]%, which is calculated and paid monthly.

E. Trail Commissions

Trail commissions are 0.2%, calculated monthly and paid quarterly based on PrimElite TV assets under management beginning with the second year of the contract.

PFS Investments (Primerica)

FIRST AMENDMENT TO THE SELLING AGREEMENT

This First Amendment to the Selling Agreement is made by and among MetLife Insurance Company of Connecticut, MetLife Life & Annuity Company of Connecticut, MetLife Investors USA Insurance Company and First MetLife Investors Insurance Company (each, an "Insurance Company" and, collectively, the "Insurance Companies"), MetLife Investors Distribution Company ("Underwriter") a Missouri corporation, and PFS Investments Inc. ("Distributor"), and is effective as of June 1, 2007 (the "Amendment").

RECITALS

The Insurance Companies, by way of the Substitute Product Addendum dated September 23, 2005, and the Distributor are parties to that certain Selling Agreement, dated as of July 1, 2005; and

The Parties desire to amend the Agreement in accordance with the following Amendment.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

1. Defined Terms. Capitalized terms used and not otherwise defined in this Amendment have the respective meanings ascribed to them in the Selling Agreement.

2. Printing and Distribution. Section 4.3 of the Agreement is hereby amended as follows.

(a) Section 4.3 (a) of the Agreement is hereby replaced in its entirety with the following language: "Effective April 30, 2007, the Insurance Companies will bear the costs of and be responsible for producing, developing and printing all Product materials, including, but not limited to, all Product applications, all prospectuses (both the contract prospectuses and subaccount prospectuses) and Sales Materials, which shall include customized brochures, customized marketing pieces and other point-of-sale materials, in sufficient quantities to meet the reasonable needs of Distributor's Sales Force. The Insurance Companies' responsibilities under this Section 4.3(a) exclude (i) Sales Materials produced by Distributor (Selling Agreement Section 4.3(c)); and (ii) with respect to PrimElite IV, Distributor's suitability form."

(b) Section 4.3 (e) of the Agreement is hereby replaced in its entirety with the following language: "Distributor shall be responsible for delivering the contract prospectuses to prospective purchasers through its Registered Representatives. Insurance Companies shall, at their own expense, timely deliver such prospectuses to Distributor for distribution. Insurance Companies shall be responsible for delivering subaccount prospectuses when the contract for the Product is mailed to the customer and for delivery of any contract prospectuses after issuance of a Product."

3. Marketing Expense Allowance. Paragraph C of Schedule 3.1, "Compensation Schedule," is hereby replaced with the following language: "[**]% of PrimElite II, PrimElite III and PrimElite IV premium received and is calculated and paid monthly. This rate change will be payable beginning April 30, 2007 through December 31, 2007. Prior to December 15, 2007, the parties will use their best efforts to renegotiate the Marketing Expense Allowance to be payable beginning in 2008. In the event that no agreement is reached between the Parties prior to December 15, 2007, effective January 1, 2008, (a) Distributor will take on for all PrimElite products, including PrimElite IV, the printing responsibilities it performed prior to April 30, 2007 for PrimElite II and III. Specifically, (a) Distributor will print contract prospectuses, a point of sale brochure, a laminated one-page fact card, and product applications, (b) Insurance Companies and Underwriter will no longer print contract prospectuses, point of sale brochures or fact cards, and (c) the Marketing Expense Allowance will equal [**]%."

4. Relationship. The parties acknowledge their desire to maintain a long-term committed relationship, addressing the mutual business interests of both parties. To maintain this commitment, the parties agree to continue to cooperate in the development, evaluation and review of relevant and reasoned business proposals, presented by either party, affecting the Agreement, the relationship or the business interests of the parties.

5. Alternative Contract History Calculations. Insurance Companies will, from time to time, create alternative contract history calculations that will depict the account value of annuity contracts issued by the Insurance Companies based on certain hypothetical assumptions ("Contract Calculations"), as requested by Distributor, generally in order to facilitate the resolution of customer complaints. Insurance Companies will create these Contract Calculations subject to the conditions set forth below:

(a) Distributor will provide to Insurance Companies the customer information and hypothetical assumptions needed in order to create the Contract Calculations and Insurance Companies, subject to subsection (d) below, will create and deliver the

Contract Calculations to Distributor within 5 business days of its receipt of such information and assumptions from Distributor. Insurance Companies will rely upon the information provided by Distributor in the creation of these Contract Calculations, and will not independently corroborate such information.

(b) In the event that a claim is initiated against any of the Insurance Companies or the Underwriter as a result of the Contract Calculations provided, Distributor will indemnify and hold harmless the Insurance Companies, the Underwriter, their affiliates, subsidiaries, officers, directors, and employees. Section 6.1 (a) of the Selling Agreement is hereby amended to add the following sentence at the end of the paragraph. "Additionally, Distributor shall hold harmless, defend, exonerate and indemnify the Insurance Companies, the Underwriter, and their employees, officers, directors, affiliates and agents for all losses, claims, liabilities, costs and expenses (including taxes, fees, fines, penalties, interest, reasonable expenses of investigation and attorneys' fees and disbursements) suffered that result from any claim made in connection with the Insurance Companies' creation of a Contract Calculation."

(c) Distributor hereby releases and forever discharges the Insurance Companies, the Underwriter, and their employees, officers, directors, affiliates and agents ("Released Parties") from any claims which Distributor or any customer has or may claim to have against the Released Parties in connection with the Insurance Companies' creation of these Contract Calculations. In the event that Distributor or a customer commences any claim against the Released Parties in violation of this paragraph, Distributor agrees to pay for the Released Parties' costs and expenses (including attorneys' fees) that result from the commencement of such claim.

(d) In instances where the creation of a requested Contract Calculation would be impossible due to a lack of required information, assumptions or computational capabilities, Insurance Companies will advise Distributor of this determination within two business days of its receipt of Distributor's request and will not provide the Contract Calculation.

(e) The Insurance Companies and Underwriter understand and agree that the Insurance Companies' creation of a Contract Calculation and the accompanying indemnity and release protections afforded the Insurance Companies in this Section shall not relieve the Insurance Companies or the Underwriter from liability, if any, associated with the underlying customer complaint.

6. Miscellaneous Provisions.

(a) Applicability to Addendums. This Amendment shall also be applicable to the first Addendum to the Selling Agreement dated September 23, 2005, and the Second Addendum to the Selling Agreement dated June 1, 2007.

(b) No Other Amendment. The amendments set forth herein are limited precisely as written and shall not be deemed to be a consent or waiver of any other term or condition of the Agreement, as now amended.

(c) Severability. If any provision of this Amendment or the application of any such provision is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment or invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable Law, the Parties waive any provision of Law that renders any provision of this Amendment invalid, illegal or unenforceable in any respect. The Parties shall, to the extent lawful and practicable, use their commercially reasonable efforts to enter into arrangements to reinstate the intended benefits, net of the intended burdens, of any such provision held invalid, illegal or unenforceable

(d) Governing Law. This Amendment shall be governed by and construed in accordance with the Laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflict of laws principles of such State.

(e) Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, and all of which shall together constitute a single instrument.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, each Party has caused this Amendment to be duly executed on its behalf by an authorized officer as of the date first above written.

METLIFE INSURANCE COMPANY OF CONNECTICUT

By: /s/ Michael K. Farrell
Name: Michael K. Farrell
Title: Executive Vice President

METLIFE LIFE & ANNUITY COMPANY OF CONNECTICUT

By: /s/ Michael K. Farrell
Name: Michael K. Farrell
Title: Executive Vice President

METLIFE INSURANCE COMPANY OF CONNECTICUT

By: /s/ Michael K. Farrell
Name: Michael K. Farrell
Title: Executive Vice President

METLIFE INVESTORS USA INSURANCE COMPANY

By: /s/ Richard C. Pearson
Name: Richard C. Pearson
Title: Vice President

FIRST METLIFE INVESTORS INSURANCE COMPANY

By: /s/ Richard C. Pearson
Name: Richard C. Pearson
Title: Vice President

PFS INVESTMENTS INC.

By: /s/ William A. Kelly
Name: William A. Kelly
Title: President

PFS Investments (Primerica)

SECOND AMENDMENT TO THE SELLING AGREEMENT

This Second Amendment, dated February 1, 2008, is made by and among MetLife Insurance Company of Connecticut, MetLife Investors USA Insurance Company, First MetLife Investors Insurance Company (each an "Insurance Company" and, collectively, the "Insurance Companies"), MetLife Investors Distribution Company ("Underwriter"), and PFS Investments Inc. ("Distributor") (collectively "the Parties.")

Distributor is a party to an Agreement, dated July 1, 2005, between Insurance Companies, Underwriter and Distributor (the "Selling Agreement");

Insurance Companies issue certain life insurance and/or annuity products; and Distributor, directly or through one or more of its Affiliates, is licensed to solicit and sell such products;

The Parties wish to renew the period of time in which the Marketing Expense Allowance, as established in the Second Addendum to the Selling Agreement, dated June 1, 2007, and the First Amendment to the Selling Agreement, dated June 1, 2007, will be payable to Distributor.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Parties hereby agree as follows:

1. Defined Terms. Capitalized terms used and not otherwise defined in this Amendment have the respective meanings ascribed to them in the Selling Agreement.

2. Marketing Expense Allowance. Both Schedule B, Paragraph C, of the Second Addendum to the Selling Agreement and Section 3 of the First Amendment to the Selling Agreement (amending Paragraph C of Schedule 3.1 of the Selling Agreement), are hereby replaced with the following language:

"[**]% of PrimElite II, PrimElite III and PrimElite IV premium received and is calculated and paid monthly. This rate change will be payable beginning April 30, 2007 through June 30, 2008. Prior to June 30, 2008, the parties will use their best efforts to renegotiate the Marketing Expense Allowance to be payable beginning July 1, 2008. In the event that no agreement is reached between the Parties prior to June 30, 2008, effective July 1, 2008, (a) Distributor will take on for all PrimElite products, including PrimElite IV, the printing responsibilities it performed prior to April 30, 2007 for PrimElite II and III. Specifically, (a) Distributor will print contract prospectuses, a point

of sale brochure, a laminated one-page fact card, and product applications, (b) Insurance Companies and Underwriter will no longer print contract prospectuses, point of sale brochures or fact cards, and (c) the Marketing Expense Allowance will equal [**]%."

3. No Other Amendment. The amendments set forth herein are limited precisely as written and shall not be deemed to be a consent or waiver of any other term or condition of the Agreement, as now amended.

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed on its behalf by an authorized officer as of the date first above written.

METLIFE INVESTORS USA INSURANCE COMPANY

By: /s/ Michael K. Farrell
Name: Michael K. Farrell
Title: President
Date: February 14, 2008

FIRST METLIFE INVESTORS INSURANCE COMPANY

By: /s/ Michael K. Farrell
Name: Michael K. Farrell
Title: President
Date: February 14, 2008

METLIFE INVESTORS DISTRIBUTION COMPANY

By: /s/ Douglas P. Rodgers
Name: Douglas P. Rodgers
Title: SVP [Illegible]
Date: February 14, 2008

PFS INVESTMENTS INC.

By: /s/ William A. Kelly
Name: William A. Kelly
Title: President & CEO
Date: 2/5/08

METLIFE INSURANCE COMPANY OF CONNECTICUT

By: /s/ Michael K. Farrell
Name: Michael K. Farrell
Title: President
Date: February 14, 2008

/OGC

THIRD AMENDMENT
TO THE SELLING AGREEMENT

This Third Amendment, effective December 7, 2007, is made by and among MetLife Insurance Company of Connecticut, MetLife Investors USA Insurance Company, First MetLife Investors Insurance Company (each an "Insurance Company" and, collectively, the "Insurance Companies"), MetLife Investors Distribution Company ("Underwriter"), and PFS Investments Inc. ("Distributor").

RECITALS

Distributor is a party to an Agreement, dated July 1, 2005, by and among Insurance Companies, Underwriter and Distributor (the "Selling Agreement");

Insurance Companies issue certain life insurance and/or annuity products; and Distributor, directly or through one or more of its Affiliates, is licensed to solicit and sell such products;

MetLife Life and Annuity Company of Connecticut (formerly "Travelers Life and Annuity Company of Connecticut") is merging with MetLife Insurance Company of Connecticut, a New York life insurance company, on or about December 7, 2007 ("Merger Date"); and

The support fee payable to Distributor for the product PrimElite II, which will be issued by a New York company as of the Merger Date, must be changed to comply with New York law.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

1. Defined Terms. Capitalized terms used and not otherwise defined in this Amendment have the respective meanings ascribed to them in the Selling Agreement.

2. Support Fee. The following language shall be added to Paragraph 2 of Schedule 3.2 of the Selling Agreement:

   For PrimElite II Products sold on or after December 7, 2007, the Support Fee shall equal:

   a. an amount paid to Distributor within the first thirty (30) days following the commencement of the 5th contract year equal to the Daily Average Assets over the first four (4) contract years (i.e. the sum of the daily total net assets (as measured at the close of each business day) in the separate accounts of PrimElite II Products for the first four (4) contract years divided by the total number of days in the first four (4) contract years):

   (i) multiplied by the Applicable Rate; and then

   (ii) multiplied by 4.

b. amounts paid to Distributor on a monthly basis within thirty (30) days of the end of each month, calculated by: (i) multiplying the Daily Average of Assets within a given month, for all abovementioned contracts in the 5th contract year and beyond:

(i) multiplied by the Applicable Rate; then

(ii) multiplied by the total number of calendar days within the given month; and then

(iii) divided by the total number of calendar days in the years.

3. Miscellaneous Provisions.

(a) No Other Amendment. The amendments set forth herein are limited precisely as written and shall not be deemed to be a consent or waiver of any other term or condition of the Agreement, as now amended.

(b) Governing Law. This Amendment shall be governed by and construed in accordance with the Laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflict of laws principles of such State.

(c) Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, and all of which shall together constitute a single instrument.

[*Remainder of Page Intentionally Left Blank.*]

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed on its behalf by an authorized officer as of the date first above written.

METLIFE INVESTORS USA INSURANCE COMPANY

By: /s/ Michael K. Farrell
Name: Michael K. Farrell
Title: Executive Vice President

FIRST METLIFE INVESTORS INSURANCE COMPANY

By: /s/ Michael K. Farrell
Name: Michael K. Farrell
Title: Executive Vice President

METLIFE INVESTORS DISTRIBUTION COMPANY

By: /s/ Richard C. Pearson
Name: Richard C. Pearson
Title: Executive Vice President

PFS INVESTMENTS INC.

By: /s/ William Kelly
Name: William Kelly
Title: President & CEO

METLIFE INSURANCE COMPANY OF CONNECTICUT

By: /s/ Michael K. Farrell
Name: Michael K. Farrell
Title: Executive Vice President

/OGC

Exhibit 10.18

CONATA PROPERTIES CORPORATION,

Landlord

AND

PRIMERICA LIFE INSURANCE COMPANY,

Tenant

AGREEMENT OF LEASE

Dated: As of March 1, 1993

TABLE OF CONTENTS

LIST OF EXHIBITS

LEASE AGREEMENT

This Lease Agreement (this "Lease") is made and entered into as of March 1, 1993, by and between CONATA PROPERTIES CORPORATION, a Georgia corporation with offices at 615 Peachtree Street, N.E., Suite 1150, Atlanta, Georgia 30308 ("Landlord"), and PRIMERICA LIFE INSURANCE COMPANY, a Massachusetts corporation with offices at 3120 Breckinridge Boulevard, Duluth, Georgia 30199-0001 ("Tenant").

1. Grant of Lease.

1.1 For and in consideration of the rents to be paid and the covenants and agreements herein contained, Landlord hereby leases to Tenant and Tenant hereby hires from Landlord, subject to all of the terms, conditions and covenants herein contained:

(a) that certain parcel of land (the "Site") comprising approximately 18 contiguous acres situated in that certain office and warehouse park commonly known as "Breckinridge" in Gwinnett County, Georgia (the "Park"), the Site being more specifically described on Exhibit A annexed hereto and made a part hereof;

(b) a 75,000 square foot, two-story, pre-cast concrete office building situated on the Site and commonly known as Building 1 at 3120 Breckinridge Boulevard, Gwinnett County, Georgia ("Building 1");

(c) a 75,000 square foot, two-story, pre-cast concrete office building situated on the Site and commonly known as Building 2 at 3120 Breckinridge Boulevard, Gwinnett County, Georgia ("Building 2");

(d) a 40,000 square foot, one-story, concrete warehouse building situated on the Site and commonly known as Building 3 at 3120 Breckinridge Boulevard, Gwinnett County, Georgia ("Building 3");

(e) paved parking for not less than 900 parking spaces (the "Parking Areas"), as shown on the site plan annexed hereto as Exhibit "B" and made a part hereof (the "Site Plan") ; and

(f) all of the walkways, sidewalks, roads, landscaped areas and other improvements as shown on the Site Plan (collectively, the "Other Improvements") (hereinafter, the Site, Building 1, Building 2, Building 3, the Parking Areas and the Other Improvements are hereinafter sometimes referred to collectively as the "Premises").

2. Landlord's Title; Quiet and Exclusive Enjoyment.

2.1 Landlord represents and warrants that it owns and has good and marketable title to the Premises, subject only to those covenants, conditions, restrictions, reservations, liens,

claims, encumbrances, easements and other rights and interests set forth on Exhibit C hereto. Landlord covenants, agrees, represents and warrants that (a) it will, at its sole expense, for so long as this Lease is in effect, vigorously maintain and defend said title, and (b) so long as Tenant is not in default hereunder, Tenant shall have, throughout the entire term and any extensions thereof, peaceful, exclusive and quiet possession and enjoyment and non-disturbance of the Premises, it also being expressly understood and agreed that no buildings or other structures or improvements shall be erected or permitted by Landlord on the Site during the term hereof (and any extensions thereof) . Landlord further represents and warrants that it has good right, full power and lawful authority to enter into this Lease and perform its obligations hereunder.

3. Term and Renewal.

3.1 The initial term of this Lease shall be for a period of ten years commencing on March 1, 1993 (the "Lease Commencement Date") and terminating on February 28, 2003.

3.2 Tenant shall have two successive options of extending the term hereof, each for an additional period of five years, and each such extension shall be in accordance with all the terms and conditions of this Lease other than the Base Annual Rental (as hereinafter defined) which shall be as provided for in Paragraph 4.2 hereof. Each such option shall be exercisable by written notice to Landlord at least 240 days prior to the expiration of the then term of this Lease, and provided Tenant is not then in default hereunder. In the event that any such option

is not so exercised within such time period, such option shall be deemed waived and if the first option does not become operational, the second option shall be deemed null and void.

4. Rent.

4.1 Tenant shall pay to Landlord for the Premises for the initial term a base annual rental of One Million Four Hundred Twenty Five Thousand and No/100 Dollars ($1,425,000) (the "Base Annual Rental"). The Base Annual Rental shall be payable in equal monthly installments of One Hundred Eighteen Thousand Seven Hundred Fifty and No/100 Dollars ($118,750) each, without demand, on the first day of each month in advance.

4.2 In the event of any exercise by Tenant of Tenant's first five-year extension option, as provided for in Paragraph 3.2, Landlord and Tenant shall attempt to agree upon the Base Annual Rental for such first five-year extension term. If Landlord and Tenant shall not have agreed upon a Base Annual Rental prior to the commencement of the last six (6) months of the initial term, Tenant's exercise of such option shall be deemed void. In the event of any exercise by Tenant of Tenant's second five-year extension option, as provided for in Paragraph 3.2, Landlord and Tenant shall attempt to agree upon a Base Annual Rental for the second five year extension term. If Landlord and Tenant shall not have agreed upon the Base Annual Rental prior to the commencement of the last six (6) months of the first extension term, Tenant's exercise of such option shall be deemed void.

5. Use of the Premises.

5.1 Building 1 and Building 2 shall be used for office, data processing, software development, underwriting, new business processing, data entry, policyholder service, accounting and/or any other lawful purposes. Building 3 shall be used as a warehouse or for any other lawful purpose. The Premises shall not be used in violation of the "Declaration of Protective Covenants for Breckinridge", recorded in Book 2813 at Page 591 in the office of the Clerk of the Superior Court of Gwinnett County, Georgia (the "Declaration") or any applicable regulation of any governmental authority regulating such use, nor in a manner which would vitiate the insurance for the Premises. Tenant shall pay all fees which are applicable to the Premises pursuant to the terms of the Declaration, which fees Landlord represents, did not exceed $2,500 for the calendar year ended 1992.

6. Equipment.

6.1 Tenant will, at its expense, equip and install the Buildings with all furniture, fixtures, equipment and other personal property required by Tenant for the operation of its business. Tenant shall have the right, at any time and from time-to-time during the term hereof (and any extensions thereof), to remove any or all of said furniture, fixtures, equipment and other personal property of Tenant from the Premises, provided it repairs any damages occasioned to the Premises by virtue of such removal and Landlord hereby waives any lien it might otherwise have thereon.

In the event that any such fixtures or personalty of Tenant shall remain within the Premises after the expiration of the term hereof (and/or any extensions thereof), Landlord shall have the right, but not the obligation, on thirty (30) days prior notice to Tenant, to remove and store the same at Tenant's reasonable expenses, and Tenant shall remain obligated to Landlord for such reasonable expenses notwithstanding the expiration of this Lease. In the event that Tenant's fixtures or other personalty are not claimed and removed (and storage charges incurred by Landlord are paid) within 30 days after notice to Tenant following the expiration of the lease term, then such fixtures and personalty shall be deemed abandoned to and in favor of the Landlord.

7. Taxes and Assessments.

7.1 Tenant shall pay all real and personal property taxes and assessments, general and special, and all other impositions, ordinary or extraordinary, which may be levied, assessed or imposed against the Premises for any period which is included within the term hereof (collectively, the "Impositions"), provided, however, that, if, at any time during the term of this Lease, the present method of taxation or assessment shall be changed and there shall be substituted for the type of Impositions presently being assessed or imposed on real estate and improvements thereon a capital levy or other tax levied, assessed or imposed on the rents received by a landlord from real estate, then all of such capital levy or other tax, to the extent so substituted and to the extent constituting a lien

on the Premises, shall be deemed to be included within the term "Impositions"; and, provided, further, that the amount of any tax or other charge payable hereunder shall be determined as if the Premises were the only assets of Landlord and the Base Annual Rental were the only income of Landlord. Tenant may pay any such Impositions in installments in any case where payment in installments is permitted by the taxing or assessing authority or entity. Landlord covenants and agrees that, if the Premises is not assessed separately from other property of Landlord for purposes of such Impositions, Landlord will obtain a segregation of assessments with respect to the Premises and such other property of Landlord. Landlord shall deliver to Tenant, immediately upon Landlord's receipt thereof, copies of any and all notices of assessments or other Impositions related notices received by Landlord relative to the Premises.

7.2 Tenant shall have the right at Tenant's expense to contest the legality, validity or amount of any Impositions which are to be paid by Tenant hereunder, and in the event of any such contest, the failure on the part of Tenant to pay Impositions prior to delinquency shall not constitute a default hereunder, provided that such delinquency shall not result in any lien which may be levied against or executed upon the Premises by any governmental authority. Upon final determination of such contest, Tenant shall pay and discharge any judgment rendered against it, together with all costs and charges incidental hereto. Landlord shall, at the request of Tenant, execute, or join in the execution of, any instrument or document deemed

appropriate by Tenant in connection with any such contest. Tenant shall indemnify and hold Landlord harmless from and against any liability or expenses (including court costs and reasonable attorneys' fees) resulting from Tenant's having contested any Impositions.

8. Utilities.

8.1 Landlord represents and warrants that the Premises has available to it and is connected to a public sanitary sewer, water supply, storm sewer, electricity and telephone service. Landlord shall not interfere with Tenant's use of such utilities during the term hereof (and any extensions thereof).

8.2 Tenant shall pay all charges for water, heat, electricity, power, telephone service and all other utilities used by Tenant in, upon or about the Premises. Landlord represents that the hook-ups necessary to receive such service exist at the Premises on the date hereof.

9. Alterations.

9.1 Tenant shall not, without the prior written consent of Landlord (which consent shall be provided promptly and not unreasonably withheld), make any structural alterations, additions, or improvements to the Premises, exterior or interior, or any exterior alterations, additions, or improvements to the Premises, provided, however, that Landlord's consent shall not be required with respect to any such alterations, additions or improvements so long as (i) such alterations, additions or improvements do not affect the structural integrity of the Buildings, (ii) the exterior design and materials, as well as the

quality of the workmanship of such alterations, additions or improvements, are substantially the same as the design, materials and workmanship of the Buildings, and (iii) the number of parking spaces in the Parking Areas are not reduced below 4 per each 1,000 square feet contained within the Buildings (including such alterations, additions or improvements). Furthermore, Tenant may not without the prior written consent of Landlord (which consent shall be provided promptly and not unreasonably withheld) penetrate the roof of the Buildings for any purpose whatsoever or perform any work thereon other than ordinary maintenance of heating, ventilating and air conditioning systems, without Landlord's prior written consent. All construction work done in the Premises by Tenant, including any trade fixturing, shall be performed in a good workmanlike manner and in compliance with the terms of the Declaration and all governmental requirements, and, as regards any structural or exterior alterations, additions, and improvements approved by Landlord, as aforesaid, in accordance with the plans and specifications therefor prepared by and on behalf of Tenant and approved in writing by Landlord, which approval shall be provided promptly and shall not be unreasonably withheld. Such improvements made by Tenant may be removed at or prior to the termination of this Lease, provided Tenant agrees to repair any injury to the Premises occasioned by such removal. If any such improvements are not so removed by the date of termination of this Lease, such improvements shall be deemed to be abandoned and shall be the sole property of Landlord.

9.2 Tenant shall not permit any mechanics', materialmen's or other liens to stand against the Premises for work or materials contracted for by Tenant in connection with any alteration, remoldeling, addition or new construction.

9.3 Landlord shall be solely responsible for any structural alteration, repair or improvement to the Premises and Tenant shall be responsible for any such non-structural alterations, repairs or improvements required by law, statute, ordinance, regulation or other requirement of any governmental agency.

10. Maintenance and Repairs.

10.1 Landlord shall be required at its expense to maintain and repair the roof, foundation and exterior walls of the Buildings (including doors, door frames and window frames).

Landlord shall also be required to accomplish, at its expense, all capital and other major repairs to the pavement, walls and curbs of the Parking Areas, which repairs shall not be deemed to include the resurfacing and/or restriping of the Parking Areas, which resurfacing and/or restriping of the Parking Areas shall be accomplished by Tenant, but Landlord shall be obligated to reimburse Tenant for a sum equal to one-half of the cost of resurfacing the Parking Areas. Tenant shall pay entire expense of restriping the Parking Areas. Except as aforesaid and as otherwise provided for herein Landlord shall have no obligation, during the term hereof (and any extensions thereof), to maintain or repair the premises and Tenant shall, at Tenant's expense, keep and maintain the Premises in good order, condition and repair, normal wear and use excepted. Tenant shall keep all landscaping on the Site well maintained, watered and trimmed. Tenant shall comply with the Declaration and all public laws, ordinances and regulations from time to time applicable to its use of the Premises, except as set forth in Paragraph 9.3.

11. Force Majeure.

11.1 In the event Landlord or Tenant is unable to perform its obligations hereunder (other than the payment of monetary obligations) because of war, law, regulation, labor dispute, or any other cause beyond Landlord's or Tenant's reasonable control, Landlord or Tenant, as the case may be, shall not, as a result of a non-performance, be in breach of any such duty hereunder or liable to the other for any damages resulting therefrom. In any such event, the time limit for the performance of any such duty shall be extended for a period which is reasonable in light of such delay.

12. Assignment and Subletting.

12.1 Tenant shall have the right, at its option and in its sole discretion, to assign this Lease or to sublet the Premises (in whole or part) to any person, firm or entity selected by Tenant, it being understood and agreed that no such assignment or sublease shall release Tenant from its liability hereunder.

13. Destruction.

13.1 Damage and Destruction to Premises. If during the term hereof (or any extensions thereof) the Premises are damaged by storm, fire, lightning, earthquake, or other casualty, the rental, but not other charges, payable hereunder shall abate from the date of such damage in such proportion as Tenant is unable to use the Premises as a consequence of such destruction and Landlord shall restore, as speedily as reasonably possible (including the use of premium time if reasonably deemed necessary)

by Tenant), the Premises, such reconstruction to be substantially in the same condition as before such damage and destruction, upon the completion of which the full rental shall recommence; provided, however, that if (i) the damage shall be so extensive that the same cannot be reasonably repaired and restored within six months' time from date of the casualty, or (ii) such damage shall occur with less than eighteen months remaining in the term and Tenant shall not have any extension option or, having such option, shall not exercise same within forty-five (45) days following such damage, or (iii) the casualty causing such damage or destruction shall not be covered by the insurance policy maintained pursuant to Paragraph 14 hereof, then Tenant may elect to terminate this Lease by giving written notice to the Landlord within thirty (30) days from the date of such casualty. Landlord shall also have the right to terminate this Lease upon the same notice to Tenant in the case of the events provided for in Paragraph 13.1 (ii) or (iii) unless Tenant agrees to pay the costs of repair or waives the repair and restoration of such destruction. In the event of any such termination by Tenant or Landlord, the rental and all other rents, fees, and charges payable hereunder shall be paid up to the date of such damage or destruction. Landlord shall have no liability to Tenant with respect to any loss sustained by Tenant with respect to Tenant's improvements, alterations, additions, personal property or fixtures as a result of any such casualty.

14. Insurance and Indemnity.

14.1 Except as otherwise provided in Paragraph 14.2, Tenant shall defend, indemnify and hold Landlord harmless from and against any loss, damage or injury to the Premises or any person at any time occasioned by or arising out of (a) any act, activity or omission of Tenant or of anyone holding under Tenant; or (b) the occupancy or use of the Premises, or any part thereof, by or under Tenant. Landlord shall defend, indemnify and hold Tenant harmless from and against any loss, damage or injury occasioned by or arising out of any act, activity or omission of Landlord or any agent of Landlord.

14.2 Commencing on the Lease Commencement Date, Tenant shall, at its expense, keep or cause to be kept the Premises insured by an insurance carrier licensed to do business in the State of Georgia, against loss or damage by fire, by such other casualties as are normally included in extended coverage, and by vandalism and malicious mischief, in an amount equal to the replacement cost thereof.

14.3 All insurance proceeds on account of any casualty, under the policies of insurance provided for in Paragraph 14.2 (the "Proceeds"), shall be deposited in trust for the benefit of Landlord and Tenant, as their respective interests may appear, with a bank or trust company with offices in the State of Georgia selected by Tenant (the "Insurance Holder") to be applied by the Insurance Holder as follows:

(a) the Proceeds shall be paid from time to time by the Insurance Holder to the Landlord to be applied against the cost of repairs or restoration of the Premises in accordance with and subject to the provisions of Article 13 as follows:

(i) Landlord shall certify to the Insurance Holder (and deliver a copy of such certification to Tenant) the total estimated cost of such repairs or restorations and, after commencement of the making thereof, shall certify (and deliver a copy of such certification to Tenant) on a regular basis to the Insurance Holder the work done and costs incurred to the date of such certification and the estimated work to be done and costs to be incurred for completion;

(ii) the Insurance Holders shall upon delivery of each certificate provided pursuant to clause (i) above, disburse the Proceeds to Landlord, in the amounts necessary to reimburse Landlord for work theretofore completed by Landlord, as certified to in such certificate, for which Landlord has not been theretofore reimbursed pursuant to this clause (ii); and

(iii) if, after completion of the repairs or restoration as provided herein, the Insurance Holder shall still hold any Proceeds, the balance thereof shall be paid to Landlord;

(b) if this Lease is terminated pursuant to Article 13, the Proceeds shall be payable to Landlord; and

(c) the Insurance Holder shall hold the net proceeds in the name of the Insurance Holder and all interest which accrues thereon shall be added to and become part of the "Proceeds" for all purposes hereof.

14.4 Commencing on the Lease Commencement Date, Tenant shall maintain in full force a policy of comprehensive liability insurance, including bodily injury and property damage, written by one or more responsible insurance companies licensed to do business in the State of Georgia and which will insure the Landlord and Tenant against liability for injury to persons and/or property and/or death of any person or persons occurring in or about the Premises. Such comprehensive liability insurance shall afford protection to the combined single limit of not less than $10 million (provided that Tenant shall be entitled to have a $250,000 deductible) in respect to bodily injury or death and/or damage to property resulting from an (single) occurrence.

14.5 Tenant shall maintain, for the benefit of Landlord, at all times from and after the Lease Commencement Date, a policy of rent or rental value insurance for the Premises, with benefits to be payable for no less than a period of one year and coverage to be no less than one year of the Base Annual Rental. The proceeds of such insurance shall be the property of Landlord.

14.6 Tenant may procure insurance coverage for Tenant's own trade fixtures, equipment, furnishings and inventory, and the proceeds from such insurance shall be the property of Tenant.

14.7 All policies of insurance required of Landlord and Tenant, respectively, hereunder shall, to the extent reasonably obtainable, include Landlord or Tenant, as the case may be, as an additional assured as their respective interests may appear, and a provision that the insurer waives the right of subrogation against Landlord and Tenant, their agents and representatives. In addition, if requested by Landlord, all casualty and rental value insurance policies shall contain a standard mortgagee's clause naming the holder of any deed to secure debt encumbering Landlord's interest in the Premises. A certificate for each of such policies shall be delivered to each of the parties. At least thirty (30) days before the expiration of each such policy, the party having the obligation to maintain the policy shall furnish the other with appropriate proof of the issuance of a policy continuing in force the insurance covered by the policies so expiring. Each such policy shall contain a provision, if reasonably obtainable, that it cannot be canceled or materially changed except on not less than thirty days' notice from the insurer to Landlord, Tenant and, if requested by Landlord, the holder of any deed to secure debt encumbering Landlord's interest in the Premises.

15. Eminent Domain.

15.1 In the event all of the Premises shall be appropriated or taken under the power of eminent domain by any public or quasi-public authority, or by reason of a purchase under threat thereof, this Lease Agreement shall terminate and expire as of the date of such taking.

15.2 In the event (a) any material part of the Buildings are taken (more than ten percent to be deemed material, provided that this qualification shall not mean that a taking of less than such amount is not material) or (b) more than ten percent of the Parking Areas are taken, or (c) direct access from the Premises to any adjacent public street or highway is cut-off, under the power of eminent domain by any public or quasi-public authority, or by reason of a purchase under threat thereof, Tenant shall have the right to terminate its obligations under this Lease as of the date of such taking upon giving Landlord written notice of such election within thirty days after the receipt by Tenant of written notice that the Premises are to be so appropriated or taken. Landlord shall immediately notify Tenant of any contemplated appropriation. If Tenant shall elect not to so terminate its obligations under this Lease, then Landlord shall, at Landlord's cost and expense, reasonably promptly (acting diligently) restore the Premises, the Walkway, the Parking Areas and any Other Improvements, as the case may be, (other than any alterations, additions or improvements made by Tenant) to a complete unit of like quality and character as existed prior to such appropriation or taking. Base Annual

Rental, but not other charges, shall be equitably and proportionally abated to reflect that portion of the Premises that is unusable from the date of any such taking to the date restoration is completed to the reasonable satisfaction of Tenant and, thereafter, there shall be an equitable and proportionate abatement of Base Annual Rental, but not other charges, based upon the extent to which the size of the Premises used by Tenant has been reduced.

15.3 If this Lease is terminated in accordance with either Paragraph 15.1 or Paragraph 15.2, Landlord shall be entitled to the entire award or compensation in such proceedings, the rent for the last month of Tenant's occupancy shall be prorated, and Landlord shall refund to Tenant any rent paid in advance; provided, however, that Tenant shall be entitled to (a) such sum as shall represent the proportionate value of the improvements made and paid for by Tenant; (b) the portion of the award, if any, made for the taking of Tenant's fixtures, furnishings, equipment or other personal property; and (c) such sum, if any, received by way of award or negotiation to compensate Tenant for the taking or appropriation of its leasehold interest, interference with business and/or relocation and moving expense to any new location caused by such appropriation or taking.

16. Holding Over.

16.1 Should Tenant for any reason remain in possession of the Premises, or any part thereof, after the expiration of the term with the consent, express or implied, of Landlord, such holding over shall constitute a tenancy at will, upon the same conditions and at the same rental as herein set forth.

17. Default Under Lease.

17.1 Each of the following events shall be considered a default (a "default") of this Lease by Tenant:

(a) Failure to pay any installment of rent or other sum when due, and such failure continues for__ days after written notice thereof from Landlord.

(b) Failure to perform or breach of any other covenants, condition or restriction provided in this Lease to be kept or performed by Tenant, and such failure or breach continues for thirty days after written notice thereof from Landlord specifying such failure or breach, without either being cured or the cure thereof commenced and diligently prosecuted thereafter; and

(c) A voluntary petition in bankruptcy is filed by Tenant or an involuntary petition in bankruptcy is filed against Tenant and is not removed within one hundred and twenty days, or if Tenant be adjudicated a bankrupt or insolvent, or if Tenant makes a general assignment for the benefit of creditors.

18. Remedies in the Event of Default.

18.1 If Tenant fails in the performance of any covenant or provision in this Lease (except payment of any installment of rent or other charge or money obligation hereunder required to be paid by Tenant), and if such failure shall continue for a period of thirty days after notice by Landlord, or in case of a failure which cannot with due diligence be cured within a period of thirty days, if Tenant fails to proceed with reasonable diligence to cure such failure promptly after the service of such notice and thereafter to prosecute the curing of such failure with all due diligence, Landlord may, but shall not be obligated to, cure or prosecute the curing of such failure at reasonable expense, which expense shall be additional rent hereunder and shall be paid to Landlord by Tenant on demand, and if necessary to cure such failure, Landlord shall be entitled to enter the Premises for such purpose.

18.2 Upon the occurrence of any of such defaults, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

(i) Terminate this Lease, in which event Tenant shall immediately surrender to Landlord the Premises and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof under Tenant.

(ii) Not terminate this Lease and enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof under Tenant, and, if Landlord so elects, make such alterations and repairs as may be necessary to relet the Premises, and relet the Premises or any part thereof, as the agent of Tenant, at the reasonable fair rental value and for such term and subject to such terms and conditions as Landlord reasonably may deem advisable and receive the rent therefor. Upon each such reletting all rentals received by Landlord from such reletting shall be applied, first, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of any loss and expense of such reletting, including brokerage fees and attorneys' fees and costs of such alterations and repairs; third, to the payment of the rentals and other charges due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future payments of rentals and other charges payable hereunder, as the same may become due and payable hereunder. Tenant agrees to pay to Landlord on demand any deficiency that may arise by reason of such reletting; notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous breach.

(iii) Landlord herewith specifically waives the rights to any lien for non-payment of rent or other sums agreed to be paid by Tenant herein, including, but not limited to, a waiver of liens on all fixtures, machinery, equipment, furnishings, and other articles of personal property now or hereafter placed in or upon the Premises by Tenant. This waiver includes, but is not limited to, a waiver of Landlord's general and special liens for rent codified at O.C.G.A. §44-14-341, et seq. Landlord agrees that if any lien is asserted against any property of Tenant, in contravention hereof, Landlord shall be liable to Tenant and shall indemnify and hold Tenant harmless for all damages arising out of placing of said lien and the placing of any such lien shall specifically constitute a breach by Landlord of this Lease.

Landlord may pursue any of the foregoing remedies without precluding itself from pursuing any of the other remedies herein provided or any other remedies provided by law or in equity, except to the extent excluded herein, nor shall the exercise by Landlord of any remedy herein provided constitute a forfeiture or waiver of any rent or other money obligation due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the covenants and provisions herein contained. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default.

18.3 Nothing in Paragraphs 18.1 or 18.2 hereof affects the rights of the parties under statutory provisions relating to actions for unlawful detainer, forcible entry, and forcible detainer.

19. Quiet and Exclusive Possession, Non-Disturbance and Subordination.

19.1 Tenant shall have the right of quiet and exclusive possession and non-disturbance of the entire Premises so long as Tenant is not in default hereunder. In this regard, as a condition to the execution hereof, Landlord agrees to and shall obtain the written agreement of any existing mortgagee or beneficiary under a deed to secure debt on the Premises not to disturb Tenant's right of peaceful and quiet possession and enjoyment in the event of foreclosure of any such deed to secure debt, which written agreement shall be in form and substance acceptable to Tenant.

19.2 This Lease is subject and subordinate to all deeds to secure debt which may affect the Premises, and all renewals, modifications, consolidations, replacements and extensions thereof; provided, that as a condition of such subordination, any holder or grantee of such deed to secure debt shall agree in writing (the form and substance of which shall be acceptable to Tenant), that so long as Tenant shall not be in default under the terms of this Lease, or if Tenant is in such default, as long as Tenant's time to cure said default shall not have expired, this Lease and the term thereof shall not be terminated or modified in any respect whatsoever, nor shall the rights of Tenant hereunder or its occupancy be affected in any way should such deed to secure debt be foreclosed upon. In the

event any such grantee or holder or any other person acquires title to the Premises pursuant to any judicial proceedings or pursuant to the terms of the deed to secure debt, it is hereby acknowledged and agreed that this Lease shall not be terminated or affected by any such action and the transfer shall be subject to the terms of this Lease and the rights of Tenant hereunder. Tenant hereby agrees to attorn to the purchaser of the Premises at the foreclosure or judicial sale or to the grantee of a deed in lieu of such foreclosure upon all of the terms, covenants and agreements set forth in this Lease on the condition that such purchaser accept such attornment and assume all of the obligations of Landlord hereunder.

20. Payments and Notices.

20.1 All rents and other sums payable by Tenant to Landlord shall be paid at the address provided below. Any notice, demand, request or other communication to be given or other document to be delivered by either party to the other hereunder shall be in writing and may be delivered in person to either party, sent by overnight courier service, prepaid, or may be deposited in the United States registered or certified mail with return receipt requested and postage prepaid, and addressed to the party for whom intended, as follows:

To Landlord: Conata Properties Corporation
615 Peachtree Street, N.E., Suite 1150
Atlanta, Georgia 30308
Attn: President

With a Copy to:	Cashin, Morton & Mullins Two Midtown Plaza - Suite 1900 1360 Peachtree Street, N.E. Atlanta, Georgia 30309-3214 Attention: William T. McKenzie, Esq.
To Tenant :	Primerica Life Insurance Company 3120 Breckinridge Boulevard Duluth, Georgia 30136 Attention: General Counsel
With a Copy to:	Primerica Corporation 65 East 55th Street New York, New York 10020 Attention: General Counsel
With a Copy to:	Winthrop, Stimson, Putnam & One Battery Park Plaza New York, New York 10004-2490 Attention: Herbert _____, Esq.

Either party may, from time to time, by written notice to the other, designate a different address which shall be substituted for the one above specified. Each notice, demand, request or other communication shall be deemed given and served (i) upon receipt or refusal, if delivered personally, (ii) one (1) business day after deposit with an overnight courier service or (iii) upon deposit in the United States Mail, if mailed.

21. Signs.

Subject to the terms of the Declaration and any governmental codes or requirements, Tenant shall be entitled to erect and maintain such signs and displays in, on or about the Premises as Tenant from time-to-time deems advisable, provided that no such signs (other than for rent or for lease signs) shall be erected on or attached to the roof or any exterior wall of the Buildings without Landlord's consent (which shall be provided promptly and shall not unreasonably be withheld). Tenant shall remove all of its signs prior to or at the expiration or earlier

termination of the term hereof (or any extensions thereof), and shall repair any damage to the Premises caused by such removal or installation. Landlord shall not erect any signs or displays in, on or about the Premises during the term of this Lease.

22. General.

22.1 Attorney's Fees. In the event that any action is brought by either party against the other for the enforcement or declaration of any rights or remedies in or under this Lease, or for breach of any provision of this Lease, then and in such event, the party in whose favor final judgment is entered shall be entitled to recover, and the other party shall pay, all fees and costs to be fixed by the Court therein, including but not limited to reasonable attorneys' fees.

22.2 Waiver. No waiver of any breach of any of the terms of this Lease shall be construed as a waiver of any succeeding breach of the same or other terms hereof.

22.3 Surrender at End of Term. Subject to the other provisions hereof, upon expiration of the term hereof (and any extensions thereof), or sooner termination of this Lease by its terms, Tenant shall surrender the Premises to Landlord in good order and repair, ordinary wear and tear excepted and subject to the terms of Paragraphs 13 and 15 hereof.

22.4 Lease Binding on Successors and Assigns. The terms, covenants and conditions of this Lease shall extend to and be binding on and inure to the benefit of not only Landlord or Tenant, but each of their respective permitted successors and assigns. Whenever in this Lease reference is made to either

Landlord or Tenant, the reference shall be deemed to include, wherever applicable, the permitted successors and assigns of such parties the same as if in every case expressed.

22.5 Inspection. Landlord reserves the right to enter the Premises at any reasonable time upon at least 24 hours advance notice in writing to Tenant (except in the event of emergencies) for the purpose of reasonably inspecting the Premises, performing its repair and maintenance obligations hereunder, and doing any other reasonable act or thing reasonably necessary or proper for the preservation or care of the Premises; provided that such inspections shall not interfere with Tenant's business or any governmental regulatory reviews.

22.6 Headings and Titles. Headings and titles to the Paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

22.7 Entire Agreement. This Lease, including the Exhibits hereto, contains the entire agreement of the parties with respect to the matters covered hereby.

22.8 Severability. If any clause, provision or section of this Lease is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining provisions hereof.

22.9 Short Form Lease. Contemporaneously herewith, the Landlord and Tenant shall execute a "short form" of this Lease, which "short form" of this Lease may be recorded by either party hereto. In the event that Landlord or Tenant shall

terminate or cancel this Lease pursuant to the provisions contained herein for any cause other than a breach by Landlord, Tenant shall prepare, execute, deliver to Landlord a release and cancellation of this Lease in recordable form.

22.10 Construction of Lease. The laws of the State of Georgia shall govern the interpretation, validity, and enforcement of this Lease. The singular whenever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to legal entities or individuals shall in all cases be assumed as though in each case fully expressed herein. The words "terminate" or "termination" as used herein shall refer to the end of this Lease in accordance with the terms and provisions hereof.

22.11 Estoppel Certificate. At any time and from time to time after the Lease Commencement Date, Landlord or Tenant, on or before the date specified in a request therefor made by the other party, which date shall not be earlier than ten (10) days from the making of such request, shall execute, acknowledge, and deliver to the requesting party a certificate, addressed to such persons or entities as the requesting party shall specify in such request, evidencing whether or not (i) this Lease is in full force and effect, (ii) this Lease has been amended in any way, (iii) there are any existing defaults on the part of the requesting party hereunder to the knowledge of the party executing such certificate and specifying the nature of such defaults, if any, (iv) the date to which the rentals and other

amounts due hereunder, if any, have been paid, and (v) in the case of Tenant, if Tenant has accepted the Buildings, including all work of Landlord required to be performed hereunder, as satisfactorily and substantially completed for Tenant's permitted purposes hereunder. Each certificate delivered pursuant to this Paragraph 22.11 may be relied on by any permitted prospective purchaser or transferee of a party's interest hereunder or by any holder of any mortgage or deed to secure debt which shall encumber Landlord's interest hereunder or in all or any part of the Premises.

22.12 Additional Rent. All payments, in addition to Base Annual Rental, which are required in this Lease to be made by Tenant to Landlord, shall be deemed to be and shall become additional rent hereunder, whether or not the same shall be expressly designated as such, subject to the same conditions and remedies as exist for any Base Annual Rental hereunder.

22.13 No Joint Venture. Nothing herein contained shall be deemed or construed by Landlord and Tenant, nor by any third party, as creating the relationship of principal and agent or of partnership or joint venture between Landlord or Tenant.

22.14 Real Estate Broker. Landlord and Tenant each warrant to the other that they have had no dealings with any real estate broker or agent, other than Richard Bowers and Richard Bowers and Co. (collectively "Bowers"), in connection with the negotiations or execution of this Lease, and each party hereto agrees to indemnify the other party and hold the other party harmless from and against any and all costs (including, without

limitation, attorneys' fees and court costs), expense, or liability for commissions or other compensation or charges claimed by any broker or agent, other than Bowers, acting or claiming to have acted for Landlord or Tenant, as the case may be, in the transaction which is the subject of this Lease. Landlord shall be solely responsible for any commissions due and payable to Bowers, and such commissions shall be established between Landlord and Bowers by separate agreement and Landlord agrees to indemnify and hold Tenant harmless therefrom.

22.15 Time of the Essence. Subject to the terms of Paragraph 11 hereof, time is expressly declared to be of the essence of this Lease.

22.16 Counterparts. This Lease may be signed in one or more counterparts (and with separate signature pages), each of which shall be deemed an original.

22.17 Termination of Existing Leases. Landlord and Tenant acknowledge being parties to (a) a certain lease agreement dated July 20, 1984 pursuant to which Landlord leased Building 1 and Building 3 to Tenant and (b) a certain lease agreement dated July 20, 1984 pursuant to which Landlord leased Building 3 to Tenant, which leases (the "Existing Leases"), pursuant to cancellation notices (the "Cancellation Notices") previously delivered to Landlord by Tenant, are to expire on December 31, 1993. Landlord and Tenant hereby agree to terminate and cancel the Existing Leases for all purposes, effective February 28, 1993, with the same force and effect as if such date was the date set forth therein as the termination dates. Anything in the

Existing Leases or the Cancellation Notices to the contrary notwithstanding, Landlord hereby waives and releases for all purposes the early termination penalty provided for in Section 4.1 of the Existing Leases and any and all fees, commissions or other charges relating to the termination and cancellation of the Existing Leases.

22.18 Environmental Warranties and Mutual Indemnifications. (a) Landlord represents to Tenant that to the best of Landlord's knowledge, no hazardous wastes, hazardous substances or other hazardous or dangerous substances, materials or chemicals, as those terms are defined and interpreted under federal and state environmental statutes or regulations (hereinafter collectively "Hazardous Materials") are stored or located in, on or under the Premises or any improvement thereon.

(b) Tenant represents and warrants to Landlord that in connection with Tenant's use of the Premises, Tenant will not permit the discharge, emission, leakage or spillage of any Hazardous Materials onto or from the Premises.

(c) In the event any Hazardous Materials are discovered in, on or under the Premises during the term of this Lease or any renewal or extension period hereof, Landlord shall immediately arrange for the prompt and safe removal of such Hazardous Materials at Landlord's sole cost and expense; provided, however, if such Hazardous Materials were discharged or emitted by Tenant, Tenant shall arrange for and pay the cost of such removal.

(d) Each party hereby indemnifies the other from any claims, liability, damages, cost or expenses incurred by or asserted against the other by reason of (i) as to Landlord's indemnification of Tenant, the existence of Hazardous Materials on or under the Premises, unless caused by Tenant; and (ii) as to Tenant's indemnification of Landlord, the existence of any Hazardous Materials on or under the Premises to the extent such existence or discharge was caused by Tenant.

IN WITNESS WHEREOF, each of the parties hereto have executed this Lease under its hand and seal as of the day and year first above written.

CONATA PROPERTIES CORPORATION
(Landlord)

By: /s/ [Illegible]
Title: Pres.
Attest: /s/ [Illegible]
Title: Assnt. Secretary

[CORPORATE SEAL]

PRIMERICA LIFE INSURANCE COMPANY
(Tenant)

By : /s/ [Illegible]
Title: Co-CEO Primerica Life Insurance Co.
Attest: /s/ [Illegible]
Title: VP & Associate General Counsel

[CORPORATE SEAL]

FIRST AMENDMENT TO LEASE

between

TRINET CORPORATE REALTY TRUST INC., Landlord

and

PRIMERICA LIFE INSURANCE COMPANY, Tenant

Premises: Buildings 1, 2 and 3 at
3120 Breckinridge Boulevard
Duluth, Georgia

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") made as of the 21st day of December, 1999, by and between **TRINET CORPORATE REALTY TRUST INC**., a Georgia corporation, having an office at 3480 Preston Ridge Road, Suite 575, Alpharetta, Georgia 30005 ("Landlord"), and **PRIMERICA LIFE INSURANCE COMPANY**, a Massachusetts corporation, having an office at 3120 Breckinridge Boulevard, Duluth, Georgia 30199 ("Tenant").

WITNESSETH

WHEREAS, by Agreement of Lease dated as of March 1, 1993 (the "Lease"). Landlord's predecessor-in-interest did demise and let unto Tenant and Tenant did hire and take from Landlord's predecessor-in-interest (a) that certain parcel of land (the "Site") comprising approximately 18 contiguous acres situated in that certain office and warehouse park commonly known as "Breckinridge" in Gwinnett County, Georgia (the "Park"), the Site being more specifically described on Exhibit A annexed hereto and made a part hereof; (b) a 75,000 square foot, two-story, pre-cast concrete office building situated on the Site and commonly known as Building 1 at 3120 Breckinridge Boulevard, Gwinnett County, Georgia ("Building 1"); (c) a 75,000 square foot, two-story, pre-cast concrete office building situated on the Site and commonly known as Building 2 at 3120 Breckinridge Boulevard, Gwinnett County, Georgia ("Building 2"); (d) a 40,000 square foot, one-story, concrete warehouse building situated on the Site and commonly known as Building 3 at 3120 Breckinridge Boulevard, Gwinnett County, Georgia ("Building 3"); (e) paved parking for not less than 900 parking spaces (the "Parking Areas"), as shown on the Site Plan annexed to the Lease (the "Site Plan"); and (f) all of the walkways, sidewalks, roads, landscaped areas and other improvements as shown on the Site Plan (collectively, the "Other Improvements") (hereinafter, the Site, Building 1, Building 2, Building 3, the Parking Areas and the Other Improvements are hereinafter sometimes referred to collectively as the "Premises").

WHEREAS, the term of the Lease currently expires on February 28, 2003; and

WHEREAS, Tenant desires to extend the term of the Lease and Landlord is agreeable thereto on the terms and conditions hereinafter set forth; and

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged. Landlord and Tenant hereby agree as follows:

1. All capitalized terms used herein shall have the meanings ascribed to them in the Lease unless otherwise specifically set forth herein to the contrary.

2. The term of the Lease is hereby extended for a term of six (6) years and three (3) months from March 1, 2003 through May 31, 2009, (hereinafter, the "Expiration Date).

3. Effective as of January 1, 2000, the Base Annual Rental to be paid by Tenant to Landlord under the Lease shall be as follows:

(a) For the period commencing on January 1, 2000 and ending on December 31, 2004, the Base Annual Rental shall be One Million Two Hundred Eighty-Two Thousand Five Hundred ($1,282,500.00) Dollars per year, or One Hundred Six Thousand Eight Hundred Seventy-Five ($106,875.00) Dollars per month;

(b) For the period commencing on January 1, 2005 and ending on December 31, 2005, the Base Annual Rental shall be One Million Four Hundred Seventy-Two Thousand Five Hundred ($1,472,500.00) Dollars per year, or One Hundred Twenty-Two Thousand Seven Hundred Eight and 33/100 ($122,708.33) Dollars per month;

(c) For the period commencing on January 1, 2006 and ending on December 31, 2006, the Base Annual Rental shall be One Million Five Hundred Twenty Thousand ($1,520,000.00) Dollars per year, or One Hundred Twenty-Six Thousand Six Hundred Sixty-Six and 67/100 ($126,666.67) Dollars per month;

(d) For the period commencing on January 1, 2007 and ending on December 31, 2007, the Base Annual Rental shall be One Million Five Hundred Sixty-Seven Thousand Five Hundred ($1,567,500.00) Dollars per year, or One Hundred Thirty Thousand Six Hundred Twenty-Five ($130,625.00) Dollars per month;

(e) For the period commencing on January 1, 2008 and ending on December 31, 2008, the Base Annual Rental shall be One Million Six Hundred Fifteen Thousand ($1,615,000.00) Dollars per year, or One Hundred Thirty-Four Thousand Five Hundred Eighty-Three and 33/100 ($134,583.33) Dollars per month;

(f) For the period commencing on January 1, 2009 and ending on the Expiration Date, the Base Annual Rental shall be One Million Six Hundred Sixty-Two Thousand Five Hundred ($1,662,500.00) Dollars per year, or One Hundred Thirty-Eight Thousand Five Hundred Forty-One and 67/100 ($138,541.67) Dollars per month;

The Base Annual Rental shall be paid by Tenant to Landlord in equal monthly installments in advance on the first day of each and every month without any set-off or deduction whatsoever in the manner provided in the Lease.

4. (a) Notwithstanding anything to the contrary contained in the Lease or this Amendment. Tenant shall have the right to extend the term of this Lease for an additional term of five (5) years commencing on June 1, 2009 and ending on May 31, 2014 (such additional term is hereinafter called the "Renewal Term") provided that:

(i) Tenant shall give Landlord notice (hereinafter called the "Renewal Notice") of its election to extend the term of this Lease on or before June 1, 2008, and

(ii) Tenant is not in default after notice and the expiration of applicable sure periods under the Lease as of the time of the giving of the Renewal Notice and as of June 1, 2009.

(b) The Base Annual Rent payable by Tenant to Landlord during the Renewal Term shall be equal to the fair market rent for the Premises determined as of December 1, 2008 (such date is hereinafter called the "Determination Date") and which determination shall be made within a reasonable period of time after the occurrence of the Determination Date pursuant to the provisions of subsection (c) hereof.

(c) Landlord and Tenant shall endeavor to agree as to the amount of the fair market rent for the Premises pursuant to the provisions of subsection (b) hereof, during the thirty (30) day period following the Determination Date. In the event that Landlord and Tenant cannot agree as to the amount of the fair market rent within such thirty (30) day period following the Determination Date, then Landlord or Tenant may initiate the arbitration process provided for herein by giving notice to that effect to the other, and the party so initiating the appraisal process (such party hereinafter referred to as the "Initiating Party") shall specify in such notice the name and address of the person designated to act as an arbitrator on its behalf. Within thirty (30) days after the designation of such arbitrator, the other party (hereinafter referred to as the "Other Party") shall give notice to the Initiating Party specifying the name and address of the person designated to act as an arbitrator on its behalf. If the Other Party fails to notify the Initiating Party of the appointment of its arbitrator within the time above specified, then the appointment of the second arbitrator for the Other Party shall be made in the same manner as hereinafter provided for the appointment of a third arbitrator in a case where the two arbitrators appointed hereunder and the parties are unable to agree upon such appointment. The two arbitrators so chosen shall meet within ten (10) days after the second arbitrator is appointed and if, within thirty (30) days after the second arbitrator is appointed, the two arbitrators shall not agree, they shall together appoint a third arbitrator. In the event of their being unable to agree upon such appointment within forty (40) days after the appointment of the second arbitrator, the third arbitrator shall be selected by the parties themselves if they can agree thereon within a further period of fifteen (15) days. If the parties do not so agree, then either party, on behalf of both and on notice to the other, may request such appointment by the American Arbitration Association (or organization successor thereto) in accordance with its rules then prevailing or if the American Arbitration Association (or such

successor organization) shall fail to appoint said third arbitrator within fifteen (15) days after such request is made, then either party may apply on notice to the other, to a court in the State of Georgia having jurisdiction over such matters for the appointment of such third arbitrator.

(d) Each party shall pay the fees and expenses of the one of the two original arbitrators appointed by or for such party, and the fees and expenses of the third arbitrator and all other expenses (not including the attorneys' fees, witness fees and similar expenses of the parties which shall be borne separately by each of the parties) of the arbitration shall be borne by the parties equally.

(e) Within ten (10) days after the appointment of the third arbitrator, the arbitrator selected by Landlord and the arbitrator selected by Tenant shall each submit to such third arbitrator, in reasonable detail, its written proposal for its determination of the fair market rent for the Premises. Such proposal shall not be modified once made. The third arbitrator shall, within ten (10) days after the submission of both proposals, make a determination as to the fair market rent by selecting either of the submitted proposals, and such determination shall be binding and conclusive upon the parties.

(f) Each of the arbitrators selected as herein provided shall be certified M.A.I. appraisers with at least ten (10) years' experience in the appraisal of office space in comparable buildings in Gwinnett County, Georgia.

(g) If the amount of the fair market rent has not been determined as of the commencement of the Renewal Term, Tenant shall pay Base Annual Rent for the Renewal Term, on a monthly basis, in an amount equal to the Base Annual Rent paid by Tenant for the month immediately preceding the commencement of the Renewal Term, and an appropriate retroactive adjustment shall be made as of the date of the determination of the fair market rent.

(h) Except as provided in subsection (b) hereof, Tenant's occupancy of the Premises during the Renewal Term shall be on the same terms and conditions as are in effect immediately prior to the expiration of the initial term of this Lease, provided, however, Tenant shall have no further right to extend the term of this Lease pursuant to this Article.

(i) If this Lease is renewed for the Renewal Term, then Landlord or Tenant can request the Other Party hereto to execute an instrument in form for recording setting forth the exercise of Tenant's right to extend the term of this Lease and the last day of the Renewal Term.

(j) If Tenant exercises its right to extend the term of this Lease for the Renewal Term pursuant to this Article, the phrases "the term of this Lease" or "the term hereof" as used in this Lease, shall be construed to include, when practicable, the Renewal Term.

5. Paragraphs 3.2 and 4.2 of the Lease are hereby deleted in their entirety.

6. Each party hereto covenants, warrants and represents to the Other Party that it has had no dealings, conversations or negotiations with any broker concerning the execution and delivery of this Amendment, including Richard E. Bowers & Company. Each party hereto agrees to defend, indemnify and hold harmless the Other Party against and from any claims for any brokerage commissions and all costs, expenses and liabilities in connection therewith, including, without limitation, reasonable attorneys' fees and disbursements, arising out of its respective representations and warranties contained in this Paragraph 6 being untrue.

7. Paragraph 20.1 of the Lease, lines 10-30 are hereby deleted and the following is hereby substituted in lieu thereof:

"To Landlord:	Starwood Financial Inc. 3480 Preston Ridge Road Suite 575 Alpharetta, Georgia 30005 Attention: Ms. JoAnn Chitty, Senior Vice President
with a copy to:	Starwood Financial Inc. 1114 Avenue of the Americas 24th Floor New York, New York 10036 Attention: Mr. Timothy O'Connor, C.E.O.
To Tenant:	Primerica Life Insurance Company 3120 Breckinridge Boulevard Duluth, Georgia 30136 Attention: Ms. Karen Fine
with a copy to:	Primerica Life Insurance Company 2150 Boggs Road Suite 145 Duluth, Georgia 30096 Mr. Terry Robertson
with a copy to:	Battle Fowler LLP 75 East 55th Street New York, New York 10022 Attention: Lawrence Mittman, Esq."

8. Except as expressly set forth in this Amendment, the terms and conditions of the Lease shall continue in full force and effect without any change or modification and shall apply

for the balance of the term of the Lease as hereby extended. In the event of a conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall govern.

9. This Amendment shall not be altered, amended, changed, waived, terminated or otherwise modified in any respect or particular, and no consent or approval required pursuant to this Amendment shall be effective, unless the same shall be in writing and signed by or on behalf of the party to be charged.

10. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, executors, administrators, successors and permitted assigns.

11. All prior statements, understandings, representations and agreements between the parties, oral or written, are superseded by and merged in this Amendment, which alone fully and completely expresses the agreement between them in connection with this transaction and which is entered into after full investigation, neither party relying upon any statement, understanding, representation or agreement made by the other not embodied in this Amendment.

12. No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right or remedy has expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or remedy. No waiver by either party of any breach hereunder or failure or refusal by the Other Party to comply with its obligations shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

13. This Amendment shall be interpreted and enforced in accordance with the laws of the state in which the Premises are located without reference to principles of conflicts of laws.

14. If any provision of this Amendment shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Amendment and to this end the provisions of this Amendment are intended to be and shall be severable. Notwithstanding the foregoing sentence, if (i) any provision of this Amendment is finally determined by a court of competent jurisdiction to be unenforceable or invalid in whole or in part, (ii) the opportunity for all appeals of such determination have expired, and (iii) such unenforceability or invalidity alters the substance of this Amendment (taken as a whole) so as to deny either party, in a material way, the realization of the intended benefit of its bargain, such party may terminate this Amendment within thirty (30) days after the final determination by notice to the other. If such party so elects to terminate this Amendment, then this Amendment shall be terminated and

neither party shall have any further rights, obligations or liabilities hereunder, except those obligations which expressly survive the termination of this Amendment.

15. **LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT EACH MAY HAVE TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AMENDMENT OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED BY EITHER PARTY IN CONNECTION HEREWITH (INCLUDING ANY ACTION TO RESCIND OR CANCEL THIS AMENDMENT ON THE GROUNDS THAT THIS AMENDMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE).**

16. This Amendment may be executed in any number of counterparts. It is not necessary that all parties sign all or any one of the counterparts, but each party must sign at least one counterpart for this Amendment to be effective.

17. Tenant and Landlord, and each of the persons executing this Amendment on behalf of Tenant and Landlord, do hereby warrant that the party for which they are executing this Amendment (i) is a duly authorized and existing entity, (ii) is qualified to do business in the State of Georgia, and (iii) has full right and authority to enter into this Amendment, and that any person signing on behalf of such party is authorized to do so. Upon either party's request, the Other Party shall provide evidence reasonably satisfactory to the requesting party confirming the foregoing warranties.

18. Landlord has obtained the prior written consent to the execution and delivery of this Amendment and the performance by Landlord of its obligations hereunder to the extent that such consent is required under any other agreement, mortgage, trust deed, ground lease, contract or other instrument or document to which Landlord is a party or by which it or the Premises or Building is bound.

19. This Amendment shall not be binding upon either party unless and until it is fully executed and delivered to both parties.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

TRINET CORPORATE REALTY TRUST INC.

By: _____
Name: _____
Title: _____

TENANT:

PRIMERICA LIFE INSURANCE COMPANY

By: /s/ Karen Fine
Name: Karen Fine
Title: EVP

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

TRINET CORPORATE REALTY TRUST INC.

By: /s/ J. Samuel O'Briant
Name: J. Samuel O'Briant
Title: Vice President

TENANT:

PRIMERICA LIFE INSURANCE COMPANY

By: _____
Name: _____
Title: _____

AMENDED AND RESTATED SECOND AMENDMENT TO LEASE AGREEMENT*

THIS AMENDED AND RESTATED SECOND AMENDMENT TO LEASE (this "Second Amendment") is made and entered into as of the 9th day of May, 2008, by and between TRINET CORPORATE REALTY TRUST INC., a Georgia corporation (hereinafter called "Landlord") and PRIMERICA LIFE INSURANCE COMPANY, a Massachusetts corporation (hereinafter called "Tenant").

RECITALS:

A. By Agreement of Lease dated March 1, 1993 (as amended, the "Lease"), Landlord's predecessor-in-interest did demise and let unto Tenant, and Tenant did hire and take from Landlord's predecessor-in-interest (a) that certain parcel of land (the "Site") comprising approximately 18 contiguous acres situated in that certain office and warehouse park commonly known as "Breckinridge" in Gwinnett County, Georgia (the "Park"), the Site being more specifically described on Exhibit A annexed hereto and made a part hereof; (b) a 75,000 square foot, two-story, pre-cast concrete office building situated on the Site and commonly known as Building 1 at 3120 Breckinridge Boulevard, Gwinnett County, Georgia ("Building 1"); (c) a 75,000 square foot, two-story, pre-cast concrete office building situated on the Site and commonly known as Building 2 at 3120 Breckinridge Boulevard, Gwinnett County, Georgia ("Building 2"); (d) a 40,000 square foot, one-story, concrete warehouse building situated on the Site and commonly known as Building 3 at 3120 Breckinridge Boulevard, Gwinnett County, Georgia ("Building 3"); (e) paved parking no fewer than 900 parking spaces (the "Parking Areas"), as shown on the Site Plan annexed to the Lease (the "Site Plan"); and (f) all of the walkways, sidewalks, roads, landscaped areas and other improvements shown on the Site Plan (collectively, the "Other Improvements") (hereinafter, the Site, Building 1, Building 2, Building 3, the Parking Areas and the Other improvements are hereinafter sometimes referred to collectively as the "Premises").

B. The Lease was amended pursuant to that certain First Amendment to Lease between Landlord and Tenant dated as of December 21, 1999.

C. The term of the Lease is scheduled to expire by its terms on May 31, 2009.

D. Landlord and Tenant wish to amend the Lease to extend the term of the Lease on the terms and conditions hereinafter set forth.

E. In addition to extending the term, Landlord and Tenant desire to amend the Lease in certain other respects.

* This Amended and Restated Second Amendment to Lease amends and restates and supersedes in its entirety that certain Second Amendment to Lease dated as of May 9, 2008, between Landlord and Tenant, in order to correct a scrivener's error in the fourth rental period set forth in Section 2 of such document.

NOW, THEREFORE, in consideration of the Premises, the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, Landlord and Tenant hereby amend the Lease as follows:

1. Term.

(a) The term of the Lease is hereby extended for a term of four (4) years, commencing on June 1, 2009 and ending at 5:00 p.m. local time on May 31, 2013 (the "Extended Term").

2. Rent. During the Extended Term, Tenant shall pay Base Annual Rental to Landlord as follows:

Period	Base Rental per Rentable Square Foot per Annum	Base Annual Rental	Monthly Base Rental
June 1, 2009 - May 31, 2010	$ 9.50	$1,805,000.00	$150,416.67
June 1, 2010 - May 31, 2011	$ 9.75	$1,852,500.00	$154,375.00
June 1, 2011 - May 31, 2012	$ 10.15	$1,928,500.00	$160,708.34
June 1, 2012 - May 31, 2013	$ 10.50	$1,995,000.00	$166,250.00

The Base Annual Rental shall be paid by Tenant to Landlord in equal monthly installments in advance on the first day of each and every month without any set-off or deduction whatsoever.

3. Renewal Option.

Tenant shall have the option to extend the term of this Lease with respect to all, but not any lesser portion, of the Premises for one (1) additional period of five (5) years (such additional term is hereinafter called the "Renewal Term"), by delivering written notice of the exercise thereof ("Renewal Notice") to Landlord not later than nine (9) months before the expiration of the Extension Term, provided that Tenant is not in default and no facts or circumstances then exist that, with the giving of notice or the passage of time, or both, would constitute a default, either as of the date of Tenant's Renewal Notice or the commencement date of the Renewal Term. The Base Annual Rental payable for each month during such Renewal Term shall be the prevailing rental rate (the "Prevailing Rental Rate"), at the commencement of the Renewal Term, for renewals of space of equivalent quality, size, utility and location, with the length of the Renewal Term and the credit standing of Tenant to be taken into account, but in no event shall the Base Annual Rental be lower than the Base Annual Rental in effect at the end of the Extended Term, as provided below. Within thirty (30) days after receipt of Tenant's Renewal

Notice, Landlord shall deliver to Tenant written notice of the Prevailing Rental Rate and shall advise Tenant of the required adjustment to Base Annual Rental, if any. Thereafter, Tenant shall have ten (10) days from its receipt of Landlord's notice to notify Landlord in writing that Tenant does not agree with Landlord's determination of the Prevailing Rental Rate. If Tenant fails to object as aforesaid, Landlord's determination shall be deemed to be the Prevailing Rental Rate for the Renewal Term. Upon receipt of Tenant's objection, however, Landlord and Tenant shall meet for a period of thirty (30) additional days (the "Negotiation Period") to negotiate the Prevailing Rental Rate, with each acting in good faith. If such negotiations are successful, the rate so negotiated by the parties will be deemed to be the Prevailing Rental Rate for the Renewal Term. If such negotiations are not successful, the Prevailing Rental Rate will be determined in accordance with the following arbitration procedure:

Within five (5) days after the expiration of the Negotiation Period, Tenant shall notify Landlord of Tenant's selection of a real estate broker who shall act on Tenant's behalf in determining the Prevailing Rental Rent. After Tenant delivers its notice to Landlord as set forth above, Landlord shall notify Tenant of Landlord's selection of a real estate broker who shall act on Landlord behalf in determining the Prevailing Rental Rate. Within twenty (20) days after the selection of Tenant's and Landlord's broker, the two (2) brokers shall render a joint written determination of the Prevailing Rental Rate, which joint determination shall be final, conclusive and binding for the Renewal Term. If the two (2) brokers are unable to agree upon a joint written determination within said twenty (20) day period, the two (2) brokers shall select a third broker within such twenty (20) day period and shall each submit a determination of the Prevailing Rental Rate to such third broker. In the event the two (2) brokers cannot agree on a third, Landlord or Tenant may request that the local chapter of the Board of Realtors appoint a party to act as the third broker. Within ten (10) days after the appointment of the third broker, the third broker shall render a written determination of the Prevailing Rental Rate, which must be either the Landlord's broker's determination as submitted or the Tenant's broker's determination as submitted, but no other amount and no compromise between the two, with the third broker's determination being final, conclusive and binding on both parties. All brokers selected or appointed in accordance with this subparagraph shall have at least ten (10) years prior experience in the commercial office leasing market of the [northeast Atlanta/Gwinnett County, Georgia suburban office submarket]. If either Landlord or Tenant fails or refuses to select a broker, the other broker shall alone determine the Prevailing Rental Rate. Landlord and Tenant agree that they shall be bound by the determination of Prevailing Rental Rate pursuant to this paragraph. Landlord shall bear the fee and expenses of its broker; Tenant shall bear the fee and expenses of its broker; and Landlord and Tenant shall share equally the fee and expenses of the third broker, if any.

Notwithstanding anything to the contrary contained herein, in the event the Prevailing Rental Rate determined in accordance with this Section 3 is less than the rate payable upon the expiration of the Extended Term of the Lease, the Prevailing Rental Rate will be automatically adjusted to be the Base Annual Rental in effect during the last year of the Extension Term, subject to the same rate of escalation as was in place during the Extension Term. The Prevailing Rental Rate determined in accordance with this Section 3 shall be final, binding and conclusive upon the parties and such determination shall not be subject to dispute or challenge in court or otherwise.

Except for the Base Annual Rental, which shall be determined as set forth in above, leasing of the Premises by Tenant for the Renewal Term shall be subject to all of the same terms and conditions set forth in the Lease; provided, however, that any construction provisions, improvement allowances, rent abatements or other concessions applicable to the Premises during the initial term or the Extension Term shall not be applicable during the Renewal Term (unless otherwise mutually acceptable to both Landlord and Tenant in the sole discretion of each at the time Tenant exercises its option to extend), and Tenant shall have no further renewal option unless expressly granted by Landlord in writing. Landlord and Tenant shall enter into an amendment to the Lease to evidence Tenant's exercise of this extension option. If the Lease is guaranteed now or at any time in the future, Tenant simultaneously shall deliver to Landlord an original, signed reaffirmation of each guarantor's guaranty, in form and substance acceptable to Landlord.

Tenant's rights under this Section 3 shall terminate if (a) this Lease or Tenant's right to possession of the Premises is terminated, (b) Tenant assigns any of its interest in this Lease (except for a permitted assignment), (c) Tenant fails to timely exercise its option under this Section 3, time being of the essence with respect to Tenant's exercise thereof, or (4) Landlord determines, in its sole but reasonable discretion, that Tenant's financial condition or creditworthiness has materially deteriorated since the date of this Second Amendment.

4. Rooftop HVAC Units. Prior to the commencement of the Extended Term, Landlord and Tenant shall inspect the existing rooftop HVAC units ("RTUs") serving Building 1, Building 2 and Building 3 to determine which, if any, RTUs are non-functioning as of the commencement date of the Extended Term. Tenant will be responsible, at Tenant's sole cost, for replacing or repairing all non-functioning RTUs at that time, in accordance with the terms of Article 10 of the Lease, to ensure that all RTUs are functioning as of the commencement of the Extension Term. After the commencement of the Extension Term, notwithstanding the provisions of Article 10 of the Lease, Landlord and Tenant shall share equally in the equipment cost of replacing any RTUs that completely fail (in Landlord's reasonable discretion) with mutually acceptable equipment; provided, however, that Tenant shall be solely responsible for the installation of such replacement equipment, at Tenant's cost. Notwithstanding the foregoing, Tenant shall at all times be responsible for ongoing maintenance and repair of the RTUs. Tenant shall keep in place, at all times during the Extension Term, a contract with a qualified HVAC contractor approved by Landlord for quarterly preventative maintenance of the RTUs, and Tenant shall deliver evidence to Landlord on a quarterly basis that such preventative maintenance has been performed, and the cost thereof paid in full by Tenant.

5. Notices. Section 20.1 of the Lease is hereby deleted in its entirety and the following is inserted in lieu thereof:

All notices and other communications given pursuant to this Lease shall be in writing and shall be (i) mailed by first class, United States Mail, postage prepaid, certified, with return receipt requested, and addressed to the parties hereto at the addresses specified below, (ii) hand delivered to the intended addressee, (iii) sent by a nationally recognized overnight courier service, or (iv) sent by facsimile transmission during normal business hours followed by a

confirmatory letter sent in another manner permitted hereunder within two (2) business days. All notices shall be effective upon delivery to the address of the addressee. The parties hereto may change their addresses by giving notice thereof to the other in conformity with this provision. The notice addresses for Landlord and Tenant as of the date of this Amendment are as follows:

Tenant's Address:	For all Notices:	With a copy to:
	Primerica Life Insurance Company 3120 Breckinridge Boulevard Duluth, Georgia 30136 Attention: Karen Fine Telephone: 770-564-6837 Telecopy: 770-564-6272	Primerica Life Insurance Company 3120 Breckinridge Boulevard Duluth, Georgia 30136 Attention: General Counsel Telephone: 770-564-6347 Telecopy: 770-564-6216
Landlord's Address:	For all Notices:	With a copy to:
	TriNet Corporate Realty Trust, Inc. c/o iStar Financial Inc. 3480 Preston Ridge Road, Ste. 575 Alpharetta, Georgia 30005 Attention: Lease Manager Telephone: 678-297-0100 Telecopy: 678-297-0101	TriNet Corporate Realty Trust, Inc. c/o iStar Financial Inc. 3480 Preston Ridge Road, Ste. 575 Alpharetta, Georgia 30005 Attention: Vice President, Asset Management – Breckinridge Boulevard, Duluth, Georgia Telephone: 678-297-0100 Telecopy: 678-297-0101 TriNet Corporate Realty Trust, Inc. c/o iStar Financial Inc. 1114 Avenue of the Americas New York, New York 10036 Attention: General Counsel – Breckinridge Boulevard, Duluth, Georgia Telephone: 212-930-9400 Telecopy : 212-930-9494

6. Brokers. Neither Landlord nor Tenant has dealt with any broker or agent in connection with the negotiation or execution of this Second Amendment other than Cushman & Wakefield of Georgia, Inc., whose commission shall be paid by Landlord pursuant to a separate written agreement. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, liens and other liability for commissions or other compensation claimed by any broker or agent claiming the same by, through, or under the indemnifying party.

7. Miscellaneous. Landlord and Tenant affirm and covenant that each has the authority to enter into this Second Amendment, to abide by the terms hereof, and that the signatories hereto are authorized representatives of their respective entities empowered by their respective corporations to execute this Second Amendment. To the extent the provisions of this Second Amendment are inconsistent with the provisions of the Lease, the provisions of this Second Amendment shall control. Except as expressly amended or modified herein, all other

terms, covenants and conditions of the Lease shall remain in full force and effect and are confirmed and ratified hereby. The conditions, covenants and agreements contained herein shall be binding upon the parties hereto and their respective successors and assigns. Any capitalized terms used but not defined herein shall have the meanings attributed to them in the Lease.

[CONTINUED ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Second Amendment to be duly executed as of the date first above written.

LANDLORD:

TRINET CORPORATE REALTY
TRUST, INC., a Georgia corporation

By: /s/ Gregory F. Camia
Gregory F. Camia
Senior Vice President

TENANT:

PRIMERICA LIFE INSURANCE
COMPANY, a Massachusetts corporation

By: /s/ Karen Fine
Karen Fine
Executive Vice President

Exhibit 10.19

For: Suite 145
Building 100
2150 Boggs Road
Duluth, Georgia 30136

GF BUILDING ONE ASSOCIATES

Landlord

AND

PRIMERICA LIFE INSURANCE COMPANY,

Tenant

AGREEMENT OF LEASE

Dated: As of July 1, 1993

TABLE OF CONTENTS

EXHIBITS

AGREEMENT OF LEASE, made as of the 1st day of July, 1993, by and between GF BUILDING ONE ASSOCIATES, a Georgia joint venture, having an office c/o Kern Realty Services Inc., 7840 Roswell Road, Atlanta, Georgia 30350 ("Landlord") and PRIMERICA LIFE INSURANCE COMPANY, a Massachusetts corporation having an office at 3120 Breckinridge Boulevard, Duluth, Georgia 30199-0001 ("Tenant").

W I T N E S S E T H:

Article 1

Lease of Property, Term of Lease

Section 1.01. For and in consideration of the rents to be paid and the covenants and agreements herein contained, Landlord hereby leases to Tenant and Tenant hereby hires from Landlord, subject to all of the terms, conditions and covenants herein contained, 43,920 rentable square feet of space (the "Premises") in the building commonly known as Building 100 at the facility known as Gwinnett Forrest Business Distribution Center, with a street address at 2150 Boggs Road, Duluth, Georgia 30136 (the "Park"). A floor plan of the Premises is attached hereto as Exhibit A. The Premises are designated as Suite 145 in Building 100.

Together with the non-exclusive right for the term of this Lease to use all Common Areas (as hereinafter defined), including those parking spaces contiguous to the Building which exist on the date hereof, which parking spaces, along with the parking spaces which are to be constructed by Landlord in accordance with Section 5.03 hereof, are hereinafter collectively referred to as the "Parking Areas." The Building, the other buildings in the Park and the Common Areas and Parking Areas forming a part thereof are as shown on the site plan (the "Site Plan") of the Park annexed hereto as Exhibit B;

Subject, however, to the Declaration of Easements and Covenants For Gwinnett Forrest Distribution Center, Fulton County, Georgia, filed and recorded February 23, 1990, in Book 5899, Page 220, in the Office of the Clerk of the Superior Court, Fulton County (the "Declaration"), and to such other agreements, easements, mortgages, encumbrances and other liens or charges affecting the Building and the Common Areas as are listed on Exhibit C hereto (collectively, the "Permitted Encumbrances").

Section 1.02. The term of this Lease shall commence on July 1, 1993 (the "Commencement Date") and shall expire on June 30, 2003.

Article 2

Definitions

Section 2.01. For all purposes of this Lease, and all agreements supplemental hereto, the terms defined in this Section shall have the meanings specified in this Section unless the context otherwise requires:

(a) The term "Building" shall mean the building in which the Premises are located, which building is designated on the Site Plan and known as Building 100 in the Park.

(b) The term “other buildings in the Park” shall mean all of the buildings in the Park leased by or available for leasing to third parties, excepting the Building.

(c) The term “Premises” shall be as defined in Section 1.01 and shall be construed as if followed by the phrase “or any part thereof”.

(d) The term “Building Systems” shall mean the electrical system, the plumbing system, the hot, cool and fresh air distribution system and all other systems installed in and forming a part of the Building to service and for the benefit of the Premises and the Other Space (as hereinafter defined).

(e) The term “term of this Lease” shall mean the term of this Lease defined in Section 1.02.

(f) The term “Impositions” shall mean all taxes, assessments (general or special), use and occupancy taxes, water and sewer charges, rates and rents, excises and levies, general and special, ordinary and extraordinary, that shall during the term of this Lease be assessed, levied, charged, confirmed or imposed upon or become payable out of or become a lien on the tax parcel of which the Building forms a part (the “Tax Parcel”), but shall not include any municipal, state, federal or other income, capital levy, estate, succession, inheritance, franchise or transfer tax of Landlord or any income, profit or revenue tax or charge imposed upon or assessed against Landlord or the Fixed

Rent (as defined in Section 3.01); provided, however, that, if, at any time during the term of this Lease, the present method of taxation or assessment shall be changed and there shall be substituted for the type of Impositions presently being assessed or imposed on real estate and improvements thereon a capital levy or other tax levied, assessed or imposed on the rents received by a landlord from real estate, then all of such capital levy or other tax, to the extent so substituted and, to the extent the non-payment thereof may result in a lien on the Building or the Tax Parcel, shall be deemed to be included within the term "Impositions;" and, provided, further, that the amount of any tax or other charge payable hereunder shall be determined as if (i) the Tax Parcel was the only asset of Landlord and (ii) the rent collected by Landlord from the Tax Parcel was the only income of Landlord.

(g) The terms "include" and "including" shall be construed as if followed by the phrase "but not limited to".

(h) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms shall refer to this Lease and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this Lease.

(i) Words of the masculine, feminine or neuter gender shall mean and include the correlative words of the other genders and words importing the singular number shall mean and include the plural number and vice versa.

(j) The term "person" shall include firms, associations, partnerships (general and limited), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(k) All references in this Lease to numbered Articles and Sections and to lettered Exhibits are references to the Articles and Sections of this Lease and the Exhibits annexed to this Lease, unless expressly otherwise designated in context.

(l) The term "laws of public authorities" shall mean any law, ordinance, regulation, order, rule, proclamation, decree or requirement, ordinary or extraordinary, foreseen or unforeseen, of the federal or any state government, or any political subdivision, agency or instrumentality thereof, or of any other public or quasi-public authority or group, including the National Board of Fire Underwriters or any local board thereof, with jurisdiction over the Premises.

(m) The term "Unavoidable Delays" shall mean delays beyond the control of Landlord or Tenant, as the case may be, due to strikes, lock-outs, acts of God, inability to obtain labor or materials, laws of public authorities, enemy action, civil commotion, fire, unavoidable casualty, or other similar causes beyond the control of Landlord or Tenant, as the case may be. In no event shall Unavoidable Delays exceed, in the aggregate, one hundred twenty (120) days.

(n) The terms "rentable square foot," "rentable square feet" and "rentable area" shall mean the floor area bounded by the exterior faces of the exterior walls of the Office Facilities.

(o) The term “day” shall mean calendar day, except that “business day” shall mean Monday through Friday exclusive of any holidays observed by (i) the Federal Government, (ii) the Georgia State Government or (iii) national banks.

(p) The term “Rent” shall mean, collectively, the Fixed Rent, Impositions, Tenant’s Share of Common Area Costs and any other charges or expenses payable by Tenant to Landlord hereunder.

(q) The term “Other Space” shall mean all of the space in the Building other than the Premises.

(r) The term “Property” shall mean the Premises, the Building and the Common Areas.

(s) The term “Lease Year” shall mean each year occurring during the term of this Lease commencing on July 1st and concluding on June 30th.

Section 2.02. The following terms, wherever used in this Lease (unless the context requires otherwise), shall have the meanings ascribed thereto in the Sections of this Lease set forth below opposite such terms:

Affiliate	Section 9.01
alterations	Section 5.08
arbitration	Section 12.01
Books and Records	Section 18.02
Casualty	Section 7.01
Commencement Date	Section 1.02
Common Areas	Section 18.01
Common Area Costs	Section 18.01

Common Area Costs Advances	Section 18.01
Control	Section 9.01
Corporate Transactions	Section 9.01
Declaration	Section 1.01
Environmental Law	Section 25.01
First Mortgagee	Section 23.01
Fixed Rent	Section 3.01
full insurable value	Section 6.01
Hazardous Material	Section 25.01
Impositions Advances	Section 4.01
Insurance Advances	Section 6.02
Insurance Holder	Section 7.04
Interest Rate	Section 5.07
Landlord’s Cost	Section 5.07
Landlord’s Obligations	Section 5.09
Minor Parking Repairs	Section 5.06
net proceeds	Section 7.04
Park	Section 11.01
Parking Areas	Section 1.01
Permitted Encumbrances	Section 1.01
Projected Impositions	Section 4.04
repairs of a structural nature	Section 5.06
Second Notice	Section 10.01
Site Plan	Section 1.01
Specific Uses	Section 5.01
Substantial Casualty	Section 7.01
Substantially all of the Premises	Section 8.01

Taking Date	Section 8.01
Tax Contest	Section 4.04
Tax Parcel	Section 2.01
Tenant's Share of Common Area Costs	Section 18.01
Termination Date	Section 22.01
Utilities Costs	Section 5.13

Article 3

Rent

Section 3.01. (a) Tenant shall pay to Landlord during the term of this Lease a net annual rental (the "Fixed Rent") of $3.75 per rentable square foot in the Premises for each year during the period between the Commencement Date and the Termination Date (as defined in Section 22.01).

(b) Except as hereinafter provided to the contrary, the Fixed Rent shall be due and payable by Tenant in advance on the Commencement Date and thereafter on the first day of each Lease Year. Notwithstanding the foregoing, Landlord hereby grants to Tenant a license to pay the Fixed Rent to Landlord in twelve (12) equal monthly installments in advance on the first business day of each calendar month during the term of this Lease.

Section 3.02. (a) All Rent payments hereunder shall be made by Tenant in lawful money of the United States of America, by good and sufficient check, and shall be made to Landlord at the address set forth above or to such other person or at such other place as Landlord may designate in the manner set forth in Article 19 hereof.

(b) Tenant's covenant and agreement to pay Rent to Landlord hereunder is independent of each and every other covenant and agreement contained in this Lease, and the Rent shall be paid by Tenant when due without demand, abatement, deduction or set-off, except as shall be expressly provided to the contrary herein.

Section 3.03. In the event Tenant (i) fails to pay any installment of Rent within ten (10) days after the date on which such installment is due or (ii) fails to make any other payment required to be made to Landlord pursuant to this Lease within ten (10) days after Tenant shall receive written notice from Landlord advising Tenant of its failure to make such payment, Tenant shall pay to Landlord a late payment charge in an amount equal to five percent (5%) of the amount of such overdue payment. Tenant's payment of a late payment charge to Landlord shall be in addition to all of Landlord's other rights and remedies under this Lease and at law or in equity, and such payment shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner whatsoever.

Section 3.04. This Lease shall be construed as a "net lease" and, except as expressly provided to the contrary herein, Tenant shall pay to Landlord, absolutely net throughout the term of this Lease, the Fixed Rent and other payments to Landlord provided for herein without abatement, deduction or set-off.

Article 4

Payment of Impositions

Section 4.01. (a) From and after the Commencement Date and thereafter throughout the term of this Lease, Tenant shall pay to Landlord Tenant's pro-rata share of all Impositions. Tenant's pro-rata share of the Impositions shall be determined by multiplying (A) the aggregate amount of the Impositions by (B) a fraction, the numerator of which shall be the rentable area of the Premises and the denominator of which shall be the aggregate rentable area of all of the buildings then existing on the Tax Parcel.

(b) Tenant agrees to pay to Landlord, with each monthly installment of Fixed Rent, one-twelfth (1/12) of Tenant's estimated pro-rata share of the Impositions (the "Impositions Advances"), which estimate shall be based upon the Impositions paid by Landlord during the preceding Lease Year. Landlord shall submit a copy of the bill for the Impositions to Tenant as soon as reasonably practicable after receipt by Landlord of such bill, along with a statement setting forth in reasonable detail Tenant's pro-rata share of the Impositions. If the aggregate amount of Impositions Advances exceeds Tenant's actual pro-rata share of the Impositions during any Lease Year, then the overpayment shall be credited by Landlord against the next succeeding Rent payment(s) to be made by Tenant hereunder. If the aggregate amount of Impositions Advances shall be less than Tenant's actual pro-rata share of the Impositions for such period, then Tenant shall pay to Landlord the difference between the amount paid by Tenant and the actual amount owed by Tenant within fifteen (15) days after the statement is delivered to Tenant.

(c) Notwithstanding anything to the contrary contained herein, the sum of the Impositions Advances, the Insurance Advances and the Common Area Costs Advances (each as hereinafter defined) shall not exceed $2,000.00 per month during the first Lease Year hereunder.

Section 4.02. (a) All Impositions for the tax years in which the Commencement Date and the Termination Date (as defined in Section 22.01) occur shall be apportioned between Landlord and Tenant based upon the number of days within the applicable tax years which fall within the term of this Lease.

(b) Where any Imposition may by law be paid in installments without imposition of any fine, penalty or interest as a result thereof (i) such Imposition shall be deemed to be payable in the maximum number of installments permitted by law and (ii) there shall be included in the amount of such Imposition payable hereunder for each year during the term of this Lease in which such installments may be paid only the installments of such Imposition so becoming payable during such year.

(c) Without limiting the foregoing, where any Imposition is an assessment for the cost of the installation of any public improvement on the Tax Parcel, including sidewalks and storm and sanitary drains, and such improvement may reasonably be expected to have a useful life which extends beyond the term of this Lease, Tenant's obligation to pay its pro-rata share of such

Imposition shall be limited to the payment of its pro-rata share of that portion of the assessment which represents the product of (i) the amount of such assessment and (ii) a fraction, the numerator of which shall be the number of years remaining in the term of this Lease at the time of completion of the installation of the public improvement and the denominator of which shall be the reasonably estimated number of years of useful life of such improvement, determined in accordance with generally accepted accounting principles. If the parties are unable to agree upon the number of years of reasonably estimated useful life of such improvement, such dispute shall be submitted to arbitration in accordance with Article 12.

(d) Landlord shall pay the Impositions directly to the governmental authority charged with the collection thereof prior to the date on which any fine, penalty or interest shall be imposed thereon, provided that Tenant shall have paid Tenant's pro-rata share of such Imposition to Landlord in the manner provided herein. If and when requested by Tenant (but no more often than once in each calendar year), Landlord shall deliver to Tenant photostatic copies of the receipted bills or other evidence reasonably satisfactory to Tenant showing the payment of such Impositions.

Section 4.03. On the Commencement Date, Landlord shall deliver to Tenant receipted bills or other evidence satisfactory to Tenant showing payment of all Impositions due and payable prior to the Commencement Date. If the Commencement Date shall occur before the rate of any Imposition for the then current fiscal year is fixed, the apportionment thereof on the Commencement Date shall be based preliminarily upon the rate in effect for the previous fiscal year and shall be finally determined when the rate has become fixed.

Section 4.04. (a) Only Landlord shall be entitled to contest the validity or amount of any Imposition, or attempt to obtain a reduction in the assessed valuation of the Premises for any fiscal year to which any imposition relates (such contest or proceeding being hereinafter referred to as a "Tax Contest"); provided, however, that Tenant shall have the right to participate in any Tax Contest brought by Landlord to the extent reasonably practicable. All Tax Contests shall be diligently prosecuted by Landlord to conclusion. If the amount of Impositions payable by Tenant shall be reduced by virtue of a Tax Contest, Landlord shall promptly pay the amount of such reduction, net of Tenant's pro rata share of any costs and expenses incurred by Landlord in obtaining such reduction, to Tenant.

(b) If Landlord chooses not to bring a Tax Contest with respect to any tax year during the term of this Lease, Landlord shall so notify Tenant in writing by not later than sixty (60) days prior to the last date within which a Tax Contest may be brought with respect to such tax year. Tenant shall notify Landlord in writing within thirty (30) days after receipt of such notice from Landlord if Tenant disputes Landlord's decision not to bring a Tax Contest. Following receipt of such notice from Tenant, Landlord shall, at Landlord's option (i)

timely commence a Tax Contest with respect to the tax year in question, and diligently prosecute the same to conclusion or (ii) advise Tenant in writing of Landlord's decision to submit this matter to arbitration in accordance with Article 12 hereof, in which event the arbitrators (each of whom shall be well versed in tax issues in Gwinnett County, Georgia) shall make a determination (1) as to the likelihood of success of a Tax Contest brought by Landlord, and (2) if it is determined to be likely that a Tax Contest would be successful, as to the amount of Impositions that would be payable with respect to the Tax Parcel following the Tax Contest assuming the conduct of a Tax Contest and a finding in such contest consistent with the arbitrators determination (the "Projected Impositions"). If the arbitrators determine that the Projected Impositions are less than the Impositions actually payable by Landlord during the tax year in question, then Tenant shall pay to Landlord, in lieu of Tenant's pro rata share of all Impositions pursuant to Section 4.01, Tenant's pro rata share of the Projected Impositions.

Article 5

Use, Maintenance, Alterations, Repairs, Access, Etc.

Section 5.01. Tenant may use and occupy the Premises as a warehouse and distribution facility and for general and executive offices (the "Specific Uses") and for any other purpose which is lawful and is not prohibited under the Declaration.

Section 5.02. Landlord warrants and represents that it has good and marketable indefeasible title to the Property, subject only to Permitted Encumbrances.

Section 5.03. (a) Landlord warrants and represents that (i) all water, storm and sanitary sewer, gas, electricity and other utilities required for the use and occupancy of the Premises are connected thereto and will be in service on the Commencement Date and (ii) all exterior roads necessary for the use and occupancy of the Building have been completed and are open for public use. Landlord covenants and agrees that at all times during the term of this Lease Landlord will make available to Tenant, on a non-exclusive basis, not less than eighty-five (85) parking spaces for use by Tenant and its invitees. Landlord and Tenant acknowledge that there are currently forty-five (45) parking spaces contiguous to the Building which are available for use by Tenant, and Landlord agrees, at Landlord's sole cost and expense on or before November 30, 1993 (i) to stripe not less than fifteen (15) additional parking spaces in the truck court area adjacent to the Building, as shown on the Site Plan and (ii) to construct additional parking spaces as shown on the Site Plan such that the aggregate number of parking spaces available to Tenant shall not be less than eighty-five (85) .

Section 5.04. Landlord warrants and represents that the certificate of occupancy for the Building permits the Premises to be used for the Specific Uses.

Section 5.05. (a) Tenant shall take good care of the Premises and shall be responsible, at its sole cost and expense, for the daily maintenance thereof, which maintenance shall include all cleaning and janitorial services, pest control, rubbish removal and window washing.

(b) All of the maintenance to be performed under this Section 5.05 shall be performed in accordance with the Declaration.

Section 5.06. (a) Except for those repairs that are the express obligation of Landlord hereunder, Tenant shall make all repairs to the Premises, including repairs to the HVAC systems serving the Premises, and Landlord agrees to assign to Tenant, to the extent assignable, on or before the Commencement Date, all warranties from all manufacturers, contractors and subcontractors pertaining to any item hereunder which is the obligation of Tenant to maintain, repair or replace.

(b) Landlord agrees to make, at its sole cost and expense, all of the following repairs in and to the Premises promptly and diligently and in a manner least likely to interfere with Tenant's use of the Premises, except to the extent the same are so required by reason of the fault or negligence of Tenant or any of its employees, agents or independent contractors:

(i) repairs of a structural nature;

(ii) repairs to the Building Systems; and

(iii) repairs of every kind and nature and whenever occurring caused by the fault or negligence of Landlord or any of its employees, agents or independent contractors.

(c) As used in subparagraph (b) of this Section 5.06, the term "repairs of a structural nature" shall be deemed to mean:

(i) all repairs to the roof;

(ii) all repairs to any and all (v) exterior walls (other than glass exteriors, including glass exterior doors) and door frames, other than the routine maintenance thereof, if any, (w) stairs, (x) floors and slabs, unless (1) the repairs shall result from Tenant placing upon such floors and slabs weights in excess of those for which the same were designed to carry and (2) Landlord shall have given Tenant prior written notice of the maximum weights permitted to be placed upon the floors and slabs, (y) foundations and (z) the structural supports of the roof; and

(iii) all repairs and replacements to the pavement, walks and curbs of the Parking Areas, other than striping or restriping, repairs of "minor" potholes and repairs of "alligatoring" (such striping, restriping and repairs hereinafter collectively referred to as "Minor Parking Repairs"). The costs of such Minor Parking Repairs shall be deemed to be Common Area Costs hereunder.

(d) All of the repairs to be performed under this Section 5.06 shall be performed in accordance with the Declaration.

Section 5.07. Tenant agrees to give Landlord written notice of any repair required to be performed by Landlord promptly after Tenant learns of the necessity of such repair. All repairs by whomsoever made shall be commenced and completed with due diligence and in a good and workmanlike manner. If Landlord shall be required to make any repairs pursuant to this Section and (i) if Landlord shall fail to notify Tenant, within

ten (10) business days after Tenant shall notify Landlord of the necessity to perform such repairs, of Landlord's agreement to perform the same and shall fail to promptly commence and diligently pursue the making of such repair, or (ii) if in Tenant's reasonable judgment the failure to make such repairs immediately would risk damage or injury to persons or property or a condition rendering untenantable all or any material portion of the Premises, then Tenant may (but shall not be obligated to) make such repairs for the account, and at the expense, of Landlord without waiving or releasing Landlord from any obligations of Landlord contained in this Lease. Tenant shall notify Landlord as soon as reasonably practical after making or ordering emergency or other repairs which are the obligation of Landlord hereunder. Any dispute as to whether Landlord was required to make such repairs shall be resolved by arbitration pursuant to Article 12 hereof. If either party shall make repairs, and if it is determined by the parties or by arbitration that the making of such repairs was the obligation of the other party pursuant to this Section, then all amounts paid by the party making such repairs and all necessary incidental costs and expenses paid or incurred by such party in connection with the making of such repairs shall be payable by the other party on demand, together with interest thereon accruing from the date paid by the party making such repairs at the prime rate of interest publicly announced from time to time by Citibank, N.A., plus one-half percent (1/2%) per annum (the "Interest Rate").

Section 5.08. Tenant may make alterations and changes (collectively, “alterations”) in and to the Premises at any time and from time to time, without Landlord’s consent, as Tenant may deem desirable for its own use or for use by its subtenants or other permitted occupants of the Premises, subject to compliance with the following:

(a) the alteration shall be made in compliance with all laws of public authorities and all necessary permits and licenses shall be timely obtained;

(b) the alteration shall be made with due diligence and in a good and workmanlike manner, and shall be prosecuted to completion by Tenant (and Tenant shall indemnify Landlord against all loss, liability or costs incurred by Landlord as the result of Tenant’s failure to prosecute the alteration to completion as aforesaid);

(c) prior to commencing the alteration, the party responsible therefor shall procure, and shall thereafter maintain at all times when any substantial work is in progress, workmen’s compensation insurance and All Risk Builders Risk insurance, including general liability insurance, appropriate in coverage and amount and the cost thereof shall be paid by the party responsible hereunder for making the alterations;

(d) Tenant shall give Landlord prior written notice of any alteration estimated to cost in excess of $50,000;

(e) alterations that are of a structural nature, or affect the exterior of the Premises or the Building Systems, shall be made only with the prior written approval of Landlord (including approval of the plans and specifications therefor), which approval shall not be unreasonably withheld or delayed. Alterations of a structural nature shall be performed by Landlord for the account and at the expense of Tenant.

Landlord shall notify Tenant in advance of the cost to Tenant for the performance of any structural alterations desired or required to be made by Tenant which are to be performed by Landlord for the account and at the expense of Tenant pursuant to Section 5.09(e) ("Landlord's Obligations"). Notwithstanding anything to the contrary contained herein, if the cost chargeable by Landlord for the performance of any of Landlord's Obligations ("Landlord's Cost") shall not be acceptable to Tenant, Tenant may, at Tenant's option, submit to Landlord one (1) or more bids for the performance of the same from third party contractors who are reputable, bondable and insurable (the "Bids"). If any of the Bids submitted by Tenant shall be lower than Landlord's Cost for the same work, then Landlord shall, at Landlord's option (i) agree to perform the work to which the Bids relate at the cost to Tenant set forth in the lowest of the Bids or (ii) contract with the contractor submitting the lowest of the Bids for the performance of such work.

(f) prior to the commencement of alterations that are of a structural nature, Tenant shall procure and deliver to Landlord a commitment for the following policies of insurance:

(i) all Risk Builders Risk insurance, including coverage against collapse (to the extent applicable), written on a completed value basis in an amount not less than the total value of all alterations under construction, including public liability coverage and the coverages available under the so-called Installation Floater;

(ii) workmen's compensation insurance, including employer's liability insurance covering all employees employed in, on or about the Land to provide statutory benefits as required by the law of the State of Georgia; and

(iii) Such other insurance on the Premises and in such amounts as may from time to time be required of Tenant in writing by Landlord against other insurable hazards which at the time are commonly insured against in the case of premises similarly situated.

(g) Tenant shall deliver "as built" plans to Landlord upon the completion of alterations that (i) are of a structural nature, (ii) affect the Building Systems or (iii) cost in excess of $50,000.

Section 5.09. Tenant shall be responsible for any labor or materials furnished or to be furnished to Tenant upon credit, and in no event shall any mechanic's or other lien for any such labor or materials attach to or affect the reversionary or other estate or interest of Landlord in and to the Building. Whenever and as often as any such lien shall have been filed against the Building based upon any action or omission of Tenant or of anyone (other than Landlord) claiming through Tenant, Tenant shall, as soon as reasonably practicable after written notice from Landlord of the filing of the lien (but in no event later than 30 days prior to the date on which the lien may be

foreclosed upon), take such action by bonding, deposit, payment or otherwise as will remove or satisfy the lien or otherwise, in Landlord's reasonable judgment, protect Landlord from the foreclosure thereof. Tenant shall have the right to contest the validity, amount or applicability of any such lien or interest by one or more appropriate legal proceedings, and so long as Tenant shall be diligently prosecuting such contest in good faith, Tenant shall not be required to discharge the contested lien; provided, however, that Tenant shall take such steps as are necessary to prevent the foreclosure of such contested lien. In the event Tenant shall elect to contest any such lien, Tenant shall give Landlord prompt written notice of such election. If any such contest shall be finally concluded (so that no further appeal may be taken) adversely to Tenant, or settled, then within thirty (30) days thereafter Tenant shall cause the contested lien to be discharged of record.

Section 5.10. Landlord shall cooperate with Tenant to the extent Landlord's cooperation is reasonably necessary to obtain any permits required with respect to any alterations performed by Tenant. If necessary to obtain such permits, Landlord shall join in any request for such consent or application for such permits or permit the same to be brought in its name. Landlord shall incur no liability for the payment of any costs or expenses or otherwise in connection with the review, execution and delivery of the same, and Tenant shall indemnify and save Landlord harmless from any such costs, expenses or liability.

Section 5.11. All tangible personal property not permanently part of the Premises, including, without limitation, furniture, furnishings, paneling, partitions, lighting, business and trade fixtures, and communications, office and other equipment installed by or at the expense of Tenant, or by or at the expense of any subtenant of Tenant or other permitted occupant of the Premises, shall be and remain the property of Tenant or such subtenant of Tenant or other permitted occupant of the Premises, as the case may be, for all purposes and may be removed at any time by Tenant or such subtenant of Tenant or other permitted occupant of the Premises, provided, however, that, in the event of such removal, Tenant or such subtenant of Tenant or other permitted occupant of the Premises shall repair or pay the cost of repairing any damage to the Premises caused thereby. In addition to the foregoing, all machinery, equipment and fixtures installed at the Premises by Tenant, and alterations made to the Premises by Landlord at the request and at the expense of Tenant, shall be and remain the property of Tenant and may be removed by Tenant on or before the expiration or termination of the term of this Lease, provided that (i) the same is capable of being removed in its entirety without material damage to the Premises and (ii) all damage to the Premises caused by such removal is repaired by Tenant at Tenant's sole cost and expense. All other machinery, equipment, fixtures and alterations at the Premises shall be and remain the property of Landlord and shall not be removed by Tenant upon the expiration or earlier termination of the term of this Lease.

Section 5.12. Landlord shall have the right, upon request made on reasonable advance notice to Tenant, to enter the Premises, except vaults or other enclosures or rooms where money, securities, confidential data or other valuables are stored (provided that Landlord is notified of the location of such areas), at reasonable times during reasonable hours (i) to show the Premises to prospective purchasers, mortgagees or tenants of the Premises during the last year of the term hereof and (ii) for the purpose of making such repairs in or to the Premises as Landlord may be required to make by law or the provisions of this Lease. Landlord shall be allowed to take all materials into and upon the Premises that may be required for such repairs, without liability to Tenant. However, Landlord's right under this Section shall be exercised in such manner as to minimize any interference with Tenant's use of the Premises. Landlord shall also have the right to enter the Premises, at such times as such entry shall be required by circumstances of emergency affecting the Premises. Landlord shall be accompanied at all times by a duly authorized representative of Tenant or, in the event of an emergency, by a member of the police or fire department.

Section 5.13. From and after the Commencement Date, Tenant shall arrange for, and promptly pay when due, all amounts and charges for, the providing of heat, fresh air, air-conditioning, elevator service, cleaning service, hot and chilled water and any other water, sewer, electricity, light, power, telephone or other communication service, and any other utility or service required, used, rendered or supplied in or to the

Premises during the term of this Lease ("Utilities Costs"). Landlord is not and shall not be required to furnish Tenant or any other occupant of the Facility with heat, fresh air, air-conditioning, elevator service, cleaning service, hot or chilled water or any other water, sewer, electricity, light, power, telephone or other communication service, or any other utility, facility, equipment, labor, material or service of any kind whatsoever.

Article 6

Insurance

Section 6.01. (a) During the term of this Lease:

(i) Landlord shall keep and maintain insurance on the Building against loss or damage by reason of fire and by other risks now embraced by the so-called All Risk coverage endorsement in amounts at all time sufficient to prevent Landlord from becoming a co-insurer under the terms of the applicable policy, but in no event less than 95% of the then full insurable value of the Building. The term "full insurable value" shall mean replacement value (exclusive of the cost of excavation, foundations and footings) of the Building, as determined in accordance with normal insurance practices in the State of Georgia. Landlord may, but shall not be obligated to, procure and maintain a so-called "Agreed Amount" endorsement to Landlord's fire and casualty insurance policy in order to reduce the risk of being deemed a co-insurer of the Premises;

(ii) Landlord and Tenant shall each keep and maintain commercial general liability insurance for bodily injury, including death of persons, and property damage with (1) a combined single limit for bodily injury and property damage of $1,000,000 and (2) deductibles of not more than $25,000. Landlord shall be named as an additional insured under Tenant's liability insurance policy;

(iii) Landlord shall maintain boiler and machinery insurance on all equipment, parts thereof, and appurtenances attached to or used in the Building which are capable of bursting, erupting, collapsing or exploding for damage to property resulting from such All Risk perils;

(iv) Landlord shall maintain Fixed Rent insurance with respect to a risk insured against pursuant to subsection (a) of this Section 6.01 in an amount not less than the Fixed Rent then payable hereunder for a period of twelve (12) months;

(v) Landlord shall maintain such other insurance on the Building and in such amounts as Landlord, with the reasonable consent of Tenant, may from time to time carry against other insurable hazards; and

(vi) Tenant shall maintain insurance against loss, damage, injury or destruction to or from Tenant's machinery, equipment, fixtures, furniture and other articles of personal property located on or in the Premises, or otherwise in connection with the operation of Tenant's business in the Premises. Tenant may carry such coverage

under a plan of self-insurance, provided that Tenant shall certify to Landlord that Tenant has elected to self-insure its personal property and agrees to assume full financial responsibility for any loss thereto.

(b) Except as expressly provided to the contrary herein, all insurance provided for in Section 6.01 shall (i) if readily obtainable, be effected under standard form policies issued by insurers authorized to do business in the State of Georgia, which are reasonably acceptable to Landlord and Tenant and rated "A" or better by Best's Insurance Reports or any successor publication of comparable standing. Such policies shall, to the extent applicable, expressly provide that any adjustments of losses thereunder are subject to the approval of Landlord or Tenant as to their respective policies.

Section 6.02. (a) Tenant shall reimburse Landlord for Tenant's pro-rata share of the annual cost to Landlord of maintaining the policies of insurance required to be maintained by Landlord pursuant to subparagraph 6.01(a) hereof. Tenant's pro-rata share of such annual costs shall be determined by multiplying (A) the aggregate amount of such costs by (B) a fraction, the numerator of which shall be the rentable area of the Premises and the denominator of which shall be the aggregate rentable area of the Building. Tenant agrees to pay Landlord, with each monthly installment of Fixed Rent, one-twelfth (1/12) of Tenant's estimated pro-rata share of such annual insurance costs (the "Insurance Advances"), which estimate shall be based upon the cost to Landlord of maintaining the required policies of

insurance during the preceding Lease Year. Landlord shall submit to Tenant, as soon as reasonably practicable after receipt by Landlord, a copy of the bill for such policies of insurance, along with a statement setting forth in reasonable detail Tenant's pro-rata share of such costs. If the aggregate amount of Insurance Advances exceeds the Tenant's actual pro-rata share of such costs during any Lease Year, then the overpayment shall be credited by Landlord against the next succeeding Rent payment(s) to be made by Tenant hereunder. If the aggregate amount of Insurance Advances shall be less than Tenant's actual pro-rata share of insurance costs for such period, then Tenant shall pay to Landlord the difference between the amount paid by Tenant and the actual amount owed by Tenant within fifteen (15) days after the statement is delivered to Tenant. Notwithstanding anything to the contrary contained herein, the sum of the Impositions Advances, the Insurance Advances and the Common Area Costs Advances shall not exceed $2,000.00 per month during the first Lease Year hereunder.

(b) To the extent any of such insurance is maintained under a "blanket" policy or policies covering the Premises and other properties owned by Landlord, and the portion of the cost thereof attributable to the Premises is not specifically identifiable, then Tenant shall reimburse Landlord for Tenant's pro-rata share of the cost of maintaining such insurance. Tenant's pro-rata share of the cost of maintaining building, boiler and machinery and fixed rent insurance shall be determined by multiplying the aggregate cost to Landlord of maintaining such

insurance by a fraction, the numerator of which shall be the insurable value of the Premises and the denominator of which shall be the aggregate of all insurable values covered under such "blanket" policy or policies. Tenant's pro-rata share of the cost of maintaining commercial general liability insurance shall be determined by multiplying the aggregate cost to Landlord of maintaining such insurance by a fraction, the numerator of which shall be the amount of commercial general liability insurance maintained by Landlord pursuant to this Lease and the denominator of which shall be the aggregate amount of commercial general liability insurance maintained by Landlord with respect to Landlord's investment properties under such "blanket" policy or policies. The amount of commercial general liability insurance allocated to each of Landlord's investment properties shall be determined by Landlord's risk manager using his or her reasonable discretion.

Section 6.03. On the Commencement Date, Landlord and Tenant shall deliver to one another Certificates of Insurance for all insurance policies required to be maintained pursuant to Section 6.01 of this Lease (or, to the extent expressly permitted hereunder, a certificate or certificates evidencing self-insurance), and shall deliver Certificates for all replacement or renewal policies at least five (5) days prior to the expiration date thereof.

Section 6.04. Tenant acknowledges that Landlord will not carry insurance on Tenant's furniture or furnishings or any fixtures or equipment, machinery, improvements or appurtenances removable by Tenant, and agrees that Landlord will not be obligated to repair any damage thereto or replace the same, unless the damage thereto resulted from the negligence or wilful misconduct of Landlord, its agents, servants or employees.

Section 6.05. Each Certificate of Insurance delivered hereunder shall, to the extent obtainable, contain an agreement by the insurer that such policy shall not be cancelled without at least thirty (30) days' prior written notice to Landlord or Tenant, as the case may be. All notices to Tenant shall be sent to the address set forth below:

Primerica Life Insurance Company
3120 Breckinridge Boulevard
Duluth, Georgia 30199-0001

With a copy to:

Primerica Corporation
65 East 55th Street
New York, New York 10020
Attention: General Counsel

Section 6.06. Any insurance coverage required to be carried by Landlord or Tenant hereunder may be carried, in whole or in part, under a "blanket" policy or policies covering the Premises and other properties owned or leased by Landlord or Tenant, as the case may be; provided, however, that such policy or policies, and the Certificate(s) of Insurance relating thereto, shall specifically delineate the types and amounts of insurance coverage applicable to the Premises.

Section 6.07. Tenant shall, at Landlord's cost and expense, cooperate fully with Landlord in order to obtain the largest possible recovery under any insurance policy carried by Landlord and Landlord shall take all actions necessary in order

to effectuate the same and to cause such proceeds to be paid in accordance with the provisions of this Lease. Tenant shall not carry any insurance concurrent in coverage and contributory in the event of a loss with insurance which may be carried by Landlord if the effect of such separate insurance would be to reduce the protection or the payment to be made under Landlord's insurance. Except as to the insurance Tenant shall be required to maintain pursuant to this Article 6, Tenant shall immediately notify Landlord of the taking out of any separate insurance and the terms thereof.

Section 6.08. If either party hereto suffers a loss of, or damage to, property relating to this Lease which is covered under a valid and collectible insurance policy (or would be covered under an insurance policy required to be maintained hereunder but for the specific provisions of this Lease relating to self-insurance), such party waives any claims it may have against the other party hereto and its agents, servants and employees with respect to such loss or damage, regardless of whether the loss or damage was caused in whole or in part by the negligence or fault of the other party hereto or its agents, servants or employees. Landlord and Tenant will each obtain all necessary endorsements to the insurance policies required to be maintained hereunder to prevent any invalidation of insurance coverage due to the mutual waivers provided for herein.

Article 7

Damage or Destruction

Section 7.01. If, at any time during the term of this Lease, the Building or the Premises, or any part thereof, shall be damaged or destroyed by fire or other casualty of any kind or nature, ordinary or extraordinary, foreseen or unforeseen (collectively, a "Casualty"), then whether or not the damage or destruction shall have resulted from the fault or neglect of Tenant, or its employees, agents or witness, then Landlord, without regard to the availability of proceeds for repairs and restoration, shall, at its sole cost and expense, proceed to repair or restore the Premises, as provided in Section 7.02; provided, however, that (i) if the Casualty causes damage or destruction to such a degree that (1) the estimated time to complete the necessary repairs or restoration is one hundred eighty (180) days or more or (2) 20% or more "of the Parking Areas shall have been damaged or destroyed and substitute parking spaces within a reasonable distance from the Premises are not available, then Tenant shall have the right, within sixty (60) days after the occurrence of such Casualty, to cancel this Lease by written notice to Landlord, or (ii) if the Casualty causes damage or destruction to such a degree that the estimated time to complete the necessary repairs or restoration is two hundred seventy (270) days or more, then Landlord shall have the right, within sixty (60) days after the occurrence of such Casualty, to cancel this Lease by written notice to Tenant (a Casualty of the degree described in either clause (i) or clause (ii) above, a

"Substantial Casualty"). Upon Tenant's election to terminate this Lease following a Substantial Casualty described in (i) above or Landlord's election to terminate this Lease following a Substantial Casualty described in (ii) above, the estate hereby granted shall automatically be terminated as of the date of the Substantial Casualty and Tenant shall vacate and surrender the Premises to Landlord as soon as possible thereafter; provided, however, that Tenant shall pay to Landlord as and for the Fixed Rent hereunder, for the period between the date of the Substantial Casualty and the date Tenant shall vacate and surrender the Premises to Landlord, an amount equal to the Fixed Rent which would otherwise be due hereunder for such period multiplied by a fraction, the numerator of which is the number of usable rentable square feet in the Premises immediately after the Substantial Casualty and the denominator of which is the total number of rentable square feet in the Premises immediately before the Substantial Casualty. If neither Landlord nor Tenant shall elect to cancel this Lease pursuant to his Section, Landlord shall, at its sole cost and expense (i) proceed to repair or restore the Building and the Premises, as the case may be, as provided in Section 7.02 hereof, and (ii) in the case of damage or destruction of the Parking Areas, provide to Tenant, during the period of repair or restoration, substitute parking spaces within a reasonable distance from the Building. In the event that the parties hereto cannot agree as to whether or not a Substantial Casualty has occurred, either party may submit such issue to arbitration pursuant to Article 12 hereof.

Section 7.02. (a) If Landlord shall be required to repair or restore the Building and/or the Premises pursuant to Section 7.01, Landlord shall:

(i) as promptly as possible after the occurrence of the Casualty, submit plans and specifications for the necessary repairs or restoration for approval by Tenant (which approval shall not be unreasonably withheld or delayed); and

(ii) following approval of Landlord's plans and specifications, make the required repairs or restoration.

(b) Landlord's obligation to repair and restore the Building and the Premises pursuant to this Section 7.02 shall not be conditioned upon or limited to Landlord's receipt of insurance proceeds for such purpose, and Landlord shall promptly and diligently proceed with such repair and restoration following the occurrence of a Casualty, unless (i) Landlord shall not be insured against the Casualty and (ii) the Casualty shall be of a type for which insurance is not generally available in the area in which the Building is located.

Section 7.03. In the event of a Substantial Casualty where Tenant does not elect to cancel this Lease pursuant to Section 7.01 hereof, Tenant shall nevertheless have the option to vacate the Premises following a Substantial Casualty and until the accomplishment of the restoration and repair of the Building and/or Premises if, in Tenant's reasonable judgment, it is inappropriate to carry on business in the Premises during restoration and repair by Landlord. During the period from the

date of any casualty, including a Substantial Casualty, to the date on which Tenant reoccupies the entire repaired or restored Premises, the Fixed Rent shall abate as follows:

(a) In the event of a Substantial Casualty and (i) no portion of the Premises is usable or accessible or (ii) Tenant elects to vacate the Premises pursuant to this Section 7.03, all of the Fixed Rent shall abate;

(b) In the event of a casualty other than a Substantial Casualty or in the event of a Substantial Casualty, if Tenant elects to remain in occupancy of a portion of the Premises, Tenant shall pay as and for the Fixed Rent an amount equal to the Fixed Rent multiplied by a fraction, the numerator of which is the number of usable rentable square feet in the Premises immediately after the Casualty, and the denominator of which is the total number of rentable square feet in the Premises immediately before the Casualty; and

(c) commencing on the first day of the month after the month in which Landlord has completed the repairs or restoration of the Building and Premises, the Fixed Rent shall be an amount equal to the Fixed Rent multiplied by a fraction the numerator of which is the total number of rentable square feet in the repaired or restored Premises and the denominator of which is the total number of rentable square feet in the Premises immediately before the Casualty.

Section 7.04. All insurance proceeds on account of any Casualty, including a Substantial Casualty, under the policies of insurance provided for in Section 6.01, less the cost, if any, incurred in connection with the adjustment of any loss or the collection thereof (the "net proceeds"), shall be deposited with a bank or trust company with offices in the State of Georgia acceptable to Landlord and Tenant (the "Insurance Holder") to be applied by the Insurance Holder as follows:

(a) the net proceeds shall be paid from time to time by the Insurance Holder to the Landlord to be applied against the cost of repairs or restoration of the Building and/or Premises, in accordance with and subject to the provisions of Section 7.02, as follows:

(i) Landlord shall certify to the Insurance Holder (and deliver a copy of such certification to Tenant) the total estimated cost of such repairs or restorations and, after commencement of the making thereof, shall certify (and deliver a copy of such certification to Tenant) on a regular basis to the Insurance Holder the work done and costs incurred to the date of such certification and the estimated work to be done and costs to be incurred for completion; and

(ii) the Insurance Holder shall, upon delivery of each certificate provided pursuant to clause (i) above, disburse net proceeds to Landlord, in the amounts necessary to reimburse or pay the Landlord for work theretofore completed and paid for by Landlord, as certified to in such certificate, for which the Landlord has not been theretofore reimbursed pursuant to this clause (ii).

(b) if this Lease is terminated pursuant to Section 7.01, or if after the repair or restoration of the Building and/or Premises has been completed by Landlord in a manner reasonably satisfactory to Tenant, and all costs incurred in connection therewith have been paid, the Insurance Holder has any net proceeds remaining, the net proceeds shall be paid to Landlord.

(c) the Insurance Holder shall hold the net proceeds in the name of the Insurance Holder and all interest which accrues thereon shall be added to and become part of the "net proceeds" for all purposes hereof.

Article 8

Condemnation

Section 8.01. (a) If, at any time during the term of this Lease, title to all or substantially all of the Premises shall be taken in condemnation proceedings or by any right of eminent domain, this Lease, and the estate hereby granted, shall terminate and expire on the date of such taking (the "Taking Date") and the Fixed Rent and other charges payable hereunder shall be apportioned as of and paid to the Taking Date. For the purpose of this Section, the term "substantially all of the Premises" shall mean a taking of so much of the Premises that (i) 20% or more of the Premises shall have been taken or (ii) 20% or more of the Parking Areas shall have been taken, and Landlord is unable to supply substitute parking spaces within a reasonable distance from the Building. In the event that the parties hereto cannot agree as to whether or not substantially all of the Premises has been taken, either party may submit such issue to arbitration pursuant to Article 12 hereof.

(b) In the event of a taking pursuant to this Section 8.01, any award or awards payable by reason thereof (other than any award or awards payable to Tenant pursuant to Section 8.03) shall be paid to Landlord.

Section 8.02. In the event of a taking of less than substantially all of the Premises, the term of this Lease shall not be reduced or affected in any way, and any award or awards payable by reason thereof (other than any award or awards payable to Tenant pursuant to Section 8.3 hereof) shall be applied in the following order of priority:

(a) first, to be deposited in the manner provided in Section 7.04 and expended to cover the costs of repairs and restoration necessitated by any such taking; and

(b) second, to Landlord.

Landlord shall, to the extent of available proceeds, promptly repair and restore the Premises after any such taking in the manner provided in Section 7.02 and shall provide Tenant with substitute parking spaces, in the case of any such taking of any portion of the Parking Areas, within a reasonable distance from the Building for the non-exclusive use of Tenant and other occupants of space in the Park.

From and after the Taking Date, the Fixed Rent payable hereunder shall be reduced to an amount equal to the Fixed Rent payable under Section 3.01 multiplied by a fraction, the numerator of which is the total rentable square feet of space available to Tenant in the Premises after the Taking Date and the denominator of which is the total rentable square feet of space in the Premises immediately prior to the Taking Date.

Section 8.03. Landlord shall notify Tenant in writing upon Landlord's receipt of notice of a proposed or threatened taking of the Premises or any portion thereof. Notwithstanding anything to the contrary contained herein, in the event of a taking, Tenant shall have the right (i) to bring an action for (a) the unamortized cost of all alterations or improvements to the Premises made by Tenant, such unamortized cost to be calculated based upon the method actually used by Tenant for Federal income tax purposes; (b) the present value, discounted by the Interest Rate then in effect, of the excess, if any, of the then fair market rental value of the Premises for the period commencing with the Taking Date and ending on the tenth anniversary of the Commencement Date, over the Fixed Rent which would have been payable by Tenant for such period; (c) Tenant's estimated costs of relocating; and (d) the value of all personal property or trade fixtures taken in, or rendered useless to Tenant by reason of, such taking, and (ii) to move to have Tenant's action joined with any action or proceeding in which Landlord asserts a claim for an award of damages as a consequence of such taking. Landlord agrees not to object to, or otherwise interfere with, Tenant's motion to have its action joined with Landlord's action.

Article 9

Assignment and Subletting

Section 9.01. (a) Tenant may assign this Lease without the prior written consent of Landlord; provided, however, that, except as provided in subsection (e) of this Section 9.01, Tenant shall continue to be liable to Landlord for all of the obligations of Tenant hereunder for the term of this Lease.

(b) Tenant may sublet all or any portion of the Premises without Landlord's prior written consent on the following conditions:

(i) Each such sublease shall contain provisions to the following effect:

(v) That same is subject and subordinate to this Lease and all modifications hereof;

(w) That the subtenant will, at the option and at the request of the Landlord under this Lease, attorn to and recognize the Landlord under this Lease as its landlord under the sublease, in the event of termination of this Lease by reason of the default of the Tenant hereunder, whether said termination be by summary proceedings, voluntary agreement or otherwise;

(x) That the sublet premises are to be used for any purpose permitted by this Lease;

(y) That the term of such sublease shall expire not later than one day prior to the date of expiration of the term of this Lease; and

(z) That the subtenant shall be prohibited from assigning or subletting without further compliance with the conditions of this Section 9.01(b).

(ii) Tenant shall and does hereby agree to indemnify and hold Landlord harmless from any and all liabilities, claims and causes of action arising under any of the terms and conditions of every sublease.

(iii) A photostatic copy of the executed sublease meeting the requirements of this Section 9.01(b) shall be delivered to Landlord within ten (10) days after the execution thereof and in no event less than twenty (20) days prior to the proposed taking of possession by the subtenant. No amendment or modification of such sublease shall be made, unless in accordance with this Section 9.01(b) and unless a photostatic copy thereof shall be delivered to Landlord within 10 days after the execution thereof.

(c) If this Lease shall be assigned, or if the Premises shall be sublet or occupied by anybody other than Tenant, Landlord may, after default by Tenant, collect rent from the assignee, subtenant or occupant, and apply the net amount collected to the Fixed Rent, but no assignment, subletting, occupancy or collection shall be deemed a waiver of the provisions hereof, the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained, except as hereinafter provided. If any such assignee, subtenant or occupant shall be in default in the performance of

Tenant's obligations under this Lease, and Tenant shall not have been released from liability hereunder as hereinafter provided, Landlord agrees to give Tenant notice thereof at the time notice is given to the subtenant or assignee, as well as a reasonable opportunity to cure such default.

(d) Prior to any assignment of this Lease, Tenant shall deliver to Landlord notice of the proposed assignment and an assumption agreement, in recordable form, under which the assignee of this Lease agrees to assume all of Tenant's obligations hereunder.

(e) Anything in this Article 9 or otherwise in this Lease to the contrary notwithstanding, Tenant shall have no further liability and shall be relieved from all obligations hereunder upon the assignment of this Lease to (i) any Affiliate (as hereinafter defined), (ii) any corporation that acquires substantially all of the assets of Tenant, (iii) any corporation into which Tenant is merged, (iv) any corporation resulting from a consolidation of Tenant with another corporation or (v) any other person having a net worth immediately after the assignment of this Lease which is at least equal to the net worth of Tenant immediately prior to the assignment of this Lease (all transactions involving the entities described in subparagraphs (i), (ii), (iii) and (iv) hereof hereinafter referred to as "Corporate Transactions").

As used herein, the term "Affiliate" shall mean any corporation or other entity controlled by, under common control with or which controls Tenant and which has a net worth of not less than $100,000,000. For purposes of this Section, "control" shall be deemed to mean the ownership, directly or indirectly, of voting control and/or the ability to direct management.

(f) (i) If Tenant shall assign this Lease, Tenant shall pay to Landlord, as additional rent hereunder, fifty percent (50%) of any monies which Tenant's assignee shall pay to Tenant in consideration of the making of such assignment, less all reasonable out-of-pocket costs incurred by Tenant in connection with the making of such assignment, including any brokerage fees, advertising fees and alteration costs incurred in preparing the Premises for such assignment, any work allowance, reasonable architectural, engineering and legal fees and expenses and the unamortized cost of any alterations or improvements made by Tenant (collectively, "Tenant Deductions").

(ii) If Tenant shall sublet all or any portion of the Premises, Tenant shall pay to Landlord, as additional rent hereunder, fifty percent (50%) of the amount, if any, by which the rent payable to Tenant by the sublessee shall exceed the fixed rent and other payments of a similar nature allocable to the portion of the Premises affected by such sublease, plus the amounts, if any, payable to Tenant by such sublessee as consideration (partial or otherwise) for Tenant making such subletting, less Tenant Deductions.

(iii) Payments to Landlord pursuant to subparagraphs (i) and (ii) above shall be made by Tenant within five (5) days after Tenant's receipt of payment from the assignee or sublessee, or within five (5) after Tenant is credited with the same by the

assignee or sublessee, as the case may be. At the time of submitting the proposed assignment or sublease to Landlord, Tenant shall certify to Landlord in writing whether or not the assignee or sublessee has agreed to pay any monies to Tenant in consideration of the making of the assignment or sublease, other than as specified in such instruments, and Tenant shall certify the amounts and time of payment thereof in reasonable detail.

(iv) Notwithstanding anything to the contrary contained herein, Tenant shall not be obligated to make any payments to Landlord pursuant to this subparagraph (f) with respect to (a) any Corporate Transactions and (b) the first 10,000 rentable square feet of the Premises which may be assigned or sublet by Tenant.

Article 10

Default Provisions

Section 10.01. (a) This Lease and the term and estate hereby granted are subject to the limitation that:

(i) whenever Tenant shall default in the payment of any installment of the Fixed Rent or any other sum payable by Tenant hereunder on any day upon which the same ought to be paid and if such default shall continue for ten (10) days after Landlord shall have given to Tenant written notice specifying such default; or

(ii) whenever Tenant shall do, or permit anything to be done, whether by action or inaction, contrary to any covenant or agreement on the part of Tenant herein contained or contrary to any of the covenants, agreements, terms or

provisions of this Lease, or shall fail in the keeping or performance of any of the covenants, agreements, terms or provisions contained in this Lease which on the part or behalf of Tenant are to be kept or performed (other than those referred to in the foregoing subsection (i) of this Section), and Tenant shall fail to remedy the same within thirty (30) days after Landlord shall have given to Tenant a written notice specifying the same, or, if Tenant's default hereunder shall not be capable of being remedied within such thirty (30) day period, and Tenant shall commence to remedy its default within thirty (30) days after Landlord shall have given to Tenant a written notice specifying the same, and having so commenced, shall thereafter fail to proceed diligently to remedy the same; or

(iii) whenever an involuntary petition shall be filed against Tenant under any bankruptcy or insolvency law or under the reorganization provisions of any law of like import, or a receiver of Tenant or for the property of Tenant shall be appointed without the acquiescence of Tenant, or whenever this Lease or the estate hereby granted or the unexpired balance of the term would, by operation of law or otherwise, except for this provision, devolve upon or pass to any person other than Tenant or any corporation into which Tenant may be duly merged, converted or consolidated under statutory procedure, and such situation under this subsection (iii) shall continue and shall remain undischarged or unstayed for an aggregate period of ninety (90) days (whether or not consecutive) or shall not be remedied by Tenant within ninety (90) days; or

(iv) whenever Tenant shall make an assignment of the property of Tenant for the benefit of creditors or shall file a voluntary petition under any present or future bankruptcy law or law of like import, or whenever any court of competent jurisdiction shall approve a petition filed by Tenant under the reorganization provisions of any present or future bankruptcy law or law of like import, or whenever a petition shall be filed by Tenant under the arrangement provisions of any present or future bankruptcy law or law of like import.

(b) Landlord may, at any time following the occurrence of any of the events described in subparagraph (a) of this Section 10.01, and after the expiration of the applicable notice and cure periods set forth therein, give Tenant a notice (the "Second Notice") of Landlord's intention to end the term of this Lease on a specified future day, which shall not be less than fifteen (15) days thereafter. Upon the giving of the Second Notice, this Lease, and the term and estate hereby created, shall expire and terminate on the day specified therein as fully and completely, and with the same force and effect, as if the day so specified were the date hereinbefore fixed for the expiration of the term of this Lease. All rights of Tenant under this Lease shall expire and terminate on such date, but Tenant shall remain liable for damages as hereinafter provided.

Section 10.02. (a) Tenant covenants and agrees that, in the event of the termination of this Lease or re-entry by Landlord, under any of the provisions of this Article 10 or pursuant to law, by reason of default hereunder on the part of Tenant, Tenant will pay to Landlord damages in a sum equal to the Fixed Rent which would have been payable by Tenant had this Lease not been so terminated, or had Landlord not so re-entered the Premises, payable upon the days specified herein for such payment following such termination or such re-entry and until the date herein set for the expiration of the term of this Lease, provided, however, that if Landlord shall re-let the Premises during said period, Landlord shall credit Tenant with the net rents, if any, received by Landlord from such re-letting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such re-letting the expenses incurred or paid by Landlord in terminating this Lease or of re-entering the Premises and of securing possession thereof, as well as the expenses of re-letting, including altering and preparing the Premises for new tenants, brokers' commissions, and all other expenses properly chargeable against the Premises and the rental therefrom; but in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder. Landlord shall use reasonable efforts to re-let the Premises in an attempt to mitigate the Rent and/or damages that Tenant is obligated to pay under this Section 10.02(a).

(b) Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the term of this Lease would have expired if it had not been terminated under the provisions of this Article 10, or under any provisions of law, or had Landlord not re-entered the Premises.

(c) Nothing herein contained shall be construed as limiting or precluding the recovery by Landlord against Tenant of any damages to which Landlord may lawfully be entitled in any case other than those particularly provided for above.

Section 10.03. Tenant, for Tenant, and on behalf of any and all persons claiming through or under Tenant, including creditors of all kinds, does hereby waive and surrender all right and privilege which they or any of them might have under or by reason of any present or future law to redeem the Premises or to have a continuance of this Lease for the term hereby demised after being dispossessed or ejected therefrom by process of law, under the terms of this Lease or after the termination of this Lease as herein provided.

Article 11

Right to Perform the Other Party's Obligations; Cumulative Remedies; Waiver

Section 11.01. If Tenant shall default in the observance or performance of any term or covenant on its part to be observed or performed under or by virtue of any of the terms or provisions in any Article of this Lease beyond any applicable

grace period, Landlord, without being under any obligation to do so and without thereby waiving such default, may remedy such default for the account and at the expense of Tenant, immediately and without notice in case of emergency, or, in any other case, provided only that Tenant shall fail to remedy such default within five (5) days after Landlord shall have notified Tenant in writing of Landlord's intention to cure such default. If Landlord makes any expenditures or incurs any obligations for the payment of money in connection therewith, including reasonable attorneys' fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred with interest and costs shall be deemed to be additional rent hereunder and shall be paid to it by Tenant on demand. If Tenant shall, by written notice to Landlord, dispute any amount payable under this Section 11.01 as additional rent, the dispute shall be determined by arbitration as provided in Article 12.

Section 11.02. If Landlord shall default in the observance or performance of any term or covenant on its part to be observed or performed under or by virtue of any of the terms or provisions in any Article of this Lease, Tenant, without being under any obligation to do so and without thereby waiving such default, may remedy such default for the account and at the expense of Landlord, immediately and without notice in case of emergency, or, in any other case, provided only that Landlord shall fail to remedy such default with reasonable dispatch after Tenant shall have notified Landlord in writing of such default. If Tenant makes any expenditures or incurs any obligations for

the payment of money in connection therewith, including reasonable attorneys' fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred with interest and costs shall be paid to it by Landlord on demand. If Landlord shall, by written notice to Tenant, dispute Tenant's right to be reimbursed for an expenditure incurred by Tenant pursuant to this Section 11.02, the dispute shall be determined by arbitration as provided in Article 12.

Section 11.03. Either party may restrain any breach or threatened breach of any covenant, agreement, term, provision or condition herein contained. Failure to insist upon the strict performance of any one of the covenants, agreements, terms, provisions or conditions of this Lease or to exercise any right, remedy or election herein contained or permitted by law shall not constitute or be construed as a waiver or relinquishment for the future of such covenant, agreement, term, provision, condition, right, remedy or election, but the same shall continue and remain in full force and effect. Any right or remedy in this Lease specified and any other right or remedy that may exist at law, in equity or otherwise upon breach of any covenant, agreement, term, provision or condition in this Lease contained, shall be distinct, separate and cumulative rights or remedies and no one of them, whether exercised or not, shall be deemed to be in exclusion of any other. No covenant, agreement, term, provision or condition of this Lease shall be deemed to have been waived unless such waiver be in writing, signed by the party sought to be charged or such party's agent duly authorized in writing.

Consent of Landlord to any act or matter must be in writing and shall apply only with respect to the particular, act or matter to which such consent is given and shall not relieve Tenant from the obligation wherever required under this Lease to obtain the consent of Landlord to any other act or matter. Receipt or acceptance of the Fixed Rent by Landlord shall not be deemed to be a waiver of any default under this Lease, or of any right which Landlord may be entitled to exercise under this Lease. In the event that Tenant is in arrears in the payment of the Fixed Rent or additional rent, Tenant waives Tenant's right, if any, to designate the items against which any payments made by Tenant are to be credited.

Article 12

Arbitration and Appraisal

Section 12.01. (a) In each instance specified in this Lease in which it shall become necessary to resort to arbitration or appraisal, such arbitration or appraisal shall be determined as provided in this Article 12. Each arbitrator or appraiser designated or appointed as herein provided shall have had at least ten (10) years' experience in a calling connected with the subject matter of the dispute. For purposes of this Article 12, the term "arbitration" shall be deemed to include the term "appraisal" and the term "arbitrator" shall be deemed to include the term "appraiser".

(b) The party desiring such arbitration shall give written notice to that effect to the other party, specifying in said notice the name and address of the person designated to act as arbitrator on its behalf. Within five (5) business days after the service of such notice, the other party shall give written notice to the first party, specifying the name and address of the person designated to act as arbitrator on its behalf. The arbitrators so chosen shall meet within five (5) business days after the second arbitrator is appointed and if, within ten (10) days after the second arbitrator is appointed, the said two arbitrators shall not agree upon the question in dispute, they shall themselves appoint a third arbitrator who shall be a competent and impartial person and in the event of their being unable to agree upon such appointment within five (5) days after the time aforesaid, the third arbitrator shall be selected by the parties themselves if they can agree thereon within a further period of five (5) business days. If the parties do not so agree, then either party, on behalf of both, may request such appointment by the American Arbitration Association (or any organizational successor thereto), or in its absence, failure, refusal or inability to act, then either party may apply to any court of original jurisdiction in the State of Georgia having jurisdiction thereof for the appointment of such third arbitrator, and the other party shall not raise any question as to the court's full power and jurisdiction to entertain the application and make the appointment. In the event of the failure, refusal or inability of any arbitrator to act, his successor shall be appointed within five (5) business days by the party who originally appointed him, except that, in the case of the third arbitrator, his successor shall be appointed as

hereinabove provided. Within ten (10) days after the appointment of the third arbitrator, the arbitrator selected by Landlord and the arbitrator selected by Tenant shall each submit to such third arbitrator, in reasonable detail, its written proposal for the resolution of the matter in dispute. Such proposal shall not be modified once made. The third arbitrator shall, within ten (10) days after the submission of both proposals, make a determination as to the disputed matter by selecting either of the submitted proposals. The decision in which any two arbitrators so appointed and acting hereunder concur shall in all cases be binding and conclusive upon the parties. In reaching any such decision, the arbitrators may rely on such consultants and experts in the area under dispute as they may deem appropriate. If the party receiving a notice of arbitration from the other party, as hereinabove provided, shall fail to timely and duly choose a qualified arbitrator, then the decision on the issue-shall be made by the arbitrator chosen by the party initiating the arbitration, and such arbitrator's determinations shall be binding and conclusive upon the parties. Each party shall pay the fees and expenses of the one of the two original arbitrators appointed by such party, and the fees and expenses of the third arbitrator, if any, shall be borne equally by both parties. If the issue should be determined by a single arbitrator, as above provided, his fees and expenses shall be borne equally by both parties. The fees and expenses of counsel for the respective parties and of witnesses shall be paid by the party engaging such counsel or calling such witnesses.

Section 12.02. In each instance specified in this Lease for the determination of a matter by arbitration, the same shall be settled and finally determined by arbitration in the County of Gwinnett, State of Georgia, in accordance with the rules of the American Arbitration Association or its successor (except that the selection of arbitrators shall be made in accordance with the provisions of Section 12.01), and the judgment upon the award rendered therein may be entered in any court having jurisdiction thereof.

Article 13

Suspense of Payment, Offset or Default

Section 13.01. Whenever Landlord shall claim that additional rent, an increase in Fixed Rent, or any other payment is due from Tenant hereunder or whenever Tenant shall claim that it is entitled hereunder to a diminution or abatement of the Fixed Rent, and Landlord or Tenant, as the case may be, in good faith (i) disputes such claim by notice given to the other party within ten (10) days after notice asserting such claim, and (ii) proceeds diligently with arbitration pursuant to Article 12, Tenant shall pay the Rent in full, and without diminution, abatement or offset; provided, however, that if the dispute is determined favorably to Tenant, Landlord shall be obligated to pay Tenant, within ten (10) days after service upon Landlord of the notice of such determination, the full amount of the diminution or abatement to which Tenant was entitled, plus interest at the Interest Rate from the date of payment by Tenant to the date of repayment to Tenant.

Section 13.02. When any matter in dispute between the parties hereto shall be referred to arbitration in accordance with a specific provision of this Lease for such arbitration, any default hereunder claimed by either party against the other by reason of the matter in dispute shall be deemed suspended, provided the party so claimed to be in default shall proceed diligently with the arbitration, until the dispute is determined adversely to the party claimed to be in default and notice thereof is given to such party; provided, however, that nothing herein contained shall affect the rights of either party to perform any of the obligations of the other party hereunder during the pendency of any dispute and to receive reimbursement therefor as provided in Article 12.

Article 14

Brokerage Fees and Commissions

Section 14.01. Landlord and Tenant each warrant to the other that they have had no dealings with any real estate broker or agent, other than Richard Bowers and Richard Bowers and Co. (collectively "Bowers"), in connection with the transaction which is the subject of this Lease, and each party hereto agrees to indemnify the other party and hold the other party harmless from and against any and all costs (including, without limitation, attorneys' fees and court costs), expense, or liability for commissions or other compensation or charges claimed by any broker or agent, other than Bowers, acting or claiming to have acted for Landlord or Tenant, as the case may be, in the transaction which is the subject of this Lease. Landlord agrees to indemnify and hold Tenant harmless from and against any claim for any commissions due and payable to Bowers.

Article 15

Impairment of Landlord's Title

Section 15.01. Nothing in this Lease contained or any action or inaction by Landlord shall be deemed or construed to mean that Landlord has granted to Tenant any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of Landlord in the Premises.

Section 15.02. In amplification and not in limitation of the foregoing, Tenant shall not permit the Premises to be used by any person or persons or by the public, as such, at any time or times during the term of this Lease, in such manner as might reasonably tend to impair Landlord's title to or interest in the Premises or in such manner as might reasonably make possible a claim or claims of adverse use, adverse possession, prescription, dedication, or other similar claims of, in, to or with respect to the Premises.

Article 16

Quiet Enjoyment; Transfer of Landlord's Interest

Section 16.01. Landlord covenants that if and so long as Tenant keeps and performs each and every covenant, agreement, term, provision and condition herein contained on the part and on behalf of Tenant to be kept and performed, Tenant shall quietly enjoy the Premises without hindrance or molestation, subject to the covenants, agreements, terms, provisions and conditions of this Lease.

Section 16.02. (a) Subject to subsection (b) below, the term Landlord shall mean only the owner, or the mortgagee in possession, of the Premises for the time being so that in the event of any transfer of title to the Premises, upon notification to Tenant of such transfer the said transferor Landlord shall be and hereby is released from all future covenants, obligations and liabilities of Landlord hereunder, and it shall be deemed and construed as a covenant running with the land without further agreement between the parties or their successors in interest, or between the parties and the transferee of title to the Premises, that the transferee has assumed and agreed to carry out any and all such covenants, obligations and liabilities of Landlord hereunder, whether accrued as of the date of such transfer or thereafter arising while such transferee is Landlord hereunder. Nothing contained herein shall be deemed to relieve Landlord from any liability for liabilities accruing prior to the date of such transfer.

(b) Notwithstanding anything to the contrary set forth in (a) above (i) Landlord shall not be released from any future covenants, obligations or liabilities of Landlord hereunder unless and until the transferee executes and delivers to Tenant, in form and substance acceptable to Tenant, an assumption of all covenants, obligations and liabilities of Landlord hereunder, whether accrued as of the date of such transfer or thereafter arising.

Article 17

Signage

Section 17.01. (a) Tenant may design, and shall have the right to erect, install and maintain such signage and similar identifications bearing Tenant's name, logo or other identifying information at driveway entrance and exits, on the exterior of the Building and elsewhere on the Premises as Tenant deems appropriate in the conduct of its business in the Premises, provided that the same shall be substantially similar to the existing signage at the Premises and in compliance with the Declaration. The entire cost of installation, maintenance, cleaning and repair of Tenant's signage shall be borne by Tenant. Tenant shall obtain and pay for all necessary Permits therefor.

(b) At the expiration or sooner termination of this Lease, Tenant, at its sole cost and expense, shall remove such signage and repair any damage resulting from such removal.

Article 18

Landlord's Maintenance of Park; Press Releases

Section 18.01. (a) Landlord and Tenant acknowledge that the character of the Park and the quality of the environment within the Park are a material inducement to Tenant entering into this Lease. Landlord covenants and agrees to maintain the Park, including all roads, parking areas, lawns, lakes and other improvements and buildings, in good order and repair throughout

the term of this Lease. As used in this Lease, the term "Common Areas" shall mean all of the roads, lawns, lakes, walkways and landscaped areas and the Parking Areas and other improvements in the Park other than the Building.

(b) From and after the Commencement Date and thereafter throughout the term of this Lease, Tenant shall pay to Landlord Tenant's Share of Common Area Costs (as hereinafter defined).

(c) Within thirty (30) days after the Commencement Date, Landlord shall deliver to Tenant its written estimate of the Common Area Costs (as hereinafter defined) for the period from the Commencement Date through June 30, 1994, which estimate shall be reasonably acceptable to Tenant. By May 31, 1994, and thereafter by not later than May 31st of each succeeding Lease Year, Landlord shall deliver to Tenant a statement setting forth Landlord's reasonable estimate of the Common Area Costs for the next succeeding Lease Year, which estimate shall be based upon the Common Area Costs incurred by Landlord for the same period during the Lease Year in which such statement is delivered. Tenant agrees to pay to Landlord, with each monthly installment of Fixed Rent, one-twelfth (1/12) of Landlord's estimate of Tenant's Share of Common Area Costs (the "Common Area Costs Advances"). Landlord shall submit to Tenant as soon as reasonably practicable after the same becomes available (but not later than September 30th of each Lease Year) a statement setting forth in reasonable detail the Common Area Costs actually incurred by Landlord during the preceding Lease Year. If the

aggregate amount of Common Area Costs Advances exceeds the Common Area Costs actually incurred by Landlord during any Lease Year, then the overpayment shall be credited by Landlord against the next succeeding Rent payment(s) to be made by Tenant hereunder. If the aggregate amount of Common Area Costs Advances shall be less than Tenant's Share of Common Area Costs incurred by Landlord for such period, then Tenant shall pay to Landlord the difference between the amount paid by Tenant and the actual amount incurred by Landlord within fifteen (15) days after the statement is delivered to Tenant. Notwithstanding anything to the contrary contained herein, the sum of the Impositions Advances, the Insurance Advances and the Common Area Costs Advances shall not exceed $2,000.00 per month during the first Lease Year hereunder.

(d) Landlord's failure to timely prepare and deliver any of the statements required to be delivered pursuant to subparagraph (b) hereof shall not be deemed a waiver by Landlord or cause Landlord to forfeit or surrender its rights to collect Tenant's Share of Common Area Costs, and Tenant agrees to pay the same following Landlord's delivery of the statements required pursuant to subparagraph (b), provided that Landlord shall have exercised reasonable diligence and shall have prepared and delivered such statements to Tenant promptly after the information necessary to prepare the same became available to Landlord. Tenant's obligation to pay Tenant's Share of Common Area Costs, and Landlord's obligation to refund Tenant's overpayment thereof, shall survive the expiration or termination of the term of this Lease.

(e) For the purposes of this subsection:

(i) “Common Area Costs” shall mean all costs and expenses incurred by Landlord in any Lease Year in the repair and maintenance of the Common Areas as are normally and usually included in common area charges in parks of similar quality to the Park in the Atlanta, Georgia area, including signage costs, management fees, parkway assessments and parking areas and landscaping costs incurred by Landlord with respect to the Common Areas; provided, however, that so long as Tenant occupies 50% or more of the rentable area of the Building, if any item or service contract constituting a portion of Common Area Costs shall exceed $10,000, Landlord shall obtain three (3) or more bids for the performance of the same from third party contractors who are reputable, bondable and insurable (the “Bids”), and shall notify Tenant thereof and Landlord shall accept the lowest of such Bids unless the Tenant agrees otherwise, which agreement Tenant shall not unreasonably withhold and, provided further that Common Area Costs shall not include the cost to install, repair and/or maintain any amenities not existing at the Park on the Commencement Date, unless Tenant shall approve of the installation thereof or such installation is required by law; and

(ii) “Tenant’s Share of Common Area Costs” shall mean (A) the aggregate amount of the Common Area Costs multiplied by (B) a fraction, the numerator of which shall be the rentable area of the Premises and the denominator of which shall be the aggregate rentable area of the Building and the other buildings in the Park.

(f) If Tenant shall not approve the installation of an amenity at the Park, and shall not pay Tenant’s proportionate share of the costs incurred in connection therewith, including the costs of installation, repair and maintenance, then neither Tenant nor any of Tenant’s employees, agents, invitees or subtenants shall be permitted to use such amenity.

Section 18.02. Landlord shall keep and maintain, at Landlord’s offices in Atlanta, Georgia or elsewhere which is reasonably accessible to Tenant, full and accurate books and records of account (“Books and Records”) from which the Common Area Costs incurred by Landlord during each Lease Year may readily be determined. Landlord shall keep Books and Records for not less than two (2) years following the end of each Lease Year. Tenant shall have the right, upon reasonable prior notice to Landlord within such two (2) year period, to have access to the Books and Records, during regular business hours, for the purpose of inspecting and auditing the same, and Tenant shall be permitted to make copies and abstracts of the Books and Records. Landlord agrees to make the Books and Records available to Tenant and to cooperate with Tenant in connection with Tenant’s inspection and audit thereof. In the event that Tenant disputes the validity or amount of any Common Area Costs, Tenant shall advise Landlord to that effect in writing, and if the parties cannot resolve any such dispute within twenty (20) days following such notification, such dispute shall be submitted to arbitration pursuant to Section 12 hereof.

Section 18.03. Any press release issued by Landlord which concerns this Lease, the Premises or this transaction in general shall be subject to the reasonable prior approval of Tenant.

Article 19

Notices

Section 19.01. All notices, demands, approvals, requests or other communications which may be or are required to be given, served or sent by either party to the other shall be in writing and shall be deemed to have been properly given or sent if delivered personally, sent by overnight courier service, or sent by United States registered or certified mail with return receipt requested and postage prepaid:

To Landlord:

GF Building One Associates
c/o Kern Realty Services
7840 Roswell Road
Suite 320
Atlanta, Georgia 30350

with a copy to:

To Tenant:

Primerica Life Insurance Company
3120 Breckinridge Boulevard
Duluth, Georgia 30136
Attention: General Counsel

with a copy to:

Primerica Corporation
65 East 55th Street
New York, New York 10020
Attention: General Counsel

with a further copy to:

Winthrop, Stimson, Putnam & Roberts
One Battery Park Plaza
New York, New York 10004-1490
Attention: Herbert F. Fisher

Each of the above may designate by notice in writing and delivered as set forth above a new address to which any notice, demand, request or communication may hereafter be so given, served or sent. Each notice, demand, request or communication shall be deemed given and served (i) upon receipt or refusal, if delivered personally, (ii) one (1) business day after deposit with an overnight courier service or (iii) upon deposit in the United States mails, if mailed.

Article 20

Estoppel Certificate

Section 20.01. The parties mutually agree that at any time and from time to time upon written request of the other party and at the reasonable cost and expense to the party requesting the same, Landlord or Tenant, as the case may be, will execute, acknowledge and deliver to the other party a certificate evidencing:

(a) whether the Lease is in full force and effect;

(b) whether the Lease has been modified or amended in any respect, and submitting copies of such modifications or amendments, if any; and

(c) whether, to the knowledge of the party executing the certificate, there are any existing defaults under the Lease, and specifying the nature of such defaults, if any;

(d) whether Tenant has made any prepayments of Rent to Landlord hereunder;

(e) the date on which Tenant's obligation to pay Rent commenced; and

(f) such other matters as Landlord shall reasonably request.

Article 21

Invalidity of Particular Provisions - Construction

Section 21.01. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law. Each covenant, agreement, obligation or other provision of this Lease shall be deemed and construed as a separate and independent covenant of the party bound by, undertaking or making same, not dependent on any other provision of this Lease unless otherwise expressly provided.

Article 22

End of Term

Section 22.01. On the date of the expiration of the term of this Lease or upon the earlier termination thereof (collectively, the "Termination Date"), Tenant shall peaceably and quietly leave, surrender and yield up the Premises, together with the keys thereto, to Landlord, broom clean and in good order, condition and repair, reasonable wear and tear and damage by fire or other casualty and damage that is not Tenant's obligation to repair, excepted.

Section 22.02. Tenant shall remove all of its personal property from the Premises on or before the Termination Date, and any personal property of Tenant or any subtenant which shall remain on the Premises after the Termination Date, may, at the option of Landlord, be deemed to have been abandoned by Tenant or such subtenant and either may be retained by Landlord as its property or be disposed of, without accountability, in such manner as Landlord may see fit. Landlord shall not be responsible for any loss or damage occurring to any such property owned by Tenant or any subtenant, unless caused by the negligence or other misconduct of Landlord, its agent or employees. If Landlord shall choose to remove any such property from the Premises, Tenant shall pay to Landlord, on demand, the reasonable cost of such removal.

Section 22.03. The provisions of this Article 22 shall survive the expiration or any termination of this Lease.

Article 23

Mortgagee Protection

Section 23.01. Tenant agrees to send to the holder of any first mortgage or deed of trust now or hereafter creating a lien against the Premises, or any interest therein (the "First Mortgagee"), by registered or certified mail, a copy of any notice or claim of default served upon Landlord by Tenant under this Lease, provided that prior to sending such notice Tenant shall have been (i) notified in writing of the address of the First Mortgagee and (ii) provided with a copy of the assignment of Landlord's interests in this Lease to the First Mortgagee. Tenant further agrees that if Landlord has failed to cure its default hereunder within twenty (20) days after notice is sent to Landlord (or if such default cannot be cured or corrected within such twenty (20) day period, then within such additional time as may reasonably be necessary, if Landlord has commenced to cure the same within such twenty (20) day period and is pursuing diligently the remedies or steps necessary to cure or correct such default), then the First Mortgagee shall have an additional period of thirty (30) days within which to cure or correct such default, or if such default cannot be cured or corrected within such thirty (30) day period, then the First Mortgagee shall have such additional time as may reasonably be necessary if the First Mortgagee has commenced to cure the same within such thirty (30) day period and is pursuing diligently the remedies or steps necessary to cure or correct such default.

Article 24

Subordination And Non-Disturbance

24.01. (a) As a condition to the effectiveness of this Lease, Landlord agrees to deliver to Tenant the written agreement of any mortgagee of an existing mortgage on the Premises or any trustee and/or beneficiary of any existing deed to secure debt on the Premises not to disturb Tenant's right of peaceful and quiet possession and enjoyment of the Premises in the event of the foreclosure of any such mortgage or deed to secure debt, which written agreement shall be in form and substance acceptable to Tenant.

(b) Landlord may hereinafter execute and deliver from time to time, a first mortgage or deed of trust secured by the Premises, or any interest therein. If requested by the holder of such mortgage, Tenant will subordinate Tenant's interest in this Lease to such mortgage, and to all renewals, replacements, supplements, amendments, modifications and extensions thereof and Tenant agrees to execute and deliver an agreement effecting such subordination promptly after Landlord shall request Tenant to do so; provided, however, that the terms of such mortgage are not inconsistent with the provisions contained in Articles 7 and 8 of this Lease and provided that as a further condition to subordinating its rights and interests under this Lease to the mortgage, Tenant shall be entitled to require the holder of the mortgage to enter into an agreement with Tenant providing that so long as this Lease is in full force and effect, and Tenant shall not be in default hereunder after the giving of notice and beyond the expiration of any applicable cure period, the holder of the

mortgage shall not disturb this Lease, name Tenant as a defendant in any foreclosure or other action or otherwise attempt to cut-off or interfere with Tenant's rights hereunder. The terms of such agreement shall be reasonably acceptable to Tenant, provided that the terms of such mortgage and such agreement shall not place additional obligations on Tenant or diminish Tenant's rights under this Lease.

Article 25

Hazardous Substances

Section 25.01. (a) As used herein, the term "Environmental Law" shall mean and include all federal, state and local statutes, ordinances, regulations and rules relating to environmental quality, health, safety, contamination and clean-up, including the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Clean Water Act, 33 U.S.C. Section 1251 et seq.; the Water Quality Act of 1987; the Federal Insecticide, Fungicide and the Rodenticide Act ("FIFRA"), 7 U.S.C. Section 136 et seq.; the Marine Protection Research and Sanctuaries Act, 33 U.S.C. Section 1401 et seq.; the National Environmental Policy Act, 42 U.S.C. Section 4321 et seq.; the Noise Control Act, 42 U.S.C. Section 4901 et seq.; the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Section 6901 et seq., as amended by the Hazardous and Solid Waste Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq.; the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., as amended by the

Superfund Amendments and Reauthorization Act, the Emergency Planning and Community Right-to-Know Act and Radon Gas and Indoor Air Quality Research Act; the Toxic Substances Control Act ("TSCA"), 15 U.S.C. Section 2601 et seq.; the Atomic Energy Act, 42 U.S.C. Section 2011 et seq.; the Nuclear Waste Policy Act of 1982, 42 U.S.C. Section 10101 et seq.; and state super lien and environmental clean-up statutes, with implementing regulations and guidelines. The term "Environmental Laws" shall also include all state, regional, county, municipal and other local laws, regulations and ordinances insofar as they are equivalent or similar to the federal laws recited above or purport to regulate Hazardous Materials (as hereinafter defined).

(b) As used herein, the term "Hazardous Materials" shall mean and include the following, including mixtures thereof: any hazardous substance, pollutant, contaminant, waste, byproduct or constituent regulated under CERCLA; oil and petroleum products and natural gas, natural gas liquids, liquified natural gas and synthetic gas usable for fuel; pesticides regulated under the FIFRA; asbestos and asbestos-containing materials; PCBs and other substances regulated under the TSCA; source material, special nuclear material, by-product material and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act or the Nuclear Waste Policy Act; chemicals subject to the OSHA Hazard Communication Standard, 29 C.F.R. § 1910.1200 et seq.; and industrial process and pollution control wastes whether or not hazardous within the meaning of RCRA.

Section 25.02. (a) Landlord represents and warrants to Tenant that no Hazardous Materials are, or have been, stored, released or located on, in or under the Premises or the Building, except as may have been stored, released or otherwise used at the Premises by Tenant.

(b) During the term of this Lease (a) Tenant shall not conduct or authorize the management of any Hazardous Materials on the Premises in violation of Environmental Law, including installation of any underground storage tanks, without prior written disclosure to, and approval by, Landlord; (b) Tenant shall not take any action that would subject the Premises to permit requirements under RCRA for storage, treatment or disposal of Hazardous Materials; (c) Tenant shall not discharge Hazardous Materials into drains or sewers; (d) Tenant shall not cause or allow the release of any Hazardous Materials on, to or from the Premises in violation of Environmental Law; and (e) Tenant, at its own cost, shall arrange for the lawful transportation and off-site disposal of all Hazardous Mararials that it generates.

25.03. During the term of this Lease, Tenant shall provide Landlord promptly with copies of all summons, citations, directives, information inquiries or requests, notices of potential responsibility, notices of violation or deficiency, orders or decrees, claims, complaints, investigations, judgments, letters, notices of environmental liens or response actions in progress, and other communications, written or oral, actual or threatened, from the United States Environmental Protection Agency, Occupational Safety and Health Administration or other

federal, state or local agency or authority, or any other entity or individual, concerning (a) any release of Hazardous Materials on, to or from the Premises; (b) the imposition of any environmental lien on the Premises in violation of Environmental Law; or (c) any alleged violation of, or responsibility under, Environmental Laws. Landlord and Landlord's employees and agents and agents shall have the right, at Landlord's sole cost and expense, to enter the Premises and conduct appropriate inspections or tests in order to determine Tenant's compliance with Environmental Laws, provided that the same shall be at reasonable times and upon reasonable prior notice to Tenant and conducted in the manner least likely to interfere with Tenant's business operations at the Premises.

25.04. Upon written request by Landlord, Tenant shall provide Landlord with the results of appropriate reports and tests, and with any other documents readily available to Tenant, to demonstrate that Tenant is in compliance with all Environmental Laws relating to the Premises.

25.05. (a) Tenant shall indemnify, defend and hold harmless Landlord, its beneficiaries, its lenders, any managing agents and leasing agents of the Premises, and their respective agents, partners, officers, directors and employees from all loss, cost, claim, liabilities, fees or expenses of whatever nature (including professional consultants' and attorneys' fees) arising from or attributable. to any breach by Tenant of any of its warranties, representations or covenants in this Article. Tenant's obligations hereunder shall survive the termination or expiration of this Lease.

(b) Landlord shall indemnify, defend and hold harmless Tenant, its officers, directors and employees, successors and assigns from all losses, costs, claims, liabilities, fees or expenses of whatever nature (including professional consultants' and attorneys' fees) arising from or attributable to any breach by Landlord of its representations and warranties in this Article. Landlord's obligations hereunder shall survive the termination or expiration of this Lease.

Article 26

Covenants Binding; Entire Agreement

Section 26.01. The covenants, agreements, terms, provisions and conditions of this Lease shall be binding upon and inure to the benefit of the successors and assigns of Landlord and Tenant.

Section 26.02. There are no representations, agreements, arrangements or understandings, oral or written, between the parties relating to the subject matter of this Lease which are not fully expressed in this Lease. This Lease cannot be changed or terminated orally or in any manner other than by a written agreement signed by the party against whom enforcement of any change is sought.

Section 26.03. Tenant represents and warrants that this Lease has been duly authorized, executed and delivered by and on behalf of Tenant and constitutes the valid and binding agreement of Tenant in accordance with the terms hereof. If

Landlord so requests, Tenant shall deliver to Landlord, concurrently with the delivery of this Lease by Tenant, certified resolutions of Tenant's board of directors authorizing Tenant's execution and delivery of this Lease and the performance of Tenant's obligations hereunder.

Article 27

Holding Over

Section 27.01. Should Tenant hold over in possession after the expiration of the term of this Lease, such holding over shall not be deemed to extend the term of this Lease or renew this Lease; but the tenancy thereafter shall continue as a tenancy from month to month at the sufferance of Landlord pursuant to the provisions herein contained and at One Hundred Fifty (150%) percent of the Fixed Rent in effect immediately preceding the expiration of the term of this Lease, plus all additional rent and other charges which would otherwise be paid by Tenant if the term of this Lease were extended.

Article 28

Governing Law

Section 28.01. This Lease shall be governed by, and construed in accordance with, the laws of the State of Georgia.

Article 29

Termination of Existing Lease

Section 29.01. Landlord and Tenant acknowledge being parties to a certain Lease dated February 22, 1988, as amended by agreements dated June 19, 1989 and August 31, 1992 (collectively the "Existing Lease") pursuant to which Landlord has leased the Premises to Tenant. Landlord and Tenant hereby agree to terminate and cancel the Existing Lease for all purposes effective June 30, 1993, with the same force and effect as if such date was the date set forth therein for the termination thereof.

Article 30

Exculpation

Section 30.01 It is understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each of the representations, warranties, covenants, undertakings and agreements made by Landlord herein, while in form purporting to be the representations, warranties, covenants, undertakings and agreements of Landlord, are nevertheless made and intended, not as personal representations and warranties, covenants, undertakings and agreements of Landlord for the purpose, or with the intention, of binding Landlord personally, but are made and intended for the purpose of subjecting Landlord's interest in the Property to the terms of this Lease and for no other purpose whatsoever, and in case of default hereunder by Landlord (or default through, under or by any of its partners, or agents or representatives of said

partners), Tenant agrees to look solely to the interests of Landlord in the Property, and to the proceeds derived by Landlord from the sale or transfer thereof. Neither Landlord nor any of Landlord's partners shall have any personal liability to pay any indebtedness accruing hereunder, or to perform any covenant, either express or implied, contained herein, and no personal liability or personal responsibility of any sort is assumed by, nor at any time shall be asserted or enforceable against, Landlord or Landlord's partners, individually or personally, all such personal liability, if any, being expressly waived and released by Tenant and by all persons claiming by, through or under Tenant.

IN WITNESS WHEREOF, the parties hereto have duly executed this instrument as of the day and year first above written.

TENANT:

PRIMERICA LIFE INSURANCE COMPANY

By: /s/ Edwin E. Sherin
Edwin E. Sherin
Co-Chief Executive Officer

LANDLORD:

GF BUILDING ONE ASSOCIATES

By: KERN & COMPANY, INC.
a general partner

By: /s/ Robert F. Kern
Robert F. Kern, President

THIRD AMENDMENT
INDUSTRIAL LEASE SUMMARY

PROPERTY: Gwinnett Forrest Business Distribution Center

LANDLORD: GF BUILDING ONE ASSOCIATES

TENANT: Primerica Life Insurance Co.
BLDG: 100 SUITE: 145
2150 Boggs Road
Duluth, GA 30136

LEASE NOTICE ADDRESS:
Mr. Richard Kinnard
Primerica
3120 Breckinridge Blvd.
Duluth, GA 30199-0001

CONTACT: Terry Robertson, Facility Manager 497-6150
Ed Sherin, Co-Chairman 564-5373

TOTAL SF: 43,920 SF **OFFICE:** 7,705 SF
WAREHOUSE: 36,215 SF

LEASE EXECUTION DATE: 10/01/93

LEASE TERM: 10 Yrs. **0 Months**

Lease Commencement Date: 7/01/93
Rental Commencement Date: 7/01/93 **(0 Months Free)**
Lease Expiration Date: 6/30/03

RENT: **Base Rent** $3.75 p.s.f.
TF Amort. $0 p.s.f.
Gross Rental $3.75 p.s.f. ($13,725 Mth., $164,700 Yr.)

Annual Rental Escalation: 0% **Commencing:** N/A
Security Deposit: None **Paid:**
Taxes & Insurance: Full pass through(no base year)

RENEWAL OPTION: N/A **Rate:** N/A p.s.f.
NOTICE:

EXPANSION: N/A **Rate:** $ p.s.f.

TENANT IMPROVEMENTS:
Base Rental Allowance: $0 ($0 p.s.f.)
TF Amortized: $0 ($0 p.s.f.)
Total Cost: $0 ($0 p.s.f.)

COMMISSION:
1st BROKER: Richard Bowers **FIRM:** Richard Bowers & Co.
TERMS: 2% cash out (21,998.44)

2nd BROKER: Eben Hardie **FIRM:** Kern Realty Services
TERMS: 2 1/2% over the term.

SPECIAL LEASE STIPULATIONS:

1) Landlord to build parking for an additional 25 cars, and to stripe the truck court for parking.

2) This is a net, not lease. All taxes, insurance, CAM, water/sewer and some other expenses are to be passed through.

PREPARED BY: /s/ Eben Hardie **DATE:** 10/13/93

FOURTH AMENDMENT TO LEASE

THIS FOURTH AMENDMENT TO LEASE AGREEMENT made and entered into this_____ day of December, 1999, by and between **Manufacturers Life Insurance Company (U.S.A.),** as successor in interest to GF Building One Associates (hereinafter referred to as "Landlord") and **Primerica Life Insurance Company** (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, by Lease Agreement dated July 1, 1993, as amended, by reference herein made a part hereof, Landlord leased to Tenant certain premises (The **Premises**") comprised of 43,920 square feet situated at 2150 Boggs Road, Suite 145, Duluth, Georgia, 30136, and

NOW, THEREFORE, in consideration of the mutual promises given one to the other, the parties hereto intending to be legally bound, do hereby covenant and agree as follows:

1. This Lease Agreement is hereby extended an additional Seventy-two (72) months commencing July 1, 2003. Tenant agrees to pay Base Monthly Rental in accordance with the following schedule:

Period	Monthly Base Rental
7/1/03 - 6/3/09	$ 16,470.00
7/1/06 - 6/30/09	$ 17,385.00

All payments are due and payable on or before the first day of each month in advance.

2. Tenant agrees to take the Premises in its "as-is" condition.

3. Except as herein modified and extended, all terms and conditions of the Lease Agreement dated July 1, 1993 as amended shall remain in full force and effect.

4. The word "Landlord" herein shall be construed to include the said Landlord, its successors and assigns and the word "Tenant" shall be construed to include the said Tenant, its successors and assigns.

5. This Agreement shall be binding upon and inure to the benefit of the parties, their respective heirs, successors and assigns.

IN WITNESS HEREOF, the said parties have executed this Second Amendment to Lease in quadruplicate the day and year first written above.

LANDLORD:

WITNESS:

THE MANUFACTURERS LIFE INSURANCE COMPANY, (U.S.A.)

/s/ Terry Gilliam

By: /s/ Stephen J. Ferguson
Name: Stephen J. Ferguson
Title: Regional Director

FIFTH AMENDMENT TO AGREEMENT OF LEASE

THIS FIFTH AMENDMENT TO AGREEMENT OF LEASE (this "Amendment") is made as of the Amendment Date (as hereinafter defined) by and between JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.), a wholly owned subsidiary of Manulife Financial Corporation ("Landlord") and PRIMERICA LIFE INSURANCE COMPANY, a Massachusetts corporation ("Tenant").

RECITALS

WHEREAS, Landlord (as successor-in-interest to GF Building One Associates and The Manufacturers Life Insurance Company (U.S.A.)) and Tenant have previously entered into that certain Agreement of Lease dated as of July 31, 1993 (as amended from time to time, the "Lease"), for the lease of approximately 43,920 square feet of space (the "Premises") commonly known as Suite 145 of the building located at 2150 Boggs Road, Duluth, Georgia 30096 (the "Building").

WHEREAS, Landlord and Tenant desire to amend the Lease to, among other things, extend the term of the Lease, all as more particularly set forth herein.

NOW, THEREFORE, for and in consideration of Ten and No/100 Dollars ($10.00) and other good and valuable consideration in hand paid by each party hereto to the other, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. All capitalized terms used herein but undefined shall have the meaning as defined in the Lease.

2. The term of the Lease is hereby extended an additional forty-eight (48) months commencing on July 1, 2009 and ending on June 30, 2013.

3. Commencing on July 1, 2009, Fixed Rent for the Premises for the remainder of the term as extended hereby shall be payable in monthly installments in accordance with the following schedule:

Period	Monthly Base Rental
7/1/09 – 7/31/09	$ 0.00
8/1/09 – 8/31/09	$ 15,868.00
9/1/09 – 6/30/10	$ 17,934.00
7/1/10 – 6/30/11	$ 18,472.02
7/1/11 – 6/30/12	$ 19,026.18
7/1/12 – 6/30/13	$ 19,596.97

Initial

Landlord  Tenant 

4. Tenant accepts the Premises in their "as-is" condition. Tenant is in possession of the Premises and acknowledges that all the work to be performed by the Landlord in the Premises as required by the terms of the Lease, if any, has been satisfactorily completed. Tenant further certifies that all conditions of the Lease required of Landlord as of this date have been fulfilled and there are no defenses or setoffs against the enforcement of the Lease by Landlord.

5. Landlord's address for notice set forth in Section 19.01 of the Lease is hereby deleted in its entirety and the following is substituted therefor:

Landlord:	John Hancock Life Insurance Company (U.S.A.) c/o Manulife Financial Atlanta Real Estate Office 1170 Peachtree Street, Suite 565 Atlanta, Georgia 30309
With a copy to:	Manulife Financial 4170 Ashford Dunwoody Road, Suite 475 Atlanta, Georgia 30319 Attn: Property Manager

6. Option to Extend Term.

(a) Landlord hereby grants to Tenant one (1) option to extend the Term for a period of five (5) years with such option to be exercised by Tenant giving written notice of its exercise to Landlord in the manner provided in this Lease at least one hundred eighty (180) days prior to (but not more than two hundred ninety (290) days prior to) the expiration of the Term, as it may have been previously extended. No extension option may be exercised by Tenant if an Event of Default has occurred and is then continuing or any facts or circumstances then exist which, with the giving of notice or the passage of time, or both, would constitute an Event of Default either at the time of exercise of the option or at the time the applicable Term would otherwise have expired if the applicable option had not been exercised.

(b) If Tenant exercises its option to extend the Term, Landlord shall, within thirty (30) days after the receipt of Tenant's notice of exercise, notify Tenant in writing of Landlord's reasonable determination of the Fixed Rent for the Premises for the five (5) year option period, which amount shall be determined using a per square foot rental rate not less than the Fixed Rent rate to be in effect immediately prior to the commencement of such option period, taking into account all relevant factors for space of this type in the Gwinnett County, Georgia area (the "Prevailing Market Rate"). Tenant, within 30 days after the date on which Landlord advises Tenant of the applicable Fixed

Initial

Landlord Tenant

Rent rate for the renewal term, shall either (i) give Landlord final binding written notice ("Binding Notice") of Tenant's exercise of its option, or (ii) if Tenant disagrees with Landlord's determination, provide Landlord with written notice of rejection (the "Rejection Notice"). If Tenant fails to provide Landlord with either a Binding Notice or Rejection Notice within such 30 day period, Tenant's renewal option shall be null and void and of no further force and effect. If Tenant provides Landlord with a Binding Notice, Landlord and Tenant shall enter into the Renewal Amendment (as defined below) upon the terms and conditions set forth herein. If Tenant provides Landlord with a Rejection Notice, Landlord and Tenant shall work together in good faith for a period of thirty (30) days after the date of Tenant's Rejection Notice to agree upon the Prevailing Market Rate for the Premises during the renewal term. Upon agreement Tenant shall provide Landlord with Binding Notice and Landlord and Tenant shall enter into the Renewal Amendment in accordance with the terms and conditions hereof. Notwithstanding the foregoing, if Landlord and Tenant are unable to agree upon the Prevailing Market rate for the Premises within thirty (30) days after the date on which Tenant provides Landlord with a Rejection Notice, Tenant, by written notice to Landlord (the "Arbitration Notice") within five (5) days after the expiration of such thirty (30) day period, shall have the right to have the Prevailing Market Rate determined in accordance with the following procedures. If Tenant fails to exercise its right to arbitrate, Tenant's renewal option shall be deemed to be null and void and of no further force and effect.

If Tenant provides Landlord with an Arbitration Notice, Landlord and Tenant, within ten (10) days after the date of the Arbitration Notice, shall each simultaneously submit to the other, in a sealed envelope, its good faith estimate of the Prevailing Market Rate (collectively referred to as the "Estimates"). If the higher of such Estimates is not more than one hundred five percent (105%) of the lower of such Estimates, then Prevailing Market Rate shall be the average of the two Estimates. If the Prevailing Market Rate is not resolved by the exchange of Estimates, Landlord and Tenant, within seven (7) days after the exchange of Estimates, shall each select an appraiser to determine which of the two Estimates most closely reflects the Prevailing Market Rate for the renewal term. Each appraiser so selected shall be certified as an MAI appraiser or as an ASA appraiser and shall have had at least five (5) years experience within the previous ten (10) years as a real estate appraiser working in the Northeast Industrial Market of Atlanta, Georgia, with working knowledge of current rental rates and practices. For purposes of this Lease, an "MAI" appraiser means an individual who holds and MAI designation conferred by, and is an independent member of, the American Institute of Real Estate Appraisers (or its successor organization, or in the event there is no successor organization, the organization and designation most similar), and an "ASA" appraiser means an individual who holds the Senior Member designation conferred by, and is an independent member of, the American Society of Appraisers (or its successor organization, or, in the event there is no successor organization, the organization and designation most similar). Upon selection, Landlord's and Tenant's appraisers shall work together in good faith to agree upon which of the two Estimates most closely reflects the Prevailing Market Rate for the renewal term. The

Estimate chosen by such appraisers shall be binding on both Landlord and Tenant as the Fixed Rent rate for the renewal term. If either Landlord or Tenant fails to appoint an appraiser within the seven day period referred to above, the appraiser appointed by the other party shall be the sole appraiser for the purposes hereof. If the two appraisers cannot agree upon which of the two Estimates most closely reflects the Prevailing Market Rate within the twenty (20) days after their appointment, then, within ten (10) days after the expiration of such twenty (20) day period, the two (2) appraisers shall select a third appraiser meeting the aforementioned criteria. Once the third appraiser has been selected as provided for above, then, as soon thereafter as practicable but in any case within fourteen (14) days, the appraiser shall make his determination of which of the two Estimates most closely reflects the Prevailing Market Rate and such Estimate shall be binding on both Landlord and Tenant as the Fixed Rent rate for the renewal term. If the arbitrator believes that expert advice would materially assist him, he may retain one or more qualified persons, to provide such expert advice. The parties shall share equally in the costs of the arbitrator and of any experts retained by the arbitrator. Any fees of any appraiser, counsel or experts engaged directly by Landlord or Tenant, however, shall be borne by the party retaining such appraiser, counsel or expert. In the event that the Prevailing Market Rate has not been determined by the commencement date of the renewal term, Tenant shall pay Fixed Rent upon the terms and conditions in effect for the initial Term until such time as the Prevailing Market Rate has been determined. Upon such determination, the Fixed Rent for the renewal term shall be retroactively adjusted to the commencement of the renewal term. If such adjustment results in an underpayment of Fixed Rent by Tenant, Tenant shall pay Landlord the amount of such underpayment within thirty (30) days after the determination thereof. If such adjustment results in an overpayment of Fixed Rent by Tenant, Landlord shall credit such overpayment against the next installment of Fixed Rent due under the Lease and, to the extent necessary, and subsequent installments until the entire amount of such overpayment has been credited against Fixed Rent. If Tenant is entitled to and properly exercises its renewal option, Landlord shall prepare an amendment (the "Renewal Amendment") to reflect changes in the Fixed Rent, Term and other appropriate terms. The Renewal Amendment shall be sent to Tenant within a reasonable time after receipt of the Binding Notice and Tenant shall execute and return the Renewal Amendment to Landlord within 15 days after Tenant's receipt of same, but an otherwise valid exercise of the renewal option shall, at Landlord's option, be fully effective whether or not the Renewal Amendment is executed.

(c) Except for the Fixed Rent, which shall be determined as set forth in subparagraph (b) above, leasing of the Premises by Tenant for the applicable extended term shall be subject to all of the same terms and conditions set forth in this Lease, including Tenant's obligation to pay Tenant's share of Common Area Costs as provided in this Lease; provided, however, that any improvement allowances, termination rights, rent abatements or other concessions applicable to the Premises during the initial Term shall not be applicable during any such extended term, nor shall Tenant have any additional extension options unless expressly provided for in this Lease.

Initial

Landlord Tenant

7. Except for Cushman & Wakefield of Georgia, Inc., who represents Tenant, and Resource Real Estate Partners, LLC, who represents Landlord, whose commissions shall be paid by Landlord, Landlord and Tenant each represents and warrants to the other that neither party has engaged or had any conversations or negotiations with any broker, finder or other third party concerning the matters set forth in this Amendment who would be entitled to any commission or fee based on the execution of this Amendment. Landlord and Tenant each hereby indemnifies the other against and from any claims for any brokerage commissions and all costs, expenses and liabilities in connection therewith, including, without limitation, reasonable attorneys' fees and expenses, for any breach of the foregoing. The foregoing indemnification shall survive the termination of the Lease for any reason.

8. Except as expressly provided herein, no free rent, moving allowances, tenant improvement allowances or other such financial concessions contained in the Lease shall apply to the term of the Lease as extended hereby.

9. Tenant represents to Landlord that, as of the date hereof, Landlord is not in default of the Lease.

10. For purposes of this Amendment, the term "Amendment Date" shall mean the date upon which this Amendment is signed by Landlord or Tenant, whichever is later.

11. Except as amended hereby, the Lease shall be and remain in full force and effect and unchanged. As amended hereby, the Lease is hereby ratified and confirmed by Landlord and Tenant. To the extent the terms hereof are inconsistent with the terms of the Lease, the terms hereof shall control.

12. The submission of this Amendment to Tenant for examination or consideration does not constitute an offer to amend the Lease, and this Amendment shall become effective only upon the execution and delivery thereof by Landlord and Tenant. Execution and delivery of this Amendment by Tenant to Landlord constitutes an offer to amend the Lease on the terms contained herein. The offer by Tenant will be irrevocable until 6:00 p.m. Eastern time for fifteen (15) days after the date of execution of this Amendment by Tenant and delivery to Landlord.

[signatures on next page]

Initial

Landlord Tenant

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and sealed as of the Amendment Date.

LANDLORD:

Date: 5-12-08

JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.), a wholly owned subsidiary of Manulife Financial Corporation

By: /s/ Terry L. Gilliam
Name: Terry L. Gilliam
Title: AUP, Regional Director

TENANT:

Date: 5/5/08

PRIMERICA LIFE INSURANCE COMPANY, a Massachusetts corporation

By: /s/ [Illegible]
Name: [Illegible]
Title: EVP

[CORPORATE SEAL]

	Initial
Landlord	Tenant

Exhibit 10.20

STANDARD INDUSTRIAL LEASE

THIS STANDARD INDUSTRIAL LEASE (the "Lease"), is made this 15th day of January, 2003, by and between PRINCIPAL LIFE INSURANCE COMPANY, an Iowa corporation (hereinafter referred to as "Lessor") and PRIMERICA LIFE INSURANCE COMPANY, a Massachusetts corporation (hereinafter referred to as "Lessee").

W I T N E S S E T H:

1. PREMISES

In consideration of the rents, covenants, agreements and stipulations herein set forth, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the premises outlined in red on the floor plan attached hereto as Exhibit "A" and made a part hereof (hereinafter referred to as the "Premises"), containing approximately 112,500 square feet and located at 1320 Progress Industrial Drive, Lawrenceville, Georgia, also known as Progress Distribution Center III, located in Gwinnett Progress Distribution Center (the "Park"). The Park is shown on "Exhibit B" attached hereto and made a part hereof.

2. TERM

The term of this Lease shall commence as of the date of this Lease (the "Commencement Date"), and shall expire (unless extended or cancelled as otherwise provided for herein) at midnight on the last day of the month that is one hundred eighty-five (185) months after the Commencement Date. The initial term of this Lease and any extension thereof permitted hereunder shall herein be referred to as the "Lease Term."

3. RENTAL

Lessee agrees to pay to Lessor an annual base rental in monthly installments as set forth in the Special Stipulations attached hereto (the "Base Rent"), together with a monthly payment for Operating Expenses (as set forth in Section 9 below) and a monthly payment for Taxes and Premiums (as set forth in Section 5 below), in advance without deduction or setoff. Payments of Operating Expenses and Taxes and Premiums shall commence on the date which is ninety (90) days after the date of the Commencement Date and payments of Base Rent shall commence on the date which is one hundred fifty (150) days after the Commencement Date. The monthly payment of Base Rent, Operating Expenses, and/or Taxes and Premiums payable hereunder shall hereinafter be referred to collectively as a "Monthly Rent Payment". In the event the date of the first scheduled payment of Operating Expenses and Taxes and Premiums or Base Rent falls on a date that is not the first day of a calendar month, then the rental for such month shall be prorated on a daily basis.

In addition to any other remedies for nonpayment, if any Monthly Rent Payment is not received by Lessor in full on or before the tenth (10th) day of the month for which such Monthly Rent Payment is due, a service charge of five percent (5%) shall be added thereto and such service charge shall be immediately due and payable together with the Monthly Rent Payment. The parties hereto acknowledge and agree that such service charge is compensation for the administrative costs that Lessor will incur in connection with such late payment, and such administrative costs would otherwise be difficult to ascertain, and that such service charge is a reasonable pre-estimate of such charges.

In addition, should any Monthly Rent Payment not be received in full by Lessor on or before thirty (30) days after its due date, then, in addition to Lessor's other rights and remedies, Lessor shall be entitled to, and Lessee shall pay, interest on such overdue amount from the date due at a rate equal to the lesser of twelve percent (12%) per annum or such rate as is permitted by law.

4. [INTENTIONALLY OMITTED]

5. REAL ESTATE TAXES AND INSURANCE

As used herein, the following terms wherever initially capitalized shall have the following meanings:

(a) "Taxes" shall mean all real estate taxes and assessments (general or special), real estate rental receipt or gross receipts taxes levied against or in respect of the building and the Park or any part thereof, or any other tax levied against Lessor in substitution for or in lieu of any tax which would otherwise constitute a real estate tax or a specific tax on rentals from all or part of the Building or the Park, plus the cost, including attorneys' and appraisers' fees, of any negotiation, contest or appeal pursued by Lessor in an effort to reduce the tax or assessment on which any tax provided for in this Section 5 is based.

(b) "Tax Year" shall mean each twelve (12) month period established as the real estate tax year by the taxing authorities having lawful jurisdiction over all or part of the Park.

Lessee shall pay to Lessor Lessee's Proportionate Share (as defined below) of all Taxes for each Tax Year (or part thereof) occurring during the Lease Term. Lessee shall pay to Lessor such Proportionate Share of Taxes in equal monthly payments, in advance, commencing on the first day of the Lease Term, based upon estimated annual Taxes (as estimated by Lessor), but subject to adjustment after the end of each Tax Year on the basis of the actual Taxes incurred. Any overpayment will be credited against subsequent monthly obligation for Taxes or shall be refunded to Lessee, at Lessor's option. Any shortage in payment by Lessee shall be paid by Lessee to Lessor within ten (10) days after delivery to Lessee of statement reconciling the amount actually collected from Lessee against Lessee' Proportionate Share of actual Taxes for the Tax Year. "Lessee's Proportionate Share", as used in this Lease, shall be a fraction, the numerator of which is the square footage of the Premises and the denominator of which is the square footage of the Park (as such may increase or decrease from time to time). Lessor shall have the right to make demand or bill for Taxes after receipt of the tax bills or upon the expiration or sooner termination of this Lease. If the Lease Term shall commence or expire during a Tax Year, Lessee shall be liable only for that portion of the Taxes for such Tax Year represented by a fraction, the numerator of which is the number of days of the Lease Term that fall within said Tax Year and the denominator of which is 365.

Lessee shall be liable for all taxes assessed against and levied upon the trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises. If any such taxes are levied against Lessor or Lessor's property and if Lessor elects to pay the same or if the assessed value of Lessor's property is increased by inclusion of personal property and trade fixtures placed by Lessee in the Premises and Lessor elects to pay the taxes based on such increase, Lessee shall pay to Lessor, upon demand, that part of such taxes for which Lessee is primarily liable hereunder.

Lessor shall be deemed to have waived its right to seek reimbursement from Lessee with respect to any tax bill actually received by Lessor in the event Lessor has not billed Lessee for Lessee's Proportionate Share of such Taxes within two (2) years of Lessor's receipt of such tax bills.

Lessee shall pay to Lessor Lessee's Proportionate Share of the costs of all insurance maintained by Lessor for the Building (as defined below) and the Park during the Lease Term. Lessee shall pay to Lessor such Proportionate Share in equal monthly payments, in advance, commencing on the first day of the Lease Term, based upon estimated annual costs (as estimated by Lessor) for such insurance, but subject to adjustment after the end of each calendar year on the basis of the actual premium cost (herein collectively referred to as the "Premiums") for Lessor's fire and casualty insurance and general liability insurance for the Park for the calendar year. Any overpayment will be credited against subsequent monthly obligation for Premiums or shall be refunded to Lessee, at Lessor's option. Any shortage in payment by Lessee shall be paid by Lessee to Lessor within thirty (30) days after delivery of a statement reconciling the amount actually collected from Lessee against Lessee' Proportionate Share of actual Premiums for the year. If the Lease Term shall commence or expire during a calendar year, Lessee shall be liable only for that portion of the Premiums for such calendar year represented by a fraction, the numerator of which is the number of days of the Lease Term that fall within said calendar year and the denominator of which is 365.

6. LESSEE'S WORK

Lessee shall build out the Premises in a workmanlike, lien free manner in compliance with all applicable laws, codes and ordinances and in accordance with plans and specifications approved by Lessor (such build out, the "Lessee's Work"). Within fourteen (14) days after the Commencement Date, Lessee shall deliver a complete copy of such plans and specifications to Lessor for Lessor's approval, which approval shall not be unreasonably withheld. Lessor shall have ten (10) days to approve such plans and specifications (as approved by Lessor, the "Lessee's Plans and Specifications"). Lessee shall not modify or amend the Lessee's Plans and Specifications without the prior approval of Lessor; provided, however, Lessor's approval to any such modification or amendment shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, no modification or amendment to the Lessee's Plans and Specifications or other change order approved by Lessor shall be deemed to increase the amount of the Lessor's Contribution (as defined in the Special Stipulations attached hereto) or in any manner impose or give rise to any obligations of Lessor with respect thereto other than Lessor's obligation to make the Lessor's Contribution. In addition to any other insurance coverage or policies Lessee is required to carry pursuant to the terms of this Lease, at all times during the construction of the Lessee's Work and until such time as Lessee achieves Substantial Completion (as defined in Section 13 below) Lessee shall maintain a policy of builders' risk insurance in form, substance and insured amounts reasonably satisfactory to Lessor. Such policy shall name Lessor as an additional insured and shall require not less than thirty (30) days prior notice to Lessor of any cancellation or change in coverage. Such policy shall that such policy shall be primary without tight of contribution from any insurance that may be carried by Lessor or Lessee and that all of the provisions thereof, except limits of liability, shall operate in the same manner as if there were a separate policy of insurance covering each insured. Prior to commencement of the Lessee's Work Lessee shall deliver to Lessor such insurance certificates and other evidence as Lessor may reasonably require showing that the foregoing insurance policy is in effect.

Upon the prior approval by Lessor of any proposed plan of Self Insurance (as hereinafter defined), which shall not be unreasonably withheld, Lessee shall have the option, either alone or in conjunction with Citigroup. Lessee's ultimate parent corporation, or any subsidiaries or affiliates of Citigroup, to maintain self insurance and/or provide or maintain any insurance required by this Lease under blanket insurance policies maintained by Lessee or Citigroup, or provide or maintain insurance through such alternative risk management programs as Citigroup may provide or participate in from time to time (such types of insurance programs being herein collectively and severally referred to as "Self Insurance"), provided the same does not thereby decrease the insurance coverage or limits sets forth in this Section 6. If Citigroup's net worth ceases to be equal to or greater than Two Billion Dollars ($2,000,000,000), then all of Lessee's rights to self-insure under this Section 6 shall terminate immediately. Any Self Insurance shall be deemed to contain all of the terms and conditions applicable to such insurance as required in this Section 6, including without limitation, naming Lessor as an additional insured. If Lessee elects to self-insure, then, with respect to any claims which may result from incidents occurring during the construction, such Self Insurance obligation shall survive the expiration or earlier termination of this Lease to the same extent as the insurance required would survive. If Lessor fails to approve any such plans of Self Insurance, Lessee shall promptly obtain from a third party insurance carrier acceptable to Lessor the types and amounts of insurance required to be obtained and maintained by Lessee pursuant to the terms of this Lease so that Lessee at all times during the Term shall have in effect the levels and types of insurance required under this Lease.

7. REPAIRS AND MAINTENANCE OF PREMISES AND ALTERATIONS

Lessor shall keep the foundation, the roof and the exterior walls of the building in which the Premises are located (the "Building") (except plate glass, windows, doors, door closure devices, window and door frames, molding, locks and hardware) in good repair, except that Lessor shall not be required to make any repairs occasioned by any act of negligence or intentional misconduct of Lessee, its agents, employees, contractors, sublessees, invitees or licensees or arising as a result of Lessee's completion of the Lessee's Work. In the event the Building should become in need of repairs required to be made by Lessor hereunder, Lessee shall give immediate written notice to Lessor, and Lessor shall not be responsible in any way for failure to make any such repairs until a reasonable time shall have elapsed after delivery of such written notice, provided that such reasonable time shall not exceed ten (10) days if said damage

is creating additional damage to the Premises or Lessee's contents unless such repairs, by their very nature, are incapable of being repaired within such ten (10) day period in which event Lessor shall have a reasonable time to complete such repairs so long as Lessor has commenced such repairs prior to the expiration of such ten (10) day period and is diligently pursuing the completion of same. Lessee shall be solely responsible for any additional damage that occurs or any additional cost incurred in making such repairs as a result of Lessee's failure to give timely notice to Lessor.

With the exception of any temporary alterations occasioned by the completion of the Lessee's Work, Lessee agrees throughout the term of this Lease and any extensions or renewals of the same, at Lessee's sole cost and expense, to keep and maintain the Premises and the Building (other than the aspects thereof which are the responsibility of Lessor pursuant to the preceding paragraph) and all fixtures and equipment therein or thereon, including all plumbing, heating, air-conditioning, electrical, gas, water, sewage and like fixtures and equipment, and also including the Premises window glass, loading docks, dock levelers, exterior steps, doors, door frames, locks and hardware, interior ceilings, walls and floors and all signs of Lessee erected pursuant to Section 22 hereof, in good repair, order and condition, making all repairs and replacements thereto as may be required. All repairs and replacements made by Lessee (whether or not in connection with the Lessee's Work) shall be of the same or better quality, design and class as the original work and equipment. However, Lessee shall not be responsible to Lessor for repairs and replacement of any specialized printing equipment or ancillary systems installed on the Premises in connection therewith, including, without limitation, any specialized non-office air conditioning systems, lighting equipment and the like, which are required for the operation of Lessee's business, including but not limited to non-office air conditioning. However, in the event any such equipment or systems are not delivered to Lessor in good and working order at the expiration of this Lease, or any extensions thereof, Lessor may mandate by written notice at least one hundred twenty (120) days prior to expiration of this Lease that Lessee, at Lessee's sole cost and expense, remove those systems and make any necessary repairs as caused by said removal. If any repairs or replacements required to be made by Lessee hereunder are not made within ten (10) days after written notice delivered to Lessee by Lessor, Lessor may at its option make such repairs or replacements without liability to Lessee for loss or damage which may result to its equipment, fixtures, inventory or business by reason of such repairs, and Lessee shall pay to Lessor upon demand as additional rent hereunder the cost of such repairs, together with interest at the lesser of twelve percent (12%) per annum or the highest rate permitted by law from the date of payment by Lessor until repaid by Lessee. At the expiration of this Lease, Lessee shall surrender the Premises broom clean and in good condition, reasonable wear and tear and loss by fire or other casualty not caused by Lessee, its agents, employees, contractors, licensees or invitees excepted. In connection therewith, unless otherwise agreed to by Lessor, Lessee shall restore the slab surface of the Premises to substantially the same condition that existed on the Commencement Date.

As part of its obligation to maintain the Premises, Lessee shall, at its own expense, enter into a regularly scheduled preventative maintenance/service contract with a maintenance contractor for servicing all hot water heaters and heating and air conditioning systems and equipment within the Premises, and with a reputable pest control company for interior pest control service for the Premises. The maintenance contractor and the maintenance contract, and the pest control company, must be approved by Lessor. The maintenance contract must include all services suggested by the equipment manufacturer within the operation/maintenance manual and must become effective (and a copy thereof delivered to the Lessor) within thirty (30) days of the date Lessee takes possession of the Premises.

With the exception of the Lessee's Work, which shall be completed in a workmanlike, lien free manner in accordance with the Lessee's Plans and Specifications, Lessee shall not make any structural alterations; additions, repairs, improvements, or installations to the Premises without the prior written consent of Lessor. In addition, with the exception of the Lessee's Work, Lessee shall not make any non-structural alterations, additions, repairs, improvements or installations to the Premises at a cost exceeding twenty thousand dollars ($20,000) without the prior written consent of Lessor. All alterations, additions, repairs, improvements, installations, equipment and fixtures, by whomever installed or erected (except such business trade fixtures belonging to Lessee as can be removed without damage to or leaving incomplete the Premises or the Building) shall remain upon and be surrendered with the Premises and become the property

of Lessor at the termination of this Lease unless Lessor requires Lessee to remove same. The following property shall be considered part of the permanent improvements to the Building owned by Lessor, not business trade fixtures of Lessee, shall not be removed from the Premises by Lessee under any circumstances, and shall become the property of Lessor without credit or compensation to Lessee: (a) HVAC systems, fixtures, or equipment; (b) lighting fixtures or equipment; (c) dock levelers; (d) carpeting, linoleum or other permanent floor coverings, or raised flooring; (e) paneling or other wall coverings; (f) plumbing fixtures and equipment; and (g) permanent shelving.

All construction work done by Lessee within the Premises, including, without limitation, the Lessee's Work, shall be performed in a good and workmanlike manner, in compliance with all laws, statute, ordinances, rules and regulations, and in such a manner as to cause a minimum of interference with other construction in progress in the Building or the Park. Lessee agrees to indemnify Lessor and hold Lessor harmless against any loss, liability or damage resulting from such work, and Lessee shall, if requested by Lessor, furnish a bond or other security satisfactory to Lessor against any such loss, liability or damage.

Lessee shall not suffer or permit any materialmens', mechanics', artisans' or other liens to be filed or placed or to exist against the Building, the Park, or Lessee's interest in the Premises by reason of work, services or materials supplied or claimed to have been supplied to Lessee or anyone holding the Premises or any part thereof through or under Lessee, and nothing contained in this Lease shall be deemed or construed in any way as constituting the consent or request of Lessor, expressed or implied, to any contractor, subcontractor, laborer or materialmen for the performance of any labor or the furnishing or any materials for any improvement, alterations or repairs of or to the Premises or any part thereof, nor as giving Lessee any right, power or authority to contract for or permit the rendering of any services or the furnishings of any materials that would give rise to the filing of a materialmen's, mechanics' or other lien against the Premises. If any such lien should at any time be filed, Lessee shall cause the same to be discharged of record within fifteen (15) days after the date of filing of the same. If Lessee shall fail to discharge such lien within such time period, then, in addition to any other right or remedy of Lessor, Lessor may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due (without any investigation as to the validity of same) or by procuring the discharge of such lien by a deposit in court or by posting a bond. Any amount paid by Lessor for any of the aforesaid purposes, or for the satisfaction of any other lien not caused by Lessor, and all reasonable expenses of Lessor in defending any such action or in procuring the discharge of any such lien, shall be deemed additional rent hereunder and shall be repaid by Lessee to Lessor on demand.

8. ACCEPTANCE OF PREMISES

Upon the date hereof, Lessee agrees to accept and hereby does accept the Premises in their current as-is condition. The obligations of Lessee under this Lease shall not be conditioned upon the initiation or completion of the Lessee's Work. If requested by Lessor, Lessee shall execute and deliver to Lessor a written acceptance of the Premises as of the Commencement Date. Lessee acknowledges that Lessor has provided Lessee with a full setoff the plans for the Building (the "Building Plans"). In the event there exists any one or more material variances between the Building Plan and the actual, structural condition of the Building and such material variance or variances, in Lessee's reasonable estimation, will result in an increase in the costs of Lessee's Work exceeding, in the aggregate, $10,000, Lessee shall promptly notify Lessor. Prior to Lessee undertaking any repairs, alterations, or improvements or other corrective measures on account of any such variance, Lessee shall consult with Lessor and the Parties will mutually agree upon the proper course of action given the nature of any such variance and the Lessee's Plans and Specifications. Lessor, at Lessor's option, shall conduct all repairs, replacements, alterations or improvements necessary for the proper implementation of the agreed upon corrective measures. Lessor shall be responsible for all costs associated with curing any such variances in excess of $10,000 on an aggregate basis.

9. COMMON AREAS AND OPERATING EXPENSES OF PREMISES

The term "Common Area" is defined for all purposes of this Lease as that part of the Premises and the Park intended for the common use of all lessees of Lessor, and includes, among other facilities, all parking areas, sidewalks, driveways, truckways, common loading areas, and landscaped areas. Lessor and Lessee hereby agree that Lessee shall have non-exclusive access

(together with all other lessees of the Park) to the common parking areas, driveways, walks, landscaped areas and service areas of the Park appurtenant to the Premises. During the term of this Lease, Lessee will have the unreserved use, in common with the other tenants of the Building and the Park, of one (1) parking space per one thousand (1000) square feet of leased space. Lessee agrees not to interfere with other lessees' access to or use of the Common Areas.

Lessee shall be entitled to park in the Common Areas in common with other lessees of Lessor. Lessee agrees not to overburden the parking facilities and agrees to cooperate with Lessor and other lessees in the use of the parking facilities. Lessor reserves the right in its absolute discretion to determine whether the parking facilities are becoming crowded and, in such event, to allocate parking spaces among Lessee and other lessees. Lessee's trucks shall be parked directly in the rear of the Premises and shall not interfere with other lessees' access to their premises or the Common Areas.

Lessor shall be responsible for the operation, management and maintenance of the Common Areas and the Park, the manner thereof and the expenditures incurred in connection therewith to be in the sole discretion of Lessor. Lessee agrees to pay as additional rent as hereafter provided, its Proportionate Share of the cost of operation, management and maintenance of the Common Areas and Park including among other costs, those incurred for water, landscaping, lighting, painting, cleaning, policing (if any), inspecting, repairing and replacing, together with a reasonable allowance for Lessor's overhead and depreciation of equipment (the "Operating Expenses"). Lessee shall pay its Proportionate Share of the Operating Expenses as follows: Lessee shall pay to Lessor an "Estimated Annual Operating Expense Charge" payable in equal monthly payments in advance, commencing on the first day of the third full calendar month of the Lease Term, based upon the annual Operating Expenses (as estimated by Lessor), but subject to adjustment after the end of each calendar year on the basis of the actual costs for such year. Within ninety (90) days after the close of each calendar year, Lessor will furnish to Lessee a statement of Operating Expenses for such year. Such statement will outline the Operating Expenses incurred and Lessee's Proportionate Share of same. Such statement will also show any overpayment by Lessee or any shortage in the payments made by Lessee. Any overpayment will be credited against subsequent monthly Operating Expense obligations or shall be refunded to Lessee, at Lessor's option. Any shortage shall be paid by Lessee to Lessor within ten (10) days after delivery of such statement.

The term "Common Area" is defined for all purposes of this Lease as that part of the Premises, Building, and Park intended for the common use of all Lessees, including among other facilities, parking areas, sidewalks, driveways, truckways, common loading areas, and landscaped areas. The parties hereby agree that Lessee shall have access with all other Lessees to the parking areas, driveways, walks, landscaped areas and service areas appurtenant to the Premises. Lessee agrees not to unreasonably interfere with other Lessees' said access.

Lessee shall be entitled to park in Common Areas with other Lessees of Lessor. Lessee agrees not to overburden the parking facilities and agrees to reasonably cooperate with Lessor and other Lessees in the use of parking facilities. Lessor reserves the right in its absolute discretion to determine whether parking facilities are becoming crowded and, in such event, to allocate parking spaces among Lessee and other Lessees but in no event shall Lessee's allotment of parking spaces be less than 112 spaces.

Lessor shall be responsible for the operation, management, and maintenance of the Common Area, Building, and Premises, the manner and the expenditures thereof to be in the sole but reasonable discretion of Lessor, and Lessee agrees to pay as additional rent as hereafter provided, its proportionate share of the reasonable cost of operation, management and maintenance of the Common Area and premises including among other costs, those incurred for water, landscaping, lighting painting, cleaning, policing, inspecting, repairing and replacing together with a reasonable allowance for depreciation of equipment, hazard and public liability insurance and property damage insurance (the "Operating Expenses"). Lessee shall be responsible for providing its own trash dumpster and dumpster service in a location approved in advance in writing by Lessor. Lessee's debris shall be of such volume as to not overburden Lessee's trash dumpster. Lessee shall keep the trash dumpster area in a clean condition.

Notwithstanding anything to the contrary herein, Operating Expenses exclude: (1) leasing commissions, costs, disbursements, and other expenses incurred for leasing, renovating, or improving space for tenants; (2) costs (including Permit, license, and inspection fees) incurred in renovation, improving, decorating, painting, or redecorating vacant space or space for tenants other than Lessee; (3) costs incurred for matters which directly benefit other tenants which do not benefit Lessee; (4) costs incurred by Lessor for alterations that are considered capital improvements and replacements under generally accepted accounting principles consistently applied; additionally, capital improvements made in order to comply with any law, rule or regulation promulgated after the date of the Lease by any governmental authority, which cost of capital improvements shall be amortized over the useful economic life of such improvements as determined by Lessor, in accordance with generally accepted accounting principles and shall be included in Operating Expenses; (5) depreciation and amortization on the Building; (6) costs incurred because the Lessor or another tenant violated the terms of any lease; (7) intentionally omitted; (8) interest on debt or amortization payments on mortgages or deeds of trust or any other debt for borrowed money; (9) items and services for which Lessee reimburses Lessor or pays third parties or that Lessor provides selectively to one or more tenants of the Building other than Lessee without reimbursement; (10) advertising and promotional expenditures; (11) repairs or other work needed because of fire, windstorm, or other casualty or cause insured against by Lessor; (12) costs incurred to remedy structural defects in original construction materials or installations; (13) structural repairs and replacements; roof and foundation repairs and replacements; maintenance and repairs to the exterior of the Building; (14) any costs, fines or penalties incurred because Lessor violated any governmental rule or authority; (15) costs incurred to test, survey, cleanup, contain, abate, remove, or otherwise remedy hazardous wastes or asbestos containing materials from the Building and/or property upon which the Building is situated unless the wastes or asbestos containing materials were in or on the property because of Lessee's negligence or intentional act or the presence thereof otherwise constitutes a default by Lessee in the performance or observance of Lessee's obligations under this Lease, in which event all such costs shall be borne exclusively by Lessee; (16) any costs for repairs or replacements to the building systems including but not limited to the plumbing, mechanical, heating, ventilation and air conditioning, electrical and sprinkler within the first full year after the Commencement Date other than those specifically caused by Lessee's negligence or arising in connection with the Lessee's Work; and (17) other expenses that under generally accepted accounting principles consistently applied would not be considered normal maintenance, repair, management, or operation expenses.

Notwithstanding anything to the contrary contained herein, and solely for the benefit of Lessee and not for the benefit of any other tenant or third party, "Controllable Operating Expenses" (as defined below) for any calendar year (the "Applicable Year"), commencing with the calendar year of 2004, shall nor exceed an amount determined by increasing the annualized Controllable Operating Expenses for the calendar year of 2003 at the rate of six percent (6%) per year cumulative and compounded through the Applicable Year. "Controllable Operating Expenses" shall mean those Operating expenses which are reasonably controlled by Lessor. Examples of Operating Expenses which are not reasonably controlled by Lessor shall include, but not be limited to, those Operating Expenses relating to utility costs, costs of unbudgeted repairs and maintenance and costs of alterations and modifications to the Building or the Park required by applicable governmental laws, ordinances, rules or regulations. Such limitation on Controllable Operating Expenses shall not limit or otherwise affect Lessee's obligations regarding the payment of additional rent for Taxes or Premiums under Section 5 above.

Notwithstanding anything to the contrary herein, Operating Expenses shall not include any costs associated with the construction of infrastructure within the Park including but not limited to the construction and installation of any new driveways, roadways, accessways, or buildings or additions thereto within the Park.

Lessee's Proportionate Share of the cost of operation management and maintenance of the Common Area and Premises and Lessee's Proportionate Share of insurance premiums shall be computed on the ratio that the total ground floor area of the Premises (112,500) bears to the total ground floor area of the building (275,000).

Lessee shall pay to Lessor an "Estimated Annual Common Area and Operating Expense Charge" payable in equal monthly payments in advance, commencing with the first day of the lease term, based upon the estimated annual cost of operation, management, and maintenance of the

common areas and Premises, but subject to adjustment after the end of each calendar year on the basis of the actual costs for such year. No later than March 30th of each calendar year, Lessor will furnish to Lessee a detailed statement of expenses for such year ("Statement"), such Statement to be prepared in accordance with generally accepted accounting practices and to include Lessee's proportionate share of the expenses as herein provided. Such statement will also show any overpayment by Lessee or any shortage in the payments made by Lessee. Any overpayment will be credited against subsequent monthly Operating Expense obligations or shall be refunded to Lessee, at Lessor's option. Any necessary adjustment shall be made fifteen (15) days after delivery of such statement.

Lessee and its agents, and employees shall have one hundred twenty (120) days after receiving the statement to audit Lessor's books and records concerning the statement at a mutually convenient time at Lessor's offices. The books and records shall be kept in accord with generally accepted accounting principles consistently applied. If Lessee disputed the accuracy of Lessor's Statement, Lessee may pay such disputed amount into Lessee's attorney's escrow account pending resolution of the dispute. Lessee may however, within 120 days after receiving the Statement, begin arbitration. Lessee may recover that part of the Additional Rent paid (plus interest at twelve percent (12%) per year or the maximum then allowed by applicable law, whichever is less), because of errors in the Statement, books, or records of Lessor. if Lessee does not file for arbitration within the 120-day period, then Lessee accepts as final the amount shown owing on the Statement and shall pay said amounts to Lessor within thirty (30) days.

If Lessee's audit of the books and records shows that the actual Operating expenses was ten percent (10%) or more below the amount appearing on the Statement, then Lessor shall pay to Lessee, Lessee's reasonable costs of conducting the audit.

Lessor shall be deemed to have waived its right to seek reimbursement from Lessee with respect to any Operating Expenses actually billed to Lessor in the event Lessor has not billed Lessee on account thereof within two (2) years after Lessor's receipt of any bill or invoice with respect to the same,

Lessor reserves the right to stop the supply of water, sewage, electrical current and other services, without incurring any liability to Lessee, where necessary by reason of accident or emergency, or for repairs, alterations, replacements or improvements in the judgment of Lessor desirable or necessary, or when prevented from supplying such services by strikes, lockouts, difficulty of obtaining materials, accidents or any other cause beyond Lessor's control, or by laws, orders or ability by exercise of reasonable diligence to obtain electricity, water, steam, coal, oil or other suitable fuel or power. However, in the case of repairs, alterations, replacements or improvements which are under Lessor's control, Lessor agrees to give Lessee reasonable notice of repairs, alterations, replacements or improvements. No diminution or abatement of rent or other compensation shall or will be claimed by Lessee as a result of, nor shall this Lease or any of the obligations of Lessee be affected or reduced by reason of, any such interruption, curtailment or suspension except in the event if any interruption or failure of utilities services is caused by the gross negligence or willful misconduct of Lessor or its agents, representatives, employees or others acting on Lessor's behalf and such interruption or failure continues for five consecutive days then the rent shall abate commencing on the sixth consecutive day until such time as the services are continued uninterrupted,.

10. UTILITIES AND SERVICES

Lessee shall pay for any and all gas. electricity, fuel, and any other utilities for the Premises, or used by Lessee in connection therewith, and for the hook-up or service commencement of same. If Lessee does not pay said utilities, Lessor may pay the same and such payment shall be deemed additional rent payable by Lessee to Lessor upon demand by Lessor.

Lessee shall be responsible for providing its own trash dumpster and dumpster service. Lessee shall maintain its trash dumpster only in the area designated for same by Lessor. Lessee's debris shall be of such volume as to not overburden Lessee's trash dumpster. Lessee shall keep its trash dumpster area in a clean and orderly condition.

11. USE OF PREMISES

The Premises shall be used only for the purpose of printing, receiving, storing, shipping and selling products, materials and merchandise made and/or distributed by Lessee, general office space incidental to the foregoing use, and for such other lawful purposes as may be incidental thereto and approved by Lessor in writing. Such use shall be in all respects subject to Section 16 hereof and to any title matters of record with respect to the Premises or the Park. Lessee shall, at its sole cost and expense (i) obtain any and all licenses and permits necessary for any such use and (ii) comply with all laws, ordinances, rules, regulations, orders and directives applicable to the use or misuse of the Premises. Lessee shall not receive, store or otherwise handle any product, material or merchandise that is explosive or highly flammable, or permit the Premises to be used for any purpose which would render the insurance thereon void or increase the insurance risk. The Lessor acknowledges Lessee's intended use and consents to the use of any product, material or merchandise incidental to the performance of Lessee's business so long as Lessee's use of any such product, material or merchandise is in accordance with all applicable laws (including, without limitation, Environmental Laws). The foregoing limited consent shall in no way be construed to reduce, condition or limit Lessee's obligations pursuant to Section 16 of this Lease and shall not be deemed as a waiver of any of Lessor's rights or remedies at law or in equity in the event any such use constitutes a default by Lessee in the observance or performance of any covenant, agreement, duty or obligation of Lessee set forth in Section 16 hereof. The Premises shall not be used for any illegal purposes, in violation of any ordinance, rule or regulation of any governmental body or in any manner to create any nuisance. Lessee shall allow no noxious or offensive odors, fumes, gases, smoke, dust, steam or vapors, or any loud or disturbing noise or vibrations to originate in or be emitted from the Premises. If the Premiums are increased due solely to Lessee's use of the Premises or on account of the installation, completion or existence of Lessee's Work, Lessee shall, in addition to its other obligations hereunder, pay to Lessor the full amount of such increase in Premiums.

12. ABANDONMENT OF LEASED PREMISES

Lessee agrees not to abandon the Premises during the Lease Term. Lessee agrees to use said Premises for the purpose herein leased until the expiration hereof. Until such time as the Lessee's Work is completed, any suspension of work in connection with the Lessee's Work after the commencement of the same which lasts for more than fourteen (14) consecutive days shall constitute an abandonment by Lessee of the Premises. Lessee agrees that if at any time during the Term Lessee suspends or discontinues its day to day possession and/or on site operations at the Premises, Lessee shall be obligated (i) to inspect the Premises not less than once per month during the period of any such suspension or discontinuation of operations, (ii) to maintain in effect Lessee's routine janitorial and maintenance program, (iii) to maintain utility service to the Premises to ensure inside temperatures within the Premises do not fluctuate in a manner which causes damage to the Premises, the Building or any of the equipment, systems or fixtures therein, and (iv) to otherwise take such steps as may be reasonably requested by Lessor to ensure the Premises and the Building do not suffer damage or waste as a result of such suspension or discontinuation of Lessee's possession and/or day to day operations. In addition, in the event any suspension or discontinuance of Lessee's day to day operations at the Premises results in any increase in the Premiums, Lessee shall, in addition to its other obligations under this Lease, pay to Lessor the full amount of such increase in Premiums.

13. DAMAGE BY CASUALTY

(a) Should the Premises or any part thereof be damaged or destroyed by fire or other casualty prior to the completion of Lessee's Work and the issuance of a final certificate of occupancy with respect to the Premises by the appropriate governmental authority ("Substantial Completion"), Lessee shall promptly inform Lessor of such occurrence in writing. Lessee shall be responsible for any such damage or destruction to the Premises and shall restore, at Lessee's sole cost and expense, the Premises to the condition that existed prior to such event within one hundred twenty (120) days after the occurrence of such event.

(b) In the event of total or partial destruction of the Premises by fire or other casualty after Substantial Completion that renders the Premises untenantable, Lessor agrees, subject to the other terms of this Subsection 13(b), to commence the restoration and repair of the Premises at Lessor's expense promptly after receipt of the notice from Lessee and the adjustment of any available insurance claim. In the event the Premises are so destroyed that they cannot be repaired

or rebuilt within one hundred twenty (120) days after the date of Lessee' notice regarding the damage or destruction, then either Lessor or Lessee may terminate and cancel this Lease upon ten (10) days written notice to the other party, and rent shall proportionately abate during the time the Premises or a part thereof are unusable by reason of such damage thereto. Further, in the event the Premises are destroyed or damaged by fire or other casualty when there are twelve (12) months or less remaining on the Lease Term, or should the insurance proceeds actually received by Lessor and usable by Lessor for repair or restoration of the Premises be insufficient to complete such repair or restoration, Lessor may, at its option, terminate or cancel this Lease upon ten (10) days written notice to Lessee and Lessee's obligations to pay further rent hereunder shall simultaneously terminate.

14. INDEMNITY AND PUBLIC LIABILITY

Lessee covenants at all times to save Lessor harmless from any and all loss, liability, cost, expense or damage that may occur or be claimed with respect to any person or persons, legal entity, property, or chattels on or about the Premises, the Building or the Park resulting from any act done or omission by or through Lessee, its agents, employees, contractors, invitees, or any person on the Premises arising by reason of Lessee's use or occupancy of the Premises, resulting from Lessee's nonuse or possession of the Premises or arising in connection with the performance of the Lessee's Work, together with any or all loss, cost, liability, or expense resulting from any of the foregoing, provided that such loss, liability, cost, expense or damage is not the result of Lessor's gross negligence or willful misconduct. Lessee further covenants and agrees at all times to maintain said Premises in a safe and careful manner.

Lessee further covenants and agrees to maintain at all times, during the Lease Term, comprehensive public liability insurance with a responsible insurance company licensed to do business in the State of Georgia and satisfactory to Lessor in its sole discretion, properly protecting and indemnifying Lessor in an amount of not less than $3,000,000.00 for injury to or death of any one person, $3,000,000.00 for injury to or death of any two or more persons arising out of any one occurrence, and not less than $3,000,000.00 for property damages. Such policy or policies shall name Lessor (and, at Lessor's request, any lender to Lessor) as an additional insured, and shall be noncancellable except after ten (10) day's notice in writing to Lessor or Lessor's designees. Lessee shall furnish Lessor with a certificate or certificates of insurance, on ACCORD form 27 or equivalent, conforming that such insurance is so maintained by Lessee prior to beginning occupancy hereunder. The indemnity provided for in this Section shall survive the expiration or termination of this Lease.

Subject to Lessor's prior consent as set forth in Section 6 hereof and the further provisions set forth therein, Lessee shall have the option, either alone or in conjunction with Citigroup, Lessee's ultimate parent corporation, or any subsidiaries or affiliates of Citigroup, to maintain Self Insurance, as defined in Section 6, provided the same does not thereby decrease the insurance coverage or limits sets forth in this Section 14. Any Self Insurance shall be deemed to contain all of the terms and conditions applicable to such insurance as required in this Section 14. If Lessee elects to self-insure, then, with respect to any claims which may result from incidents occurring during the Term, such Self Insurance obligation shall survive the expiration or earlier termination of this Lease to the same extent as the insurance required would survive.

15. GOVERNMENTAL ORDERS

Lessee agrees, at its own expense, to promptly comply with all requirements of any legally constituted public authority made necessary by reason of Lessee's use or occupancy of the Premises and/or the undertaking and completion of the Lessee's Work. Lessor agrees to promptly comply with any such requirements if not made necessary by reason of Lessee's use or occupancy or the undertaking and/or completion of the Lessee's Work.

16. ENVIRONMENTAL MATTERS

(a) For purposes of this Section 16:

(i) "Contamination" as used herein means the uncontained or uncontrolled presence of or release of Hazardous Substances into any environmental media in or on the Premises, the Building or the Park (or any portion thereof) so as to require remediation, cleanup or investigation under any applicable Environmental Laws.

(ii) "Environmental Laws" as used herein means all federal, state, and local laws, regulations, orders, permits, ordinances, and the like concerning protection of human health and/or the environment including, without limitation, CERCLA, RCRA, or any similar state or federal laws.

(iii) "Hazardous Substances" as used herein means any hazardous or toxic substance or waste as those terms are defined by any applicable federal or state law or regulation (including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et. sec. ["CERCLA"] and the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et. sec. ["RCRA"]) and petroleum products and oil.

(b) Lessee represents that all its activities at the Premises, the Building and the Park will be conducted in compliance with all applicable Environmental Laws. Lessee warrants that it is currently in compliance with all applicable Environmental Laws and that there are no pending or threatened notices of deficiency, notices of violation, orders, or judicial or administrative actions involving alleged violations by Lessee of any Environmental Laws. Lessee, at Lessee's sole cost and expense, shall be responsible for obtaining all permits, licenses or approvals under any Environmental Laws necessary for Lessee's operation of its business on the Premises and shall make all notifications and registrations required by any applicable Environmental Laws. Lessee, at Lessee's sole cost and expense, shall at all times comply with the terms and conditions of all such permits, licenses, approvals, notifications and registrations and with any other applicable Environmental Laws. Lessee warrants that it has obtained all such permits, licenses or approvals and make all such notifications and registrations required by any applicable Environmental Laws necessary for Lessee's operation of its business on the Premises.

(c) Lessee shall not cause or permit any Hazardous Substances to be brought upon, kept or used in or about the Premises, the Building or the Park without the prior written consent of Lessor, which consent shall not be unreasonably withheld. For purposes of this Section 16(c), Lessor shall be deemed to have reasonably withheld consent if Lessor determines that the presence of such Hazardous Substance within the Premises could result in a risk of harm to person or property or otherwise negatively affect the value or marketability of the Building or the Park.

(d) In the event Lessor shall grant its consent as described in Section 16(c) above, Lessee shall not cause or permit the release of any Hazardous Substances into any environmental media such as air, water or land, or into or on the Premises, the Building or the Park. If such release shall occur, Lessee shall immediately (i) take all necessary steps to contain, control and clean up such release and any associated Contamination, (ii) notify Lessor, and (iii) take any and all other action which may be required by Environmental Laws, governmental agencies, and/or Lessor.

(e) Regardless of any consents granted by Lessor pursuant to Section 16(c) allowing Hazardous Substances upon the Premises, Lessee shall under no circumstances whatsoever (i) treat, store or dispose of any Hazardous Waste (as all such terms are defined by RCRA, and the regulations promulgated thereunder) within the Premises, the Building or the Park; (ii) discharge Hazardous Substances into the storm sewer system serving the Park; or (iii) install any underground storage tank or underground piping on or under the Premises, the Building or the Park.

(f) Lessee shall and hereby does indemnify Lessor and hold Lessor harmless from and against any and all expense, loss, and liability suffered by Lessor (with the exception of those expenses, losses, and liabilities arising from Lessor's own gross negligence or willful act), by reason of Lessee's improper storage, generation, handling, treatment, transportation, disposal, or arrangement for transportation or disposal, of any Hazardous Substances (whether accidental, intentional, or negligent) or by reason of Lessee's breach of any of the provisions of this Section 16. Such expenses, losses and liabilities shall include, without limitation, (i) any and all expenses that Lessor may incur to comply with any Environmental Laws as a result of Lessee's failure to comply therewith; (ii) any and all costs that Lessor may incur in studying or remedying any Contamination at or arising from the Premises, the Building, or the Park; (iii) any and all costs that Lessor may incur in studying, removing, disposing or otherwise addressing any

Hazardous Substances; (iv) any and all fines, penalties or other sanctions assessed upon Lessor by reason of Lessee's failure to comply with Environmental Laws; and (v) any and all legal and professional fees and costs incurred by Lessor in connection with the foregoing. The indemnity contained herein shall survive the termination or expiration of this Lease.

(g) Lessor shall have the right, but not the obligation, to enter the Premises at reasonable times and upon prior reasonable notice throughout the Lease Term to audit and inspect the Premises for Lessee's compliance with this Section 16.

(h) Lessee hereby represents and warrants that it has completed the Hazardous Materials Disclosure Certificate attached hereto as Exhibit "D", and that all of its answers thereon are true, correct and complete. Lessee hereby further agrees to complete and submit to Lessor a Hazardous Materials Disclosure Certificate (or any successor document utilized by Lessor or any of its members in connection with environmental issues) on each anniversary of the Commencement Date. Nothing in the request by Lessor to complete the Hazardous Materials Disclosure Certificate shall be deemed an authorization by Lessor to conduct any of the activities described thereon.

17. EMINENT DOMAIN

If the Premises shall be taken by any competent authority under the power of eminent domain (or deed in lieu thereof) or be acquired for any public or quasi-public use or purpose, the Lease Term shall cease and terminate upon the date when the possession of said Premises so taken shall be required for such use or purpose and without apportionment of the award, and Lessee shall have no claim against Lessor for the value of the unexpired Lease Term. If any condemnation proceeding shall be instituted in which it is sought to take or damage any part of the Building or the land under it or contiguous thereto, or if the grade of any street or alley adjacent to the Building is changed by any competent authority and such change of grade makes it necessary or desirable to remodel the Building to conform to the changed grade, Lessor shall have the right to cancel this Lease after having given written notice of cancellation to Lessee not less than one hundred eighty (180) days prior to the date of cancellation designated in the notice. In either of said events, rent at the then current rate shall be apportioned as of the date of the termination. No money or other consideration shall be payable by Lessor to Lessee for the right of cancellation and Lessee shall have no right to share in the condemnation award or in any judgement for damages caused by the taking or the change of grade. Nothing in this paragraph shall preclude an award being made to Lessee by the condemning authority for loss of business or depreciation to and cost of removal of equipment or fixtures, provided that any such award to Lessee does not diminish or replace in any way the award payable to Lessor hereunder. Except as provided herein, no condemnation or deed in lieu thereof shall have any effect on this lease or the obligations of Lessee hereunder.

18. ASSIGNMENT AND SUBLETTING

Lessee shall not, without the prior written consent of Lessor, assign this Lease or any interest hereunder, or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than Lessee. Consent to any assignment or sublease shall not destroy this provision, and all later assignments or subleases shall be made likewise only on the prior written consent of Lessor. Any assignee of Lessee, at the option of Lessor, shall become directly liable to Lessor for all obligations of Lessee hereunder, but no sublease or assignment by Lessee shall relieve Lessee of any liability hereunder. The consent of Lessor referred to herein shall not be unreasonably withheld, conditioned or delayed. Permissible reasons for Lessor's withholding consent include (but are not limited to) the following: (i) the proposed use of the Premises is not permitted by this Lease, would negatively affect insurance or environmental risks, or would otherwise negatively impact the Park; (ii) the creditworthiness of the proposed transferee is unacceptable to Lessor; (iii) the proposed use or occupancy would require alterations or additions to the Premises or other portions of the Park to comply with applicable laws, ordinances, and regulations; and (iv) if the consent of any holder of a deed to secure debt is required, such holder refuses to consent after good faith efforts by Lessor to obtain such consent. Any attempted assignment or sublease without Lessor's prior written consent shall be void

If Lessee requests Lessor's consent to a sublet or assignment, Lessor may either (i) approve or disapprove the sublet or assignment, or (ii) terminate this Lease with respect to the part of the Premises included in the proposed sublet or assignment. In connection with each

sublet or assignment request by Lessee, Lessee shall obtain and furnish to Lessor all documents, financial reports, and other information Lessor reasonably requires in order to evaluate the proposed transferee. Lessor shall advise Lessee of Lessor's decision with respect to the requested sublet or assignment within ten (10) days after receipt of Lessee's written request, all requested supporting materials, and the fee provided for below. Lessor's failure to respond within this period shall be deemed as Lessor's refusal to grant its consent. If Lessor refuses to consent to a requested sublease or assignment, this Lease shall nonetheless remain in full force and effect. Lessee shall reimburse Lessor for any and all costs associated with any requested sublease or assignment, including Lessor's reasonable attorneys' fees, promptly upon request.

19. DEFAULT

(a) It is mutually agreed that the following events shall be deemed a "Default" hereunder by Lessee: (i) Lessee shall default in the payment of rent herein reserved, when due, and shall fail to cure said default within ten (10) days after written notice thereof from Lessor, provided that Lessor shall only be required to give such notice two (2) times during any calendar year, and after the giving of two (2) such notices during any such calendar year by Lessor to Lessee, the failure to make timely any subsequent payment hereunder during such calendar year shall constitute a Default hereunder without further notice of any kind; (ii) Lessee shall be in default in performing any of the terms or provisions of this Lease (other than a provision requiring the payment of rent and other than any of the other events listed as a separate Default in this Section 19), and shall fail to cure such default within thirty (30) days after the date of receipt of written notice of default from Lessor, or if such default is by its very nature incapable of being cured in such thirty (30) day period and Lessee has commenced curative measure within such thirty (30) day period and is diligently pursuing the same, the failure of Lessee to cure such default within ninety (90) days after the date of receipt of written notice of default from Lessor; (iii) Lessee files for bankruptcy or has a bankruptcy petition filed against it; (iv) a receiver is appointed for Lessee's property and such receiver is not removed within sixty (60) days after appointment; (v) Lessee makes an assignment for benefit of creditors; (vi); (vii) Lessee's effects should be levied upon or attached under process against Lessee, not satisfied or dissolved within sixty (60) days after attachment; (viii) failure by Lessee to maintain the insurance required hereunder, and (ix) failure by Lessee to comply in any way with Section 16 or Section 18 hereof. In any of said events, Lessor at its option may at once, or at anytime thereafter, terminate this Lease by written notice to Lessee, whereupon this Lease shall terminate, and the parties hereto shall have no further obligation to each other; provided, however that Lessee shall be obligated to Lessor for (I) all rent, including any additional rent, incurred prior to such termination date, (II) the present value of the difference between (A) the Monthly Rent Payments required under the Lease for the remainder of the Lease Term and (B) market rents for the Premises at the time of termination for such period (discounted at eight percent (8%) per annum), (III) any failure by Lessee to timely turn over the Premises or to turn it over in the condition required hereunder, and (IV) all indemnities of Lessee provided for hereunder shall continue. Any notice provided in this Section may be given by Lessor or its attorney. Upon such termination by Lessor, Lessee will at once surrender possession of the Premises to Lessor and remove all of Lessee's effects therefrom and render same broom clean, and Lessor may forthwith reenter the Premises and repossess itself thereof, and remove all persons and effects therefrom, using such force as may be necessary without being guilty of trespass, forcible entry or detainer or other tort.

(b) As an alternative to Lessor's remedies under Section 19(a) above, Lessor may, without terminating this Lease, reenter the Premises by summary proceedings or otherwise, and in any event may dispossess Lessee, removing all persons and property from the Premises and such property may be removed and stored in public warehouse or elsewhere at the cost of, and for the account of Lessee, all without service of notice or resort to legal process and without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby. In the event of such reentry, Lessor may relet the Premises to such lessee or lessees for such term or terms as Lessor may elect, without being obligated to do so, and in the event of a reletting shall apply the rent therefrom first to the payment of Lessor's expenses, including attorney's fees incurred by reason of Lessee's Default, and the expense of reletting including but not limited to the repairs, renovation or alteration of the Premises, and then to the payment of rent and all other sums due from Lessee hereunder. Lessee shall remain liable for any deficiency. Such deficiency shall be calculated and paid monthly by Lessee. No such reentry

or taking possession of the Premises by Lessor shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to Lessee or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this Lease for such previous Default. In addition, Lessor may, as agent of Lessee, do whatever Lessee is obligated to do by the provisions of this Lease and may enter the Premises, without being liable to prosecution or any claim for damages therefor, in order to accomplish this purpose. Lessee agrees to reimburse Lessor immediately upon demand for any expenses which Lessor may incur in thus effecting compliance with this Lease on behalf of Lessee, and Lessee further agrees that Lessor shall not be liable for any damages resulting to Lessee for such action, unless caused by the negligence of Lessor.

(c) Lessor's Default. Lessor's failure to perform or observe any of its obligations under this Lease for a period of thirty (30) days after Lessor's receipt of notice from Lessee shall be considered a default. Notwithstanding the foregoing, Lessor shall not be deemed to have defaulted hereunder if any such obligation is, by its very nature, incapable of being fulfilled within such thirty (30) day period and Lessor has commenced curative measures for the same within such thirty (30) day period. In such event, Lessor shall have a reasonable time (not to exceed 90 days after Lessor's receipt of written notice from Lessee) to effect a cure for the same prior to Lessor being deemed to have defaulted hereunder. The notice from Lessee to Lessor shall give in reasonable detail the nature and extent of the failure and identify the Lease provision(s) containing the obligation(s) of Lessor if which Lessee claims Lessor to be in default. In the event Lessee receives notice of a Mortgagee's name and address and request for notice upon a default of Lessor, Lessee gives notice required by this Section 19, (c) to the Mortgagee at the same time Lessee gives notice to Lessor. If Lessor commits a default, Lessee may pursue any remedies given in this Lease or under law; provided, however, Lessee expressly acknowledges that Lessee shall not have the right to terminate this Lease on account of any such default. Lessee may, without being obligated and without waiving the default, cure the default. Lessor shall pay Lessee upon demand, all reasonable costs, expenses, and disbursements incurred by the Lessee to cure the default. In the event that Lessee has not received payment within ten days after notice to Lessor then Lessee may deduct such amount from the Rent plus interest at the rate of twelve percent (12%) per annum from the date such cost is incurred by Lessee until repaid by Lessor, and Lessee may charge.

20. SUBROGATION

Neither Lessor nor Lessee shall be liable to the other for the loss arising out of damage to or destruction of the Premises or the Building, or the contents of any part thereof, when such loss is caused by any of the perils which are or could be included within or insured against by a standard form of fire insurance with extended coverage, including sprinkler leakage insurance, if any. All such claims for any and all loss, however caused, are hereby waived. The absence of liability shall exist whether or not the damage or destruction is caused by the negligence of either Lessor or Lessee or by any of their respective agents, servants or employees, provided however that this provision is not intended to protect either party from its own gross negligence or willful misconduct. It is the intention and agreement of Lessor and Lessee that the rent reserved by this Lease have been fixed in contemplation that each party shall fully provide its own insurance protection at its own expense (subject to reimbursement of the Premiums as provided for herein), and that each party shall look to its respective insurance carriers for reimbursement of any such loss, and further, that the insurance carriers involved shall not be entitled to subrogation under any circumstances against any party to this Lease. Neither Lessor nor Lessee shall have any interest or claim in the other's insurance policy or policies, or the proceeds thereof, unless specifically covered therein as a joint insured.

21. MORTGAGE SUBORDINATION

This Lease shall be and hereby is made subject and subordinate at all times to the security title of any deed to secure debt granted by Lessor which may now or hereafter affect the real property of which the Premises forms a part, and to all renewals, modifications, consolidations, participations, replacements and extensions thereof. Upon Lessee's written request, Lessor will use reasonable efforts to obtain from the holder of any deed to secure debt affecting the Premises an agreement, in writing, in recordable form, for itself, its successors and assigns, that the rights of Lessee under the Lease shall not be terminated, and the possession of Lessee shall not be disturbed by any holder of any deed to secure debt or by any proceeding on the debt which any

such deed to secure debt secures, or by any person, firm or corporation whose rights were acquired as a result of such proceeding or by virtue of a right or power contained in any such deed to secure debt or the bond or note secured thereby and that any sale at foreclosure will be subject to this Lease, subject however, to the conditions requested by such holder of such deed to secure debt as a prerequisite to the execution of such agreement. Lessee agrees that, in the event of foreclosure of any such deed to secure debt or sale of the Premises under the power contained therein, Lessee will attorn to and accept the purchaser at any such sale as Lessor for the balance of the then remaining Lease Term, subject to all of the terms and conditions of the Lease.

If Lessor shall notify Lessee of the placing of any deed to secure debt against the Premises, Lessee agrees that in the event of any act or omission by Lessor or any other occurrence which would give Lessee the right to terminate this Lease, to claim a partial or total eviction, or to reduce any rent payments hereunder, Lessee shall not exercise any such right until (a) it has notified in writing the holder of any deed to secure debt which at the time shall be a lien on the Premises and of which it has notice, of such act or omission, (b) a reasonable period, not exceeding thirty (30) days, for commencing the remedying of such act or omission shall have lapsed following the giving of such notice, and (c) Lessee or such holder, with reasonable diligence, shall not have so commenced and continue to remedy such act or omission or cause the same to be remedied.

22. SIGNS AND ADVERTISEMENTS

Lessee shall not install any signs in or around the Premises, the Building or the Park without the express prior written approval of Lessor, which Lessor shall not unreasonably withhold. Any signage requested by Lessee shall conform to all legal requirements, including all laws, ordinances, rules, regulations and matters of title applicable to the Park, the Building or the Premises.

23. LESSOR'S RIGHT OF ENTRY AND CERTAIN OTHER RIGHTS

Lessor or Lessor's agent may enter the Premises at reasonable hours upon reasonable notice, except in the case of an emergency (in which case no notice shall be required), to examine the same and to do anything Lessor may be required to do hereunder or which Lessor may deem necessary for the good of the Premises, the Building or the Park. During the last six (6) months of the Lease Term, Lessor may display a "For Rent" sign on, and show the Premises.

Lessor reserves the right to make structural and nonstructural alterations, additions, and improvements to the Building and the Park, to re-stripe parking areas and otherwise control parking and traffic movement at the Park, and to change the name or street address of the Building or the Park.

24. EFFECT OF TERMINATION OF LEASE

No termination of this Lease prior to the stated termination date thereof, by lapse of time or otherwise, shall affect Lessor's right to collect rent for the period prior to termination hereof.

25. NO ESTATE IN LAND

This Lease shall create the relationship of landlord and tenant between the parties hereto; no estate shall pass out of Lessor. Lessee has only a usufruct, not subject to levy and sale, and not assignable by Lessee except by Lessor's consent. Lessee shall not record this Lease, or a copy hereof, or any memorandum hereof. No easements for light or air are granted herewith, either express or implied.

26. HOLDING OVER

If Lessee remains in possession of the Premises after expiration of the Lease Term, Lessee shall be a tenant at will and all of the terms and provisions of this Lease shall be applicable during that period, except that Lessee shall pay Lessor rent for the first ninety (90) days following the expiration of the Lease Term equal to one hundred twenty-five percent (125%) the rent that was payable by Lessee during the Lease Term. Beginning with the ninety-first (91st) day of the hold over, Lessee shall pay rent equal to one hundred fifty percent (150%) the rent that was payable by Lessee during the Lease Term. Such tenancy at will may be terminated by either party on thirty (30) days written notice. Lessor may terminate such tenancy at its inception by giving Lessee notice prior the expiration date that it requires possession of the Premises at the expiration of the Lease Term. Lessee agrees to vacate and deliver the Premises to

Lessor upon Lessee's receipt of notice from Lessor to vacate. No holding over by Lessee, whether with or without the consent of Lessor, shall operate to extend the Lease Term except as otherwise expressly provided. If Lessee remains in possession of the Premises after the expiration or termination of this Lease (other than as a tenant at will as provided above), Lessee shall be a tenant at sufferance, subject to immediate dispossession by Lessor. In the interim, Lessee' shall be obligated to Lessor for its unauthorized occupancy of the Premises at a rate equal to one hundred fifty percent (150%) the rate in effect just prior to termination, provided that the acceptance by Lessor of any such compensation shall not convert the tenancy to any other form of tenancy or confer upon Lessee any additional rights with respect to the Premises.

27. WAIVER

The rights and remedies of Lessor under this Lease as well as those provided or accorded by law, shall be cumulative, and shall be exclusive of any other rights or remedies hereunder or allowed by law. A waiver by Lessor of any breach(s) or default(s) of Lessee hereunder shall not be deemed or construed to be a continuing waiver of such breach(s) or default(s) nor as a waiver of or permission, expressed or implied, for any subsequent breach(s) or default(s), and it is agreed that the acceptance by Lessor of any rent payment subsequent to the date the same should have been paid hereunder, shall in no manner alter or affect the covenant and obligation of Lessee to pay subsequent installments of rent promptly upon the due date thereof. No receipt of money by Lessor after the termination of this Lease in any manner shall reinstate, continue or extend the Lease Term or reinstate this Lease in any manner. Should any check in payment of any obligation of Lessee hereunder be returned unpaid, Lessor may require that any or all subsequent payments hereunder be made in certified funds. Lessor shall not be required to accept any payment hereunder after the time that same is due, and may require that any funds so paid be paid in certified funds and represent payment in full of all overdue amounts.

28. NOTICES

Any notices required or convenient to be given hereunder shall be sent by certified mail, return receipt requested, or overnight courier to the following address:

LESSOR:
c/o Principal Capital Management, LLC
801 Grande Avenue
Des Moines, Iowa 50392-1370
Attention: Brenda M. Wadle, Vice President
Equity Asset Management

With a copy to:
Republic Property Company, Inc.
1355 Peachtree Street
Suite 1145
Atlanta, Georgia 30309
Attention: Gerald L. Daws

LESSEE:
c/o Primerica Financial Corp.
3120 Breckenridge Boulevard
Duluth, Georgia 30099-0001
Attention: General Counsel

Advantis Real Estate Services Co.
3455 Peachtree Road
Suite 400
Atlanta, Georgia 30326
Attention: Kurt Unger

Primerica Life Insurance Company
2150 Boggs Rd.
Suite 145
Duluth, Georgia 30136
Attention: Terry Robertson

29. TIME OF ESSENCE

Time is of the essence in this Lease,

30. BANKRUPTCY

Neither this Lease nor any interest therein nor any estate hereby created shall pass to any trustee or receiver in bankruptcy, or to any other receiver or assignee for the benefit of creditors or otherwise by operation of law during Lease Term or any renewal thereof.

31. SPECIAL STIPULATIONS

Insofar as the attached Special Stipulations # 44-50 conflict with any of the foregoing provisions, the Special Stipulations shall control.

32. GOVERNING LAW

This Lease shall be governed in accordance with the laws of the State of Georgia.

33. ENTIRE AGREEMENT; COUNTERPARTS

This Lease contains the entire agreement between the parties, and no modifications of this Lease shall be binding upon the parties unless evidenced by an agreement in writing signed by Lessor and Lessee after the date hereof. This Lease may be executed in multiple counterparts, each of which shall be considered an original for all purposes.

34. DEFINITIONS

"Lessor" as used in this Lease shall include its heirs, representatives, assigns and successors in title to the Premises. "Lessee" shall include its heirs and representatives, and if this Lease shall be validly assigned or sublet, shall include also Lessee's assignees or sub-lessees, as to the Premises covered by such assignment or sublease. "Lessor" and "Lessee" include male and female, singular and plural, corporation, partnership or individual, as may fit the particular parties.

35. ATTORNEY'S FEES

If any rent owing under this Lease is collected by or through an attorney following written notice to Lessee, Lessee agrees to pay the greater of (i) actual expenses or (ii) fifteen (15%) percent thereof as attorney's fees.

36. ESTOPPEL CERTIFICATES

Lessor and Lessee each agree to certify in writing the status of this Lease and the rent payable hereunder, at any time, upon ten (10) days written notice. Such certificate shall be in a form reasonably satisfactory to any governmental authority or public agency or to a prospective purchaser from, or assignee or sublessee of, or holder or prospective holder of a security instrument executed by Lessor or Lessee, as the case may be. In addition to any other matters required, such certificate shall certify the Commencement Date of the Lease Term and the anticipated termination date thereof; whether or not this Lease is in full force and effect; whether or not this Lease has been amended or modified, and if so, in what manner; the date through which rent payments have been made; whether or not there are any known defaults under this Lease, and if so, specifying the particulars of such default and the action required to remedy it; and whether or not there are any setoffs against or defenses to the enforcement of the terms and conditions of this Lease, and if so, specifying the particulars of such setoffs or defenses.

37. RULES AND REGULATIONS

The rules and regulations, if any, attached to this Lease are hereby made a part of this Lease, and Lessee agrees to comply with and observe the same. Lessee's failure to keep and observe said rules and regulations following a reasonable notice period shall constitute a breach of the terms of this Lease in the manner as if the same were contained herein as covenants. Lessor reserves the right from time to time to amend or supplement said rules and regulations, if any, or (if none are attached) to make rules and regulations, and to adopt and promulgate additional rules and regulations applicable to the Premises, the Building, and the Park. Written notice of such additional rules and regulations, and amendments and supplements, if any, shall be given to Lessee, and Lessee agrees thereupon to comply with and observe all such rules and regulations, and amendments thereto.

38. [INTENTIONALLY OMITTED]

39. DELAY

If Lessor or Lessee is delayed or prevented from performing any of its obligations under this Lease (other than the payment of rent) by reason of strike or labor troubles or any outside cause whatsoever beyond Lessor's or Lessee's reasonable control, the period of such delay or such prevention shall be deemed added to the time herein provided for the performance of any such obligations by Lessor or Lessee.

40. QUIET ENJOYMENT

Lessor warrants that it has full right to execute and to perform this Lease and to grant the estate demised, and that Lessee, upon payment of the required rents and performing the terms, conditions, covenants and agreements contained in this Lease, shall peaceably and quietly have, hold and enjoy the Premises during the Lease Term without hindrance by Lessor or its agents.

41. EXCULPATION

Lessee agrees that Lessee shall look solely to Lessor's interest in the Building and Lessor's personal property used in connection therewith for the satisfaction of any claim, judgment or decree requiring the payment of money by Lessor based on any default hereunder, and no other property or assets of Lessor, its affiliates, successors, partners, shareholders, subsidiaries, or assigns, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any such claim, judgment, injunction or decree. Further, the liability of any Lessor hereunder shall be limited to that arising hereunder during its period of ownership of the Premises. So long as a Lessor shall convey the Security Deposit to any successor in title, Lessor shall have no further liability of the return of same.

42. LESSEE AUTHORITY

In the event Lessee is a corporation, Lessee and the individuals signing on its behalf each jointly and severally represent and warrant that this Lease has been duly authorized, executed and delivered by and on behalf of the corporation and constitutes the valid and binding agreement of Lessee in accordance with the terms hereof. In the event Lessee is a partnership, Lessee and the individuals signing on its behalf each jointly and severally represent and warrant that all of the persons who are general or managing partners in said partnership have executed this Lease on behalf of the partnership, or that this Lease has been executed and delivered pursuant to and in conformity with a valid and effective authorization therefor by all of the general or managing partners of such partnership, and is and constitutes the valid and binding agreement of the partnership and each and every partner therein in accordance with its terms. It is further agreed that each and every present and future partner in the partnership shall be and remain at all times jointly and severally liable hereunder and that the death, resignation or withdrawal or any partner shall not release the liability of such partners under the terms of this Lease unless and until Lessor shall have consented in writing to such release.

43. TRANSFERS BY LESSOR

Lessor shall have the unrestricted right to sell, assign, mortgage, encumber, or otherwise dispose of all or any part of the Park or any interest therein. Lessee's obligations under this Lease shall not be affected by any sale, assignment, mortgage, encumbrance, or other disposition of the Park or any part thereof by Lessor, and Lessee shall attorn to anyone who thereby becomes the successor to Lessor's interest in this Lease.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties herein have hereunto set their hands and seals the day and year first above written.

Signed, sealed and delivered as to
Lessee, in the presence of:

/s/ Ansleigh Smith
Witness

1-10-03
Date

ANSLEIGH SMITH
Notary Public, Gwinnett County, Georgia
My Commission Expires Sept 16, 2006.

LESSEE:

PRIMERICA LIFE INSURANCE
COMPANY, a _____

By: _____ (SEAL)

Title: VP

By: /s/ Karen Fine

Title: EVP

Signed, sealed and delivered as to
Lessor, in the presence of:

/s/ Susan K Hayes
Witness

1/15/03
Date

LESSOR:

PRINCIPAL LIFE INSURANCE
COMPANY, an Iowa Corporation, on behalf
of the Real Estate Separate Account

By: PRINCIPAL REAL ESTATE
INVESTORS, LLC, a Delaware limited
liability company, its authorized signatory

By: /s/ Willis K. Bramwell
Willis K. Bramwell
Assistant Managing Director
Asset Management

By: /s/ Mark F. Scholz
Mark F. Scholz
Investment Director
Asset Management

APPROVED

/OGC

SPECIAL STIPULATIONS
Attached to and Made a Part of Standard Industrial Lease
Dated _____
By and Between
Principal Life Insurance Company
And
Primerica Insurance Company

44. The Base Rent due and payable pursuant to Section 3 is as follows:

Months	Annual Rate P.S.F	Annual Rate
1-5	$ 0.00	$ 0.00
6-12	$ 3.10	$348,750.00
13-24	$ 3.16	$355,500.00
25-36	$ 3.23	$363,375.00
37-48	$ 3.29	$370,125.00
49-60	$ 3.36	$378,000.00
61-72	$ 3.42	$384,750.00
73-84	$ 3.49	$392,625.00
85-98	$ 3.56	$400,500.00
99-108	$ 3.63	$408,375.00
109-120	$ 3.70	$416,250.00
121-132	$ 3.82	$429,750.00
133-144	$ 3.93	$442,125.00
145-156	$ 4.05	$455,625.00
157-168	$ 4.17	$469,125.00
169-180	$ 4.29	$482,625.00
181-185	$ 4.42	$497,250.00

45. Lessee shall contract for and build out the Lessee's Work in accordance with the Lessee's Plans and Specifications and otherwise as provided in this Lease. Lessor shall only be responsible for the first $562,500.00 (such amount, the "Lessor's Contribution") of the build out costs for Lessee's Work. Under no circumstances shall Lessor's contribution to the build out costs or its obligation to contribute to the build out costs exceed the Lessor's Contribution. Lessee will be responsible for and shall promptly pay any costs over the amount of the Lessor's Contribution. Lessee will provide Lessor with a detailed breakdown of all costs incurred in connection with the Lessee's Work. Any costs incurred by Lessee with respect to Lessee's Work over Lessor's Contribution shall be paid by Lessee. The Lessor's Contribution shall be payable by Lessor to Lessee upon Substantial Completion.

46. Provided Lessee is not in default in the observance or performance of its obligations under this Lease, Lessee shall have a one time option to terminate the Lease on the last day of the one hundred twentieth (120) month after the term of this Lease (the "Lease Termination Date"), provided that Lessee gives written notice to Lessor of its intention to terminate said Lease at least twelve (12) months prior to the Lease Termination Date. If Lessee timely elects to exercise its rights under this Section 46, a termination payment shall be due and payable from Lessee to Lessor in the amount of $450,000.00.

Lessor and Lessee agree that Lessee's obligations to pay any Base Rent, Operating Expenses, Taxes and Premiums and/or any other amounts due under this Lease prior to the date upon which this Lease is terminated or, as the case may be, expires will expressly survive the expiration or earlier termination of the Lease. Lessor and Lessee agree that Lessee's and Lessor's respective obligations pursuant to Section 16 of this Lease shall survive the expiration or earlier termination of this Lease. All of Lessee's indemnities and obligations under this Lease relating to matters which occurred prior to, as applicable, the date upon which this Lease is terminated or expires and which would survive expiration of the Term under the terms of the Lease shall survive such expiration or

termination of this Lease. All other obligations of Lessor and Lessee under the Lease arising on or after the Lease Termination Date shall, effective on the Lease Termination Date, terminate and be of no further legal force and effect. Except as above provided, Lessor and Lessee and each of them, do hereby release and forever discharge each other from any and all claims, liabilities and obligations arising under and pursuant to the terms of the Lease with respect to the period commencing on and after the earlier to occur of the termination or expiration of this Lease.

Lessor and Lessee agree that prior to termination Lessor and Lessee shall mutually execute the Lease Termination Agreement attached hereto as Exhibit "E".

Lessee agrees to surrender to Lessor all keys (and copies thereof) to the Premises on or before the Lease Termination Date. The Premises shall be surrendered to Lessor free from all occupants, subtenants and/or other persons or entities claiming rights of possession by, through or under Lessee, as well as free from Lessee's personal property, trade fixtures, and other movable furniture and property, and otherwise in its original condition, ordinary wear and tear excepted.

47. Republic Property Company, Inc. represents Lessor in this transaction and will be paid a commission by Lessor. Advantis Real Estate Services Company represents Lessee in this transaction and will be paid a commission by Lessor pursuant to a separate commission agreement. Lessee represents and warrants to Lessor that no other agent, broker or realtor has been involved in any way with respect to this Lease. Lessee hereby indemnifies and holds Lessor harmless from any claims, liabilities, losses, costs and expenses incurred by Lessor with regard to any claim by and person or entity that it is entitled to any form of compensation as a result of this Lease and its relationship with Lessee.

48. So long as Lessee is not in default in the observance or performance of any of its obligations under this Lease, Lessee shall have the right (the "Extension Option") to extend the term of the Lease for up to two successive additional five (5) year periods (for a maximum of ten (10) additional years) commencing when the prior term expires (as applicable, each such five (5) year period, an "Extension Period") upon and subject to each and all of the following terms and conditions:

A. In order to exercise each Extension Option, Lessee must serve written notice of its unconditional election to exercise the respective Extension Option ("Notice of Option Exercise") to Lessor at least six (6) months prior to the date that the respective Extension Period would commence, time being of the essence ("Option Exercise Period"). If Notice of Option Exercise is not timely served, such Extension Options shall automatically expire and be null and void. The second Extension Option is subject to the prior timely exercise of the first Extension Option.

B. The Base Rent for each respective Extension Period shall be adjusted to ninety-five percent (95%) of the Fair Market Value Rent as hereinafter provided. The "Fair Market Value Rent" shall be an amount equal to the minimum annual rent then being quoted by Lessor to prospective new tenants of the Building for space of comparable size and quality and with similar or equivalent improvements as are found in the Building, and if none, then in similar buildings owned by Lessor. The Fair Market Value Rent shall be determined as follows:

a. Selection of Appraisers. If Lessee notifies Lessor that Lessee disagrees with Lessor's determination of the Minimum Annual Rent for the Extension Term and that Lessee elects to determine the Fair Market Value Rent, then Lessor and Lessee shall, within ten (10) days after Lessor's receipt of said notice, each select an appraiser to determine the Fair Market Value Rent for the Leased Premises. Each appraiser so selected shall be either an MAI appraiser or a licensed real estate broker, each having at least ten years prior experience in the appraisal or leasing of comparable space in the metropolitan area in which the Leased Premises are located and with a working knowledge of current rental rates and practices.

b. Appraisal. Upon selection, Lessor's and Lessee's appraisers shall work together in good faith to agree upon the Fair Market Value Rent. The estimate chosen by such appraisers shall be binding on both Lessor and Lessee. If the two appraisers cannot agree upon the Fair Market Value Rent for the Leased

Premises within twenty (20) days after their appointment, then, within ten (10) days after the expiration of such twenty (20) day period, the two appraisers shall select a third appraiser meeting the above criteria. Once the third appraiser has been selected as provided for above, then such third appraiser shall within ten (10) days after appointment make its determination of which of the appraisers' two estimates most closely reflects Fair Market Value Rent and such estimate shall be binding on both Lessor and Lessee as the Fair Market Value Rent for the applicable Extension Term. The parties shall share equally in the costs of the third arbitrator, and each party shall pay the cost of its own arbitrator.

C. The timely exercise of the Extension Option shall only extend the Term and provide for the Modification of the Base Rent during the respective Extension Period, and shall not Modify any other provision of the Lease, which other provisions shall remain in effect and continue through out the extended term of the Lease.

49. Lessor hereby grants to Lessee a right of first offer (the "Expansion Option") to expand into, and lease, up to 50,000 square feet of available contiguous interior space immediately adjacent to the Premises ("Offer Space") subject to the further terms and conditions set forth herein.

The term of the Expansion Option shall commence on the Commencement Date and shall continue throughout the Term, unless and until sooner terminated as herein provided ("Offer Period").

Subject to the other terms of this Expansion Option, if after the Offer Space has or will "become available" (as defined herein) for leasing by Lessor, Lessor shall not lease to another tenant that available portion of the Offer Space ("Available Offer Space") without first offering Lessee the right to lease such Available Offer Space as set herein provided.

Any Offer Space shall be deemed to "become available" when Lessor desires to lease all or a portion of the Offer Space and receives a letter of intent from a potential tenant which is acceptable to Lessor ("Competing Offer"); provided, however Offer Space shall not be deemed to "become available" if (a) Lessee is then in default in the performance or observance of any of its obligations under this Lease or (b) if the space is (1) offered to be or is assigned or subleased by the current tenant of the space; (2) offered to be or is re-let by the current tenant of the space by renewal, extension, or renegotiation; or (3) offered to be or leased to any related or affiliated entity of Lessor.

To the extent Lessor is required to offer the Available Offer Space to Lessee, Lessor shall submit a copy of the Competing Offer to Lessee.

To exercise each Expansion Option, Lessee must deliver written notice to Lessor (the "Notice to Lease") within ten (10) business days after Lessee's receipt of the Competing Offer setting forth Lessee's unconditional election to exercise the respective Expansion Option for the respective Available Offer Space on the same or better terms than provided in the Competing Offer, except that the term of the lease for the respective Available Offer Space shall not be less than the greater of three (3) years or the term provided in the Competing Offer.

Unless Lessee timely serves the Notice to Lease upon Lessor, the Expansion Option as to the respective Available Offer Space shall automatically terminate, be null and void and Lessor shall have no further obligation to Lessee with respect to such Available Offer Space.

In the event that Lessee timely delivers the Notice to Lease to Lessor, the Parties shall execute a separate lease with respect to the Available Offer Space within thirty (30) days after the date of the Notice to Lease on the same or better terms as those set forth in the Competing Offer.

If Lessee declines or fails to timely exercise the Expansion Option, Lessor shall then be entitled to lease the respective Available Offer Space in portions or in its entirety to any other person or entity, whether or not affiliated with Lessor, at any time and from time to time, without regard to any restrictions of the respective Expansion Option and on whatever terms and conditions Lessor may decide at its sole discretion.

50. Lessor shall indemnify, hold harmless, and defend Lessee against any and all claims of liability for failure of the Premises in its unoccupied state as of the Commencement Date to comply with disability access requirements under Title III of the Americans with Disability Act and regulations thereunder. This indemnity extends only to claims based on (i) noncompliance of the Premises as of the Commencement Date, including fixtures and improvements provided and installed by Lessor as of the Commencement Date, or (ii) policies, practices and procedures of Lessor, or (iii) auxiliary aids or services provided by Lessor (or which should have been provided by Lessor but were not provided.) The foregoing indemnity does not apply and Lessee shall indemnify, hold harmless and defend Lessor against any and all claims of liability, if the claim concerns (A) noncompliance of the Premises, including any fixtures and improvements associated therewith resulting from acts or failure to act by Lessee, or (B) policies, practices or procedures of Lessee, or (C) auxiliary aids or services provided by Lessee (or which should have been provided by Lessee but were not), or (D) any noncompliance of the Premises arising as a result of the installation, construction or completion of the Lessee's Work. Where either of the foregoing indemnities applies, it shall include indemnity from and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim, action or liability, and any proceeding brought thereon and appeal therefrom. If any action or proceeding to which either of the foregoing indemnities apply is brought against the indemnified party, the indemnifying party, upon notice from the indemnified party, shall defend the indemnified party at the indemnifying party's expense with counsel selected by the indemnifying party.

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment"), made and entered into as of the 22nd day of May 2003, by and between PRINCIPAL LIFE INSURANCE COMPANY, an Iowa corporation (hereinafter referred to as "Lessor") and PRIMERICA LIFE INSURANCE COMPANY, a Massachusetts corporation (hereinafter referred to as "Lessee");

WITNESSETH THAT:

WHEREAS, Lessor and Lessee entered into that certain Agreement of Lease dated January 15, 2003; and

WHEREAS, Lessor and Lessee desire to amend the Lease and evidence their agreement by means of this Amendment;

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lease is hereby amended and the parties hereto do agree hereby as follows:

The premises outlined in red on the floor plan attached to the Lease as Exhibit "A", containing approximately 112,500 square feet and located at 1320 Progress Industrial Drive, Lawrenceville, Georgia, also known as Progress Distribution Center III, located in Gwinnett Progress Distribution Center, shall be known as Suite 100 for all purposes, including, without limitation, property identification and mail distribution.

EXCEPT AS expressly amended and modified hereby, the Lease shall otherwise remain in full force and effect, the parties hereto hereby ratifying and confirming same. To the extent of any inconsistency between the Lease and this Amendment, the terms of this Amendment shall control.

Signatures on the following page

/OGC

IN WITNESS WHEREOF, the undersigned parties have duly executed this Amendment as of the day and year first written above.

Signed, sealed and delivered as to
Lessee, in the presence of:

Witness
(SEAL)

Date

LESSEE:

PRIMERICA LIFE INSURANCE
COMPANY

By: /s/ ILLEGIBLE

Title: V.P.

By:

Title:

LESSOR:

PRINCIPAL LIFE INSURANCE
COMPANY, an Iowa Corporation,
on behalf of the Real Estate Separate
Account

By: PRINCIPAL REAL ESTATE
INVESTORS, LLC, a Delaware
limited liability company, its
authorized signatory

Signed, sealed and delivered as to
Lessor, in the presence of:

/s/ Susan K Hayes
Witness

MAY 2 2 2003

Date

By: /s/ Brenda M. Wadle
Brenda M. Wadle
Senior Asset Manager II

By:

MAY 2 2 2003

/OGC

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE (this "Second Amendment") is made as of November 29, 2004, by and between PRINCIPAL LIFE INSURANCE COMPANY, an Iowa corporation ("Lessor") and PRIMERICA LIFE INSURANCE COMPANY, a Massachusetts corporation ("Lessee").

WITNESSETH THAT:

WHEREAS, Lessor and Lessee entered into that certain Standard Industrial Lease dated January 15, 2003, as amended by a First Amendment to Lease dated as of January, 2003 (collectively, the "Lease"), pursuant to which Lessor leases to Lessee and Lessee leases from Lessor approximately 112,500 square feet of space at 1320 Progress Industrial Drive, Lawrenceville, Georgia; and

WHEREAS, Lessor and Lessee now desire to amend the Lease and evidence their agreement by means of this Second Amendment, all on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises, the mutual covenants hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Insofar as the terms and provisions of this Second Amendment purport to amend or modify or are in conflict with the terms, provisions and exhibits of the Lease, the terms and provisions of this Second Amendment shall govern and control. In all other respects, the terms, provisions and exhibits of the Lease shall remain unmodified and in full force and effect. This Second Amendment is incorporated into and made a part of the Lease, and any and all references to the Lease shall hereafter mean the Lease as amended by this Second Amendment. All capitalized terms that are used but are not defined in this Second Amendment shall have the respective meanings given to such terms in the Lease.

2. The fifth sentence of the second grammatical paragraph of Section 5 of the Lease is hereby deleted in its entirety, and the following is substituted in its place:

"The term "Lessee's Proportionate Share" or "Proportionate Share", as used in this Lease, shall be a fraction, the numerator of which is the square footage of the Premises (112,500) and the denominator of which is the square footage of the Building (275,000)."

3. Section 9 of the Lease is hereby deleted in its entirety, and the following is substituted in its place:

" 9. COMMON AREAS AND OPERATING EXPENSES OF PREMISES

The term "Common Areas" is defined for all purposes of this Lease as that part of the Building and the land on which the Building is located intended for the common use of all lessees of Lessor, and includes, among other facilities, all parking areas, sidewalks, driveways, truckways, common loading areas, and landscaped areas. Lessor and Lessee hereby agree that Lessee shall have non-exclusive access (together with all other lessees of the Building) to the common parking areas, driveways, walks, landscaped areas and service areas of the Building. During the term of this Lease, Lessee will have the unreserved use, in common with the other tenants of the Building, of one (1) parking space per one thousand (1000) square feet of leased space. Lessee agrees not to interfere with other lessees' access to or use of the Common Areas.

Lessee shall be entitled to park in the Common Areas in common with other lessees of Lessor. Lessee agrees not to overburden the parking facilities and agrees to cooperate with Lessor and other lessees in the use of the parking facilities. Lessor reserves the right in its absolute discretion to determine whether the parking facilities are becoming crowded and, in such event, to allocate parking spaces among Lessee and other lessees, but in no event shall Lessee's allotment of parking spaces be less than 112 spaces. Lessee's trucks shall be parked so that they shall not unreasonably interfere with other lessees' access to their premises or the Common Areas, and in no event shall Lessee's trucks be parked in the truck parking spaces or adjacent driveways located adjacent to the northeast end of the Building, which parking spaces and driveways are for the exclusive use of another tenant of the Building and such tenant's assignees and sublessees.

Lessor shall be responsible for the operation, management and maintenance of the Common Areas, the manner thereof and the expenditures incurred in connection therewith to be in the sole discretion of Lessor. Lessee agrees to pay as additional rent as hereafter provided, Lessee's Proportionate Share (as defined above) of the cost of operation, management and maintenance of the Common Areas and the Park including among other costs, those incurred for water, landscaping, lighting, painting, cleaning, policing (if any), inspecting, repairing and replacing, hazard and public liability insurance and property damage insurance, together with a reasonable allowance for Lessor's overhead and depreciation of equipment, and all assessments and other amounts levied, assessed or charged against Lessor or the Property pursuant to the terms of that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Gwinnett Progress Center recorded in the real property records of the Clerk of Superior Court of Gwinnett County on November 19, 1986 in Book 3932, at Page 218, as the same may be amended from time to time (the "Operating Expenses"). Lessee shall pay Lessee's Proportionate Share of the Operating Expenses as follows: Lessee shall pay to Lessor an "Estimated Annual Operating Expense Charge" payable in equal monthly payments in advance, commencing on the first day of the third full calendar month of the Lease Term, based upon the annual Operating Expenses (as estimated by Lessor), but subject to adjustment after the end of each calendar year on the basis of the actual costs for such year. Within ninety (90) days after the close of each calendar year, Lessor will furnish to Lessee a statement of Operating Expenses for such year. Such statement will outline the Operating Expenses incurred and Lessee's Proportionate Share of same. Such statement will also show any overpayment by Lessee or any shortage in the payments made by Lessee. Any overpayment will be credited against subsequent monthly Operating Expense obligations or shall be refunded to Lessee, at Lessor's option. Any shortage shall be paid by Lessee to Lessor within ten (10) days after delivery of such statement.

Lessee and its agents and employees shall have one hundred twenty (120) days after receiving the statement to audit Lessor's books and records concerning the statement at a mutually convenient time at Lessor's offices. The books and records shall be kept in accord with generally accepted accounting principles consistently applied. If Lessee disputed the accuracy of Lessor's Statement, Lessee may pay such disputed amount into Lessee's attorney's escrow account pending resolution of the dispute. Lessee may however, within 120 days after receiving the Statement, begin arbitration. Lessee may recover that part of the Additional Rent paid (plus interest at twelve percent (12%) per year or the maximum then allowed by applicable law, whichever is less), because of errors in the Statement, books, or records of Lessor. If Lessee does not file for arbitration within the 120-day period, then Lessee accepts as final the amount shown owing on the Statement and shall pay said amounts to Lessor within thirty (30) days.

If Lessee's audit of the books and records shows that the actual Operating Expenses was ten percent (10%) or more below the amount appearing on the Statement, then Lessor shall pay to Lessee, Lessee's reasonable costs of conducting the audit.

Lessor shall be deemed to have waived its right to seek reimbursement from Lessee with respect to any Operating Expenses actually billed to Lessor in the event Lessor has not billed Lessee on account thereof within two (2) years after Lessor's receipt of any bill or invoice with respect to the same.

Lessee shall be responsible for providing its own trash dumpster and dumpster service in a location approved in advance in writing by Lessor. Lessee's debris shall be of such volume as to not overburden Lessee's trash dumpster. Lessee shall keep the trash dumpster area in a clean condition.

Notwithstanding anything to the contrary herein, Operating Expenses exclude: (1) leasing commissions, costs, disbursements, and other expenses incurred for leasing, renovating, or improving space for tenants; (2) costs (including Permit, license, and inspection fees) incurred in renovating, improving, decorating, painting, or redecorating vacant space or space for tenants other than Lessee; (3) costs incurred for matters which directly benefit other tenants which do not benefit Lessee; (4) costs incurred by Lessor for alterations that are considered capital improvements and replacements under generally accepted accounting principles consistently applied; provided, however, that the cost of capital improvements shall be amortized over the useful economic life of such improvements as determined by Lessor, in accordance with generally accepted accounting principles and shall be included in Operating Expenses; (5) depreciation and amortization on the Building; (6) costs incurred because the Lessor or another tenant violated the terms of any lease; (7) intentionally omitted; (8) interest on debt or amortization payments on mortgages or deeds of trust or any other debt for borrowed money; (9) items and services for which Lessee reimburses Lessor or pays third parties or that Lessor provides selectively to one or more tenants of the Building other than Lessee without reimbursement; (10) advertising and promotional expenditures; (11) repairs or other work needed because of fire, windstorm, or other casualty or cause insured against by Lessor; (12) costs incurred to remedy structural defects in original construction materials or installations; (13) structural repairs and replacements; roof and foundation repairs and replacements; maintenance and repairs to the exterior of the Building; (14) any costs, fines or penalties incurred because Lessor violated any governmental rule or authority; (15) costs incurred to test, survey, cleanup, contain, abate, remove, or otherwise remedy hazardous wastes or asbestos containing materials from the Building and/or property upon which the Building is situated unless the wastes or asbestos containing materials were in or on the property because of Lessee's negligence or intentional act or the presence thereof otherwise constitutes a default by Lessee in the performance or observance of Lessee's obligations under this Lease, in which event all such costs shall be borne exclusively by Lessee; (16) any costs for repairs or replacements to the building systems including but not limited to the plumbing, mechanical, heating, ventilation and air conditioning, electrical and sprinkler within the first full year after the Commencement Date other than those specifically caused by Lessee's negligence or arising in connection with the Lessee's Work; and (17) other expenses that under generally accepted accounting principles consistently applied would not be considered normal maintenance, repair, management, or operation expenses.

Notwithstanding anything to the contrary contained herein, and solely for the benefit of Lessee and not for the benefit of any other tenant or third party, "Controllable Operating Expenses" (as defined below) for any calendar year (the "Applicable Year"), commencing with the calendar year of 2004, shall not exceed an amount determined by increasing the annualized Controllable Operating Expenses for the calendar year of 2003 at the rate of six percent (6%) per year cumulative and compounded through the Applicable Year. "Controllable Operating

Expenses" shall mean those Operating Expenses which are reasonably controlled by Lessor. Examples of Operating Expenses which are not reasonably controlled by Lessor shall include, but not be limited to, those Operating Expenses relating to utility costs, costs of unbudgeted repairs and maintenance and costs of alterations and modifications to the Building or the Park required by applicable governmental laws, ordinances, rules or regulations. Such limitation on Controllable Operating Expenses shall not limit or otherwise affect Lessee's obligations regarding the payment of additional rent for Taxes or Premiums under Section 5 above.

Notwithstanding anything to the contrary herein, Operating Expenses shall not include any costs associated with the construction of infrastructure within the Park including but not limited to the construction and installation of any new driveways, roadways, accessways, or buildings or additions thereto within the Park.

Lessor reserves the right to stop the supply of water, sewage, electrical current and other services, without incurring any liability to Lessee, where necessary by reason of accident or emergency, or for repairs, alterations, replacements or improvements in the judgment of Lessor desirable or necessary, or when prevented from supplying such services by strikes, lockouts, difficulty of obtaining materials, accidents or any other cause beyond Lessor's control, or by laws, orders or inability following exercise of reasonable diligence to obtain electricity, water, steam, coal, oil or other suitable fuel or power. However, in the case of repairs, alterations, replacements or improvements which are under Lessor's control, Lessor agrees to give Lessee reasonable notice of repairs, alterations, replacements or improvements. No diminution or abatement of rent or other compensation shall or will be claimed by Lessee as a result of, nor shall this Lease or any of the obligations of Lessee be affected or reduced by reason of, any such interruption, curtailment or suspension except in the event if any interruption or failure of utilities services is caused by the gross negligence or willful misconduct of Lessor or its agents, representatives, employees or others acting on Lessor's behalf and such interruption or failure continues for five consecutive days then the rent shall abate commencing on the sixth consecutive day until such time as the services are continued uninterrupted.

4. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Any party may execute and deliver this Second Amendment by transmitting an executed signature page by facsimile, and any such signature page shall be binding on such party as if it were an original signature.

5. Lessor and Lessee hereby agree that all of the terms, conditions and provisions of the Lease are in full force and effect as of the date hereof, except as expressly modified and amended by the terms set forth above in this Second Amendment. Lessor and Lessee hereby ratify and re-affirm each of their respective rights and obligations under the Lease, as amended by this Second Amendment.

[no further text on this page—signature page to follow]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Second Amendment as of the day and year first above written.

LESSOR:

Signed, sealed and delivered as to
Lessor, in the presence of:

PRINCIPAL LIFE INSURANCE COMPANY,
an Iowa corporation, on behalf of its Real Estate
Separate Account

By: Principal Real Estate Investors, LLC, a
Delaware limited liability company, its
authorized signatory

Witness

By:
Name:
Title:

Date

By: _____
Name: _____
Title: _____

LESSEE:

Signed, sealed and delivered as to
Lessor, in the presence of:

PRIMERICA LIFE INSURANCE COMPANY,
a Massachusetts corporation

/s/ Rebecca Robertson
Witness

By: /s/ Terry Robertson
Name: Terry Robertson
Title: VP

11-30-04
Date

By: /s/ Karen Fine
Name: Karen Fine
Title: EVP

/OGC

IN WITNESS WHEREOF, Lessor and Lessee have executed this Second Amendment as of the day and year first above written.

LESSOR:

Signed, sealed and delivered as to
Lessor, in the presence of:

PRINCIPAL LIFE INSURANCE COMPANY,
an Iowa corporation, on behalf of its Real Estate
Separate Account

/s/ Susan K Hayes
Witness

By: Principal Real Estate Investors, LLC, a
Delaware limited liability company, its
authorized signatory

NOV 3 0 2004
Date

By: /s/ Brenda M Wadle
Name:
Title: Brenda M Wadle Senior Asset Manager II NOV 3 0 2004

By:
Name:
Title:

LESSEE:

Signed, sealed and delivered as to
Lessor, in the presence of:

PRIMERICA LIFE INSURANCE COMPANY,
a Massachusetts corporation

Witness

By:
Name:
Title:

Date

By:
Name:
Title:

Exhibit 10.21

11/20/02

INDUSTRIAL
LEASE AGREEMENT

THIS INDUSTRIAL LEASE AGREEMENT (this "Lease") is executed as of this 21st day of Nov, 2002, by and between DUKE REALTY LIMITED PARTNERSHIP, an Indiana limited partnership ("Landlord"), and PRIMERICA LIFE INSURANCE COMPANY, a Massachusetts corporation ("Tenant").

WITNESSETH:

ARTICLE I - LEASE OF PREMISES

Section 1.01. Basic Lease Provisions and Definitions.

A. Leased Premises (shown outlined on Exhibit A attached hereto): Suite 100 of that certain building (the "Building") located at 150) Hembree Park Drive, Roswell, Georgia 30076, located in Hembree Park (the "Park");

B. Rentable Area: approximately 18,670 square feet (which includes approximately 17,147 square feet of usable space);

Landlord shall use commercially reasonable standards, consistently applied, in determining he Rentable Area and the rentable area of the Building. Landlord's determination of Rentable area shall conclusively be deemed correct for all purposes hereunder.

C. Tenant's Proportionate Share: 42,10%;

D. Minimum Annual Rent:

Year 1	$120,606.67 (2 months free rent)
Year 2	$148,346.20
Year 3	$152,838.80
Year 4	$157,361.55
Year 5	$162,035.06
Year 6	$166,889.48
Year 7	$79,665.72 (5 months and 16 days total)

E. Monthly Rental Installments:

Months 1 – 2	$ 0.00
Months 3 – 14	$ 12,060.67
Months 15 – 26	$ 12,422.49
Months 27 – 38	$ 12,799.38
Months 39 – 50	$ 13,176.28
Months 51 – 62	$ 13,568.25
Months 63 – 74	$ 13,975.30
Months 75 – 78	$ 14,397.42

F. Base Year: 2003:

G. Lease Term: Six (6) years, five (5) months and sixteen (16) days;

H. Commencement Date: January 15, 2003;

I. Security Deposit: None;

J. Guarantor(s): None;

K. Broker(s): CB Richard Ellis, Inc. representing Tenant;

L. Permitted Use: Disaster recovery center, and office and administrative uses reasonably ancillary thereto;

M. Address for notices:

Landlord: Duke Realty Limited Partnership
3950 Shackleford Road, Suite 300
Duluth, Georgia 30096
Attn: Legal Department - Atlanta Market

Tenant: Primerica Life Insurance Company
150 Hembree Park Drive, Suite 100
Roswell, Georgia 30076

With copies to: Primerica Life Insurance Company
2150 Boggs Road, Suite 145
Duluth, Georgia 30096
Attn: Terry Robertson, VP Facilities Management

Primerica Life Insurance Company
3100 Breckinridge Blvd.
Bldg. 1200
Duluth, Georgia 30099
Attn: General Counsel

Address for rental and other payments:

Duke Realty Limited Partnership
75 Remittance Drive
Suite 3205
Chicago, Illinois 60675-3205

Exhibits attached hereto:

Exhibit A: Site Plan of Leased Premises
Exhibit B: Tenant Improvements
Exhibit C: Letter of Understanding
Exhibit D: Special Stipulations
Exhibit E: Offer Space
Exhibit F: Mezzanine Space

Section 1.02. Leased Premises. Landlord hereby leases to Tenant and Tenant leases from Landlord, under the terms and conditions herein, the Leased Premises.

ARTICLE 2 - TERM AND POSSESSION

Section 2.01. Term. The term of this Lease ("Lease Term") shall be for the period of time as set forth in Section 1.01(G) hereof, and shall commence on the Commencement Date set forth in Section 1.01(H) hereof.

Section 2.02. Construction of Tenant Improvements.

(a) Tenant has personally inspected the Leased Premises and accepts the same "**AS IS**" without representation or warranty by Landlord of any kind and with the understanding that Landlord shall have no responsibility with respect thereto except to construct in a good and workmanlike manner the improvements described in the scope of work attached hereto as Exhibit B and made a part hereof (the "Tenant Improvements").

(b) Landlord shall provide Tenant with a proposed schedule for the construction and installation of the Tenant Improvements and shall notify Tenant of any material changes to said schedule. Tenant agrees to coordinate with Landlord regarding the installation of Tenant's phone and data wiring and any other trade related fixtures that will need to be installed in the Leased Premises prior to substantial completion of the Tenant Improvements. In addition, if and to the extent permitted by applicable laws, rules and ordinances, Tenant shall have the right to enter the Leased Premises for thirty (30) days prior to the scheduled date for substantial completion of the Tenant improvements (as may be notified from time to time) in order to install fixtures (such as racking) and otherwise prepare the Leased Premises for occupancy (which right shall expressly exclude making any structural modifications). During any entry prior to the Commencement Date (i) Tenant shall comply with all terms and conditions of this Lease other than the obligation to pay rent, (ii) Tenant shall not interfere with Landlord's completion of the Tenant Improvements, (iii) Tenant shall cause its personnel and contractors to comply with the terms and conditions of Landlord's rules of conduct (which Landlord

agrees to furnish to Tenant upon request), and (iv) Tenant shall not begin operation of its business. Tenant acknowledges that Tenant shall be responsible for obtaining all applicable permits and inspections relating to any such entry by Tenant.

(c) Landlord shall use commercially reasonable efforts to substantially complete the Tenant Improvements on or before September 1, 2002. Promptly following the Commencement Date, Tenant shall execute Landlord's Letter of Understanding in substantially the form attached hereto as Exhibits C and made a part hereof, acknowledging, among other things, that Tenant has accepted the Leased Premises.

(d) Landlord agrees to complete the Tenant Improvements no later than September 1, 2002.

Section 2.03. Surrender of the Premises. Upon the expiration or earlier termination of this Lease, Tenant shall immediately surrender the Leased Premises to Landlord in broom-clean condition and in good condition and repair, normal wear and tear excepted. Tenant shall also remove its personal property, trade fixtures, wiring and cabling (including above ceiling), and any of Tenant's alterations designated by Landlord, promptly repair any damage caused by such removal, and restore the Leased Premises to the condition existing prior to the removal of such items. In addition, at Landlord's option, Tenant shall be required to remove any unique Tenant Improvements installed as a result of Tenant's specific use of the Leased Premises; provided, however, that Landlord shall notify Tenant whether it considers any Tenant Improvements "unique" prior to the installation thereof. If Tenant fails to do so, Landlord may restore the Leased Premises to such condition at Tenant's expense, Landlord may cause all of said property to be removed at Tenant's expense, and Tenant hereby agrees to pay all the costs and expenses thereby reasonably incurred. All Tenant property which is not removed within ten (10) days following Landlord's written demand therefor shall be conclusively deemed to have been abandoned by Tenant, and Landlord shall be entitled to dispose of such property at Tenant's cost without thereby incurring any liability to Tenant. The provisions of this section shall survive the expiration or other termination of this Lease.

Section 2.04. Holding Over. If Tenant retains possession of the Leased Premises after the expiration or earlier termination of this Lease, Tenant shall be a tenant at sufferance at One Hundred Fifty Percent (150%) of the Minimum Annual Rent and Annual Rental Adjustment for the Leased Premises in effect upon the date of such expiration or earlier termination, and otherwise upon the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of rent after such expiration or earlier termination shall not result in a renewal of this Lease, nor shall such acceptance create a month to month tenancy. This Section 2.04 shall in no way constitute a consent by Landlord to any holding over by Tenant upon the expiration or earlier termination of this Lease, nor limit Landlord's remedies in such event.

ARTICLE 3 - RENT

Section 3.01. Base Rent. Tenant shall pay to Landlord the Minimum Annual Rent in the Monthly Rental Installments, in advance, without demand and without abatement, deduction or offset, beginning on the Commencement Date and on or before the first day of each and every calendar month thereafter during the Lease Term. The Monthly Rental Installments for partial calendar months shall be prorated.

Section 3.02. Additional Rent.

(a) Any amount required to be paid by Tenant hereunder (in addition to Minimum Annual Rent) and any charges or expenses incurred by Landlord on behalf of Tenant under the terms of this Lease shall be considered "Additional Rent" payable in the same manner and upon the same terms and conditions as the Minimum Annual Rent reserved hereunder except as set forth herein to the contrary. Any failure on the part of Tenant to pay such Additional Rent when and as the same shall become due shall entitle Landlord to the remedies available to it for non-payment of Minimum Annual Rent.

(b) In addition to the Minimum Annual Rent, Tenant shall pay to Landlord for each calendar year during the Lease Term, as Additional Rent, Tenant's Proportionate Share of all costs and expenses incurred by Landlord during the Lease Term for Operating Expenses (as hereinafter defined) for the Building and the common areas associated therewith.

(c) In addition to the Minimum Annual Rent and Tenant's share of Operating Expenses, Tenant shall pay to Landlord for each calendar year during the Lease Term, as Additional Rent (i) any increase in insurance premiums and deductibles (payable by Landlord) over the base amount paid in the

Base Year; and (ii) the amount by which all Real Estate Taxes (as herein defined) for each tax year exceeds all Real Estate Taxes for the Base Year.

(d) For purposes of this Lease, "Operating Expenses" shall mean all of Landlord's expenses for operation, repair, and maintenance to keep the Building and the common areas associated therewith in good order, condition and repair (including all additional direct costs and expenses of operation and maintenance of the Building which Landlord reasonably determines it would have paid or incurred during such year if the Building had been fully occupied), including, but not limited to, management or administrative fees (which shall not exceed 3.5% of the Minimum Annual Rent due under this Lease); utilities; insurance deductibles: stormwater discharge fees; license, permit, inspection and other fees; fees and assessments imposed by any covenants or owners' association; security services; and maintenance, repair and replacement of the driveways, parking areas (including snow removal), exterior lighting, landscaped areas, walkways, curbs, drainage strips, sewer lines, exterior walls, foundation, structural frame, roof and gutters. The cost of any Operating Expenses that are capital in nature shall be amortized over the useful life of such improvement (as reasonably determined by Landlord), and only the amortized portion shall be included in Operating Expenses.

(e) For purposes of this Lease, "Real Estate Taxes" shall include any form of real estate tax or assessment or service payments in lieu thereof, and any license fee, commercial rental tax, improvement bond or other similar charge or tax (other than inheritance, personal income or estate taxes) imposed upon the Building or the common areas associated therewith (or against Landlord's business of leasing the Building) by any authority having the power to so charge or tax, together with costs and expenses of contesting the validity or amount of Real Estate Taxes which at Landlord's option may be calculated as if such contesting work had been performed on a contingent fee basis (whether charged by Landlord's counsel or representative; provided, however, that said fees are reasonably comparable to the fees charged for similar services by others not affiliated with Landlord, but in no event shall fees exceed thirty-three percent (33%) of the good faith estimated tax savings). Additionally, Tenant shall pay, prior to delinquency, all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all personal property of Tenant contained in the Leased premises.

Section 3.03. Payment of Additional Rent. Landlord shall estimate the total amount of Additional Rent to be paid by Tenant during each calendar year of the Lease Term, pro-rated for any partial years. Commencing on the Commencement Date, Tenant shall pay to Landlord each month, at the same time the Monthly Rental Installments are due, an amount equal to one-twelfth ($1/12^{th}$) of the estimated Additional Rent for such year. Within one hundred twenty (120) days after the end of each calendar year, Landlord shall submit to Tenant a statement of the actual amount of such Additional Rent and within thirty (30) days after receipt of such statement, Tenant shall pay any deficiency between the actual amount owed and the estimates paid during such calendar year. In the event of overpayment, Landlord shall credit the amount of such overpayment toward the next installments of Minimum Annual Rent. Any Operating Expenses not billed to Tenant within two (2) years of the year such expenses accrued shall be waived by Landlord.

Section 3.04. Late Charges. Tenant acknowledges that Landlord shall incur certain additional unanticipated administrative and legal costs and expenses if Tenant fails to pay timely any payment required hereunder. Therefore, in addition to the other remedies available to Landlord hereunder, if any payment required to be paid by Tenant to Landlord hereunder is not paid (a) within five (5) days following written notice from Landlord on the first occasion in any twelve (12) month period, or (b) as and when due on any subsequent occasion in any twelve (12) month period, Tenant shall pay an administrative fee equal to five percent (5%) of such past due account; provided, however, that such administrative fees shall not accrue on any balance of Additional Rent that has not been paid as a result of a legitimate dispute raised in good faith.

ARTICLE 4 - SECURITY DEPOSIT

INTENTIONALLY OMITTED

ARTICLE 5 - USE

Section 5.01. Use of Leased Premises. The Leased Premises are to be used by Tenant solely for the Permitted Use and for no other purposes without the prior written consent of Landlord.

Section 5.02 Covenants of Tenant Regarding Use. Tenant shall (i) use and maintain the Leased Premises and conduct its business thereon in a safe, careful, reputable and lawful manner, (ii) comply with all laws, rules, regulations, orders, ordinances, directions and requirements of any governmental authority or agency, now in force or which may hereafter be in force, including without limitation those

which shall impose upon Landlord or Tenant any duty with respect to or triggered by a change in the use or occupation of, or any improvement or alteration to, the Leased Premises, (iii) comply with any protective covenants applicable to the Park which are in effect and as may hereafter be adopted and promulgated and (iv) comply with and obey all reasonable directions of the Landlord, including any rules and regulations that may be adopted by Landlord from time to time and provided to Tenant in writing. Tenant shall not do or permit anything to be done in or about the Leased Premises or common areas which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them. Landlord shall not be responsible to Tenant for the nonperformance by any other tenant or occupant of the Building of its lease or of any rules and regulations. Tenant shall not overload the floors of the Leased Premises. All damage to the floor structure or foundation of the Building due to improper positioning or storage of items or materials shall be repaired by Landlord at the sole expense of Tenant, who shall reimburse Landlord immediately therefor upon demand. Tenant shall not use the Leased Premises, or allow the Leased Premises to be used, for any purpose or in any manner which would invalidate any policy of insurance now or hereafter carried on the Building or increase the rate of premiums payable on any such insurance policy unless Tenant reimburses Landlord as Additional Rent for any increase in premiums charged. Landlord represents Tenant's use of the Leased Premises for the Permitted Use will not increase the Building's insurance cost.

Section 5.03. Landlord's Rights Regarding Use. In addition to the rights specified elsewhere in this Lease, Landlord shall have the following rights regarding the use of the Leased Premises or the common areas, each of which may be exercised without notice or liability to Tenant, (a) Landlord may install such signs, advertisements, notices or tenant identification information as it shall deem necessary or proper; (b) Landlord shall have the right at any time to control, change or otherwise alter the common areas as it shall deem necessary or proper, provided such change does not materially and adversely impact Tenant use of the Leased Premises for the Permitted Use; and (c) Landlord or Landlord's agent shall be permitted to inspect or examine the Leased Premises at any reasonable time upon not less than 24 hours prior notice (except in the event of an emergency, in which case no such prior notice shall be required). With respect to any such entry by Landlord, Landlord shall be accompanied by Tenant's Facilities Management representative, provided Tenant makes such representative available to Landlord, and Landlord shall have the right to make any repairs to the Leased Premises which are necessary for its preservation; provided, however, that any repairs made by Landlord shall be at Tenant's expense, except as provided in Section 7.02 hereof. Landlord shall incur no liability to Tenant for such entry, nor shall such entry constitute an eviction of Tenant or a termination of this Lease, or entitle Tenant to any abatement of rent therefor; provided, however, that Landlord agrees to use reasonable efforts to minimize interference with Tenant's business operations.

ARTICLE 6 - UTILITIES AND SERVICES

Tenant shall obtain in its own name and pay directly to the appropriate supplier the cost of all utilities and services serving the Leased Premises. However, if any services or utilities are jointly metered with other property, Landlord shall make a reasonable determination of Tenant's proportionate share of the cost of such utilities and services (at rates that would have been payable if such utilities and services had been directly billed by the utilities or services providers) and Tenant shall pay such share to Landlord within thirty (30) days after receipt of Landlord's written statement. Landlord shall not be liable in damages or otherwise for any failure or interruption of any utility or other Building service and no such failure or interruption shall entitle Tenant to terminate this Lease or withhold sums due hereunder. In the event of utility "deregulation", Landlord shall choose the service provider. Tenant shall have the exclusive control over the heating, ventilating and air-conditioning ("HVAC") system serving the Leased Premises on a 24 hour a day/7 day a week basis. Notwithstanding the foregoing, if (a) such interruption of service is caused by the negligence or willful misconduct of Landlord or its employees and (b) such interruption of service renders the Leased Premises or any portion of the Leased Premises untenantable for a period of five (5) consecutive business days after Landlord receives written notice from Tenant of such interruption of service, rent shall abate with respect to the area which is affected for each such consecutive day after said five (5) business day period that such area of the Leased Premises is so rendered until such service is restored. The rent abatement shall equal the Monthly Rental Installment due for the period of the interruption with respect to the square footage affected. The Leased Premises shall be considered untenantable if Tenant does not use the Leased Premises or portion thereof affected in the conduct of its normal business operations as a result of said interruption of service to the Leased Premises. It is agreed and understood that Tenant shall not use nor be entitled to use the Leased Premises or portion thereof affected to conduct its normal business operations during any day for which Landlord is obligated to abate rent hereunder. The abatement herein provided shall be Tenant's sole and exclusive remedy for interruption of service. Landlord agrees to use its reasonable efforts to restore such utility service as soon as possible.

ARTICLE 7 - MAINTENANCE AND REPAIRS

Section 7.01. Tenant's Responsibility. During the Lease Term, Tenant shall, at its own cost and expense, maintain the Leased Premises in good condition, regularly servicing and promptly making all repairs and replacements thereto, including but not limited to the electrical systems, heating and air conditioning systems, plate glass, floors, windows and doors, and sprinkler and plumbing systems, and shall obtain a preventive maintenance contract on the HVAC systems, and provide Landlord with a copy thereof. The preventive maintenance contract shall meet or exceed Landlord's standard maintenance criteria, and shall provide for the inspection and maintenance of the heating, ventilating and air conditioning system on not less than a semi-annual basis. In the event Tenant fails to maintain the Leased Premises as required herein or fails to commence repairs (requested by Landlord in writing) within thirty (30) days after such request, or fails diligently to proceed thereafter to complete such repairs, Landlord shall have the right in order to preserve the Leased Premises or portion thereof, and/or the appearance thereof, to make such repairs or have a contractor make such repairs and charge Tenant for the cost thereof as additional rent, together with interest at the rate of twelve percent (12%) per annum from the date of making such payments.

Section 7.02. Landlord's Responsibility. During the Lease Term, Landlord shall maintain in good condition and repair, and replace as necessary, the roof, exterior walls, foundation and structural frame of the Building (including the water tightness of the Building) and the parking and landscaped areas, the costs of which shall be included in Operating Expenses; provided, however, that to the extent any of the foregoing items require repair because of the negligence, misuse, or default of Tenant, its employees, agents, customers or invitees, Landlord shall make such repairs solely at Tenant's expense.

Section 7.03. Alterations. Tenant shall not permit alterations in or to the Leased Premises unless and until the plans and the contractor have been approved by Landlord in writing. As a condition of Landlord's approval, Landlord may require Tenant to remove the alterations and restore the Leased Premises upon termination of this Lease provided Landlord notifies Tenant of such removal requirement in writing at the time such alteration is approved; otherwise, all such alterations shall at Landlord's option become a part of the realty and the property of Landlord, and shall not be removed by Tenant. Tenant shall ensure that all alterations shall be made in accordance with all applicable laws, regulations and building codes, in a good and workmanlike manner and of quality equal to or better than the original construction of the Building, and that its contractors comply with the terms and conditions of Landlord's Building Contractor Guidelines (which Landlord agrees to furnish to Tenant upon request). Upon completion of the work, Tenant shall provide lien waivers from the subcontractors or a final affidavit of lien waiver from the general contractor, and such lien waiver shall be in a form acceptable to Landlord. No person shall be entitled to any lien derived through or under Tenant for any labor or material furnished to the Leased Premises, and nothing in this Lease shall be construed to constitute a consent by Landlord to the creation of any lien. If any lien is filed against the Leased Premises for work claimed to have been done for or material claimed to have been furnished to Tenant, Tenant shall cause such lien to be discharged of record within thirty (30) days after filing. Tenant shall indemnify Landlord from all costs, losses, expenses and attorneys' fees in connection with any construction or alteration and any related lien.

ARTICLE 8 - INSURANCE

Section 8.01. Landlord's Insurance.

(a) During the Lease Term, Landlord shall maintain, with such deductible as Landlord in its sole judgment determines advisable, all risk coverage insurance on the Building (excluding all trade fixtures and property required to be insured by Tenant under this Lease) in an amount equal to the full replacement value of the Building. Such insurance coverage may be maintained by means of a blanket policy of insurance.

(b) Commercial General Liability insurance with respect to the Common Areas with limits at least equal to the amount Tenant is required to maintain pursuant to Section 8.02(a) below. Such liability insurance may be maintained under an umbrella policy.

Section 8.02. Tenant's Insurance. During the Lease Term, Tenant shall maintain the following types of insurance, in the amounts specified and in the form hereinafter provided for:

(a) Liability insurance in the Commercial General Liability form (including Broad Form Property Damage and Contractual Liabilities or reasonable equivalent thereto) covering the Leased Premises and Tenant's use thereof against claims for bodily injury or death, property damage and product liability occurring upon, in or about the Leased Premises, such insurance to be written on an occurrence basis (not a claims made basis), to be in combined single limits amounts not less than $3,000,000 and to have general aggregate limits of not less than $5,000,000 for each policy year.

(b) All Risk Coverage, Vandalism and Malicious Mischief, and Sprinkler Leakage insurance, if applicable, for the full cost of replacement of Tenant's trade fixtures, merchandise and personal property.

(c) Worker's Compensation: minimum statutory amount.

All policies of insurance provided for in this Section 8.02 (i) shall be issued in form reasonably acceptable to Landlord, (ii) shall name Landlord, Landlord's managing agent, any mortgagee and any other party reasonably designated by Landlord as additional insureds, and (iii) shall provide that they may not be materially changed or canceled on less than thirty (30) days' prior written notice to Landlord. Tenant shall furnish Landlord with Certificates of Insurance evidencing all required coverages on or before the Commencement Date, and thereafter within thirty (30) days prior to the expiration of each such policy. If Tenant fails to carry such insurance, Landlord may obtain such insurance and Tenant shall promptly reimburse Landlord therefor. If Tenant elects not to carry business interruption insurance, Tenant releases Landlord from any and all liability arising during the Lease Term which would have been covered by business interruption insurance had Tenant carried such insurance.

Section 8.03. Waiver of Subrogation. Landlord and Tenant hereby waive any rights each may have against the other on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, or their respective property, the Leased Premises, its contents, or other portions of the Building arising from any risk which is insured against under any all risk coverage insurance carried (or required to be carried) by either Landlord or Tenant. All insurance policies maintained by Landlord or Tenant as provided in this Lease shall contain an agreement by the insurer waiving the insurer's right of subrogation against the other party to this Lease.

Section 8.04. Tenant's Responsibility. All of Tenant's trade fixtures, merchandise and personal property in the Leased Premises shall be and remain at Tenant's sole risk. Landlord shall not be liable to Tenant or to any other person, and Tenant hereby releases Landlord from (i) any and all liability for theft thereof or any damage thereto occasioned by any act of God or by any acts, omissions or negligence of any persons, and (ii) any and all liability for any injury to the person or property of Tenant or other persons in or about the Leased Premises, the Building or the common areas associated therewith, except to the extent caused by the negligence or willful misconduct of Landlord. Notwithstanding the foregoing, nothing contained in this Section 8.04 shall override (or be deemed to override) the waivers contained inSection 8.03 above. This provision shall survive the expiration or earlier termination of this Lease.

Section 8.05. Tenant's Indemnity. Tenant shall indemnify, defend and hold harmless Landlord, its agents, employees and contractors from and against any and all claims, demands, penalties, costs, liabilities, losses and expenses (including reasonable attorneys' fees actually incurred) to the extent arising from or based upon any alleged act, omission or negligence of Tenant or Tenant's agents, employees contractors or invitees or otherwise arising in connection with the Leased Premises or Tenant's use of the common areas associated therewith, except to the extent caused by the negligence or willful misconduct of Landlord. Notwithstanding the foregoing, nothing contained in this Section 8.05 shall override (or be deemed to override) the waivers contained inSection 8.03 above. This provision shall survive the expiration or earlier termination of this Lease.

Section 8.06. Landlord's Indemnity. Landlord shall indemnify, defend and hold harmless Tenant, its agents, employees and contractors from and against any and all claims, demands, penalties, costs, liabilities, losses and expenses (including reasonable attorneys' fees actually incurred) to the extent arising from or based upon any alleged act, omission or negligence of Landlord or Landlord's agents, employees, contractors or invitees, except to the extent caused by the negligence or willful misconduct of Tenant. Notwithstanding the foregoing, nothing contained in this Section 8.05 shall override (or be deemed to override) the waivers contained inSection 8.03 above. This provision shall survive the expiration or earlier termination of this Lease.

ARTICLE 9 - CASUALTY

In the event of total or partial destruction of the Building or the Leased Premises by fire or other casualty, Landlord agrees to promptly restore and repair the Leased Premises; provided, however, Landlord's obligation hereunder shall be limited to the reconstruction of such of the tenant finish improvements as were originally required to be made by Landlord, if any. Rent shall proportionately abate during the time that the Leased Premises or part thereof are unusable because of any such damage. Notwithstanding the foregoing, if the Leased Premises are (i) so destroyed that they cannot be repaired or rebuilt within one hundred fifty (150) days front the casualty date; or (ii) destroyed by a casualty which is

not covered by the insurance required hereunder or, if covered, such insurance proceeds are not released by any mortgagee entitled thereto or are insufficient to rebuild the Building and the Leased Premises; then, in case of a clause (i) casualty, either Landlord or Tenant may, or, in the case of a clause (ii) casualty, then Landlord may, upon thirty (30) days' written notice to the other party, terminate this Lease with respect to matters thereafter accruing. Notwithstanding the provisions of this paragraph, if any such damage or destruction occurs within the final year of the term hereof, then either party, in its sole discretion, may, without regard to the aforesaid one hundred fifty (150) day period, terminate this Lease by written notice to the other party.

ARTICLE 10 - EMINENT DOMAIN

If all or any substantial part of the Building or common areas shall be acquired by the exercise of eminent domain, Landlord may terminate this Lease by giving written notice to Tenant on or before the date that actual possession thereof is so taken. If all or any part of the Leased Premises shall be acquired by the exercise of eminent domain so that the Leased Premises shall become impractical for Tenant to use for the Permitted Use, Tenant may terminate this Lease as of the date that actual possession thereof is so taken by giving written notice to Landlord. All damages awarded shall belong to Landlord; provided, however, that Tenant may claim dislocation damages if such amount is not subtracted from Landlord's award.

ARTICLE 11 - ASSIGNMENT AND SUBLEASE

Section 11.01 Assignment and Sublease. Tenant shall not assign this Lease or sublet the Leased Premises in whole or in part without Landlord's prior written consent, which consent shall not be unreasonably withheld, delayed or denied. Subject to Section 11.02 below, any change in control of Tenant resulting from a merger, consolidation, stock transfer or asset sale shall be considered an assignment or transfer that requires Landlord's prior written consent. In the event of any permitted assignment or subletting, Tenant shall remain primarily liable hereunder, and any extension, expansion, rights of first offer, rights of first refusal or other options granted to Tenant under this Lease shall be rendered void and of no further force or effect. The acceptance of rent from any other person shall not be deemed to be a waiver of any of the provisions of this Lease or to be a consent to the assignment of this Lease or the subletting of the Leased Premises. Any assignment or sublease consented to by Landlord shall not relieve Tenant (or its assignee) from obtaining Landlord's consent to any subsequent assignment or sublease. By way of example and not limitation, Landlord shall be deemed to have reasonably withheld consent to a proposed assignment or sublease if in Landlord's opinion (i) the Leased Premises are or may be in any way adversely affected; (ii) the business reputation of the proposed assignee or subtenant is unacceptable; or (iii) the financial worth of the proposed assignee or subtenant is insufficient to meet the obligations hereunder. If Landlord refuses to give its consent to any proposed assignment or subletting, Landlord may, at its option, within thirty (30) days after receiving a request to consent, terminate this Lease by giving Tenant thirty (30) days prior written notice of such termination, whereupon each party shall be released from all further obligations and liability hereunder, except those which expressly survive the termination of this Lease. In the event that Tenant assigns or sublets the Leased Premises or any part thereof, and at any time receives rent and/or other consideration which exceeds that which Tenant would at that time be obligated to pay to Landlord, Tenant shall pay to Landlord, as Additional Rent, 50% of such excess rent and/or other consideration. Tenant agrees to pay Landlord $500.00 upon demand by Landlord to reimburse Landlord for reasonable accounting and attorneys' fees incurred in conjunction with the processing and documentation of any requested assignment, subletting or any other hypothecation of this Lease or Tenant's interest in and to the Leased Premises.

Section 11.02. Permitted Transfer. Notwithstanding anything to the contrary contained in Section 11.01 above, Tenant shall have the right, without Landlord's consent, but upon ten (10) days prior notice to Landlord, to (i) sublet all or part of the Leased Premises to any related corporation or other entity which controls Tenant, is controlled by Tenant or is under common control with Tenant; (ii) assign all or any part of this Lease to any related corporation or other entity which controls Tenant, is controlled by Tenant, or is under common control with Tenant, or to a successor entity into which or with which Tenant is merged or consolidated or which acquires substantially all of Tenant's assets in property; or (iii) effectuate any public offering of Tenant's stock on the New York Stock exchange or in the NASDAQ over the counter market, provided that in the event of a transfer pursuant to clause (ii), the net worth after any such transaction is not less than the net worth of Tenant as of the date hereof and provided further that such successor entity assumes all of the obligations and liabilities of Tenant (any such entity hereinafter referred to as a "Permitted Transferee"). For the purpose hereof "control" shall mean ownership of not less than fifty percent (50%) of all voting stock or legal and equitable interest in such corporation or entity. Any such transfer shall not relieve Tenant of its obligations under this Lease.

ARTICLE 12 - TRANSFERS BY LANDLORD

This Lease and all rights of Tenant hereunder are and shall be subject and subordinate to the lien and security title of any Mortgage (as hereinafter defined) presently existing or hereafter encumbering the Building provided that the holder of said Mortgage agrees not to disturb Tenant's possession of the Leased Premises so long as Tenant is not in default hereunder. For purposes of this Lease, "Mortgage" shall mean any or all mortgages, deeds to secure debt, deeds of trust or other instruments in the nature thereof, and any amendments, modifications, extensions or renewals thereof. Within twenty (20) days following receipt of a written request from Landlord, Tenant shall execute and deliver to Landlord an estoppel certificate in such form as Landlord may reasonably request certifying (i) that this Lease is in full force and effect and unmodified or stating the nature of any modification, (ii) the date to which rent has been paid, (iii) that there are not, to Tenant's knowledge, any uncured defaults or specifying such defaults if any are claimed, and (iv) any other matters or state of facts reasonably required respecting the Lease, it being intended that any such statement delivered pursuant hereto may be relied upon by Landlord and by any purchaser or mortgagee of the Building. No owner of the Leased Premises, whether or not named herein, shall have liability hereunder after it ceases to hold title to the Leased Premises.

ARTICLE 13 - DEFAULT AND REMEDY

Section 13.01. Default. The occurrence of any of the following shall be a "Default":

(a) Tenant fails to pay any Monthly Rental Installment or Additional Rent (i) within five (5) days following written notice from Landlord on the first occasion in any twelve (12) month period, and (ii) within five (5) days after the same is due on any subsequent occasion within said twelve (12) month period.

(b) Tenant fails to perform or observe any other term, condition, covenant or obligation required under this Lease for a period of thirty (30) days after notice thereof from Landlord; provided, however, that if the nature of Tenant's default is such that more than thirty days are reasonably required to cure, then such default shall be deemed to have been cured if Tenant commences such performance within said thirty-day period and thereafter diligently completes the required action within a reasonable time.

(c) Tenant shall assign or sublet all or a portion of the Leased Premises in contravention of the provisions of Article 11 of this Lease.

(d) All or substantially all of Tenant's assets in the Leased Premises or Tenant's interest in this Lease are attached or levied under execution (and Tenant does not discharge the same within sixty (60) days thereafter); a petition in bankruptcy, insolvency or for reorganization or arrangement is filed by or against Tenant (and Tenant fails to secure a stay or discharge thereof within sixty (60) days thereafter); Tenant is insolvent and unable to pay its debts as they become due; Tenant makes a general assignment for the benefit of creditors; Tenant takes the benefit of any insolvency action or law; the appointment of a receiver or trustee in bankruptcy for Tenant or its assets if such receivership has not been vacated or set aside within thirty (30) days thereafter; or dissolution or other termination of Tenant's corporate charter if Tenant is a corporation.

Section 13.02. Remedies. Upon the occurrence of any Default, Landlord shall have the following rights and remedies, in addition to those allowed by law or in equity, any one or more of which may be exercised without further notice to Tenant:

(a) Terminate this Lease by giving Tenant notice of termination, in which event this Lease shall expire and terminate on the date specified in such notice of termination and all rights of Tenant under this Lease and in and to the Leased Premises shall terminate. Tenant shall remain liable for all obligations under this Lease arising up to the date of such termination, and Tenant shall surrender the Leased Premises to Landlord on the date specified in such notice. Furthermore, Tenant shall be liable to Landlord for the unamortized balance of any Tenant improvement allowance and brokerage fees paid in connection with the Lease.

(b) Without terminating this Lease, and with or without notice to Tenant, re-enter the Leased Premises and cure any default of Tenant, and Tenant shall reimburse Landlord as Additional Rent for any costs and expenses which Landlord thereby incurs; and Landlord shall not be liable to Tenant for any loss or damage which Tenant may sustain by reason of Landlord's action.

(c) Terminate this Lease as provided in subparagraph (a) above and recover from Tenant all damages Landlord may incur by reason of Tenant's default, including, without limitation, an amount which, at the date of such termination is equal to the sum of the following: (i) the value of the excess, if

any, discounted at the prime rate of interest (as reported in the *Wall Street Journal*), of (A) the Minimum Annual Rent, Additional Rent and all other sums that would have been payable hereunder by Tenant for the period for the remainder of the Lease Term had this Lease not been terminated (said period being referred to herein as the "Remaining Term"), less (B) the aggregate reasonable rental value of the Leased Premises for the Remaining Term, as determined by a real estate broker licensed in the State of Georgia who has at least ten (10) years of experience; (ii) the costs of recovering possession of the Leased Premises and all other expenses incurred by Landlord due to Tenant's Default, including, without limitation, reasonable attorney's fees and the cost to prepare the Leased Premises for re-letting (all costs and expenses set forth in this clause (ii) being referred to herein, collectively, as the "Default Damages"); and (iii) the unpaid Minimum Annual Rent and Additional Rent that accrued prior to the date of termination, plus any interest and late fees due hereunder and any other sums of money and damages owing on the date of termination by Tenant to Landlord under this Lease or in connection with the Leased Premises (all amounts set forth in this clause (iii) being referred to herein, collectively, as the "Prior Obligations"). Landlord shall provide Tenant with written notice of the amount as calculated above within sixty (60) days from the date of such termination. Tenant shall pay such amount within sixty (60) days from the receipt of Landlord's notice. Landlord and Tenant acknowledge and agree that the payment of the amount set forth in clause (i) above shall not be deemed a penalty, but shall merely constitute payment of liquidated damages, it being understood that actual damages to Landlord are extremely difficult, if not impossible, to ascertain. Tenant expressly acknowledges and agrees that the liabilities and remedies specified in this subparagraph (c) shall survive the termination of this Lease.

(d) Intentionally Omitted.

(e) Without terminating this Lease, terminate Tenant's right to possession of the Leased Premises as of the date of Tenant's Default, and thereafter (i) neither Tenant nor any person claiming under or through Tenant shall be entitled to possession of the Leased Premises, and Tenant shall immediately surrender the Leased Premises to Landlord; and (ii) Landlord may re-enter the Leased Premises and dispossess Tenant and any other occupants of the Leased Premises by any lawful means and may remove their effects, without prejudice to any other remedy which Landlord may have. Thereafter, Landlord may, but shall not be obligated to, re-let all or any part of the Leased Premises as the agent of Tenant for a term different from that which would otherwise have constituted the balance of the Lease Term and for rent and on terms and conditions different from those contained herein, whereupon Tenant shall be obligated to pay to Landlord as liquidated damages the difference between the rent provided for herein and that provided for in any lease covering a subsequent re-letting of the Leased Premises, for the Remaining Term, together with all Default Damages. Neither the filing of a dispossessory proceeding nor an eviction of personalty in the Leased Premises shall be deemed to terminate the Lease.

(f) Allow the Leased Premises to remain unoccupied and collect rent from Tenant as it comes due; provided, however, that to the extent required by applicable law, Landlord will use reasonable efforts to mitigate its damages.

(g) Sue for injunctive relief or to recover damages for any loss resulting from the Default.

Section 13.03. Landlord's Default and Tenant's Remedies. Landlord shall be in default if it fails to perform any term, condition, covenant or obligation required under this Lease for a period of thirty (30) days after written notice thereof from Tenant to Landlord; provided, however, that if the term, condition, covenant or obligation to be performed by Landlord is such that it cannot reasonably be performed within thirty (30) days, such default shall be deemed to have been cured if Landlord commences such performance within said thirty-day period and thereafter diligently undertakes to complete the same. Upon the occurrence of any such default. Tenant may sue for injunctive relief or to recover damages for any loss directly resulting from the breach, but Tenant shall not be entitled to terminate this Lease or withhold, offset or abate any sums due hereunder.

Section 13.04. Limitation of Landlord's Liability. If Landlord shall fail to perform any term, condition, covenant or obligation required to be performed by it under this Lease and if Tenant shall, as a consequence thereof, recover a money judgment against Landlord, Tenant agrees that it shall look solely to Landlord's right, title and interest in and to the Building for the collection of such judgment; and Tenant further agrees that no other assets of Landlord shall be subject to levy, execution or other process for the satisfaction of Tenant's judgment.

Section 13.05. Nonwaiver of Defaults. Neither party's failure or delay in exercising any of its rights or remedies or other provisions of this Lease shall constitute a waiver thereof or affect its right thereafter to exercise or enforce such right or remedy or other provision. No waiver of any default shall be deemed to be a waiver of any other default. Landlord's receipt of less than the full rent due shall not

be construed to be other than a payment on account of rent then due, nor shall any statement on Tenant's check or any letter accompanying Tenant's check be deemed an accord and satisfaction. No act or omission by Landlord or its employees or agents during the Lease Term shall be deemed an acceptance of a surrender of the Leased Premises, and no agreement to accept such a surrender shall be valid unless in writing and signed by Landlord.

Section 13.06. Attorneys' Fees. If a Default shall occur, Tenant shall pay to Landlord, on demand, all expenses incurred by Landlord as a result thereof, including reasonable attorneys' fees, court costs and expenses actually incurred; provided, however, that Landlord and Tenant shall each reimburse the other for the reasonable and actual attorneys' fees, court costs and expenses incurred by such other party in connection with any litigation initiated by Landlord or Tenant, as the case may be, pursuant to this Lease which results in a final, unappealable judgment as to the merits in the other party's favor.

ARTICLE 14 - LANDLORD'S RIGHT TO RELOCATE TENANT

INTENTIONALLY OMITTED

ARTICLE 15 - TENANT'S RESPONSIBILITY REGARDING ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES

Section 15.01. Definitions.

(a) "Environmental Laws" - All present or future federal, state and municipal laws, ordinances, rules and regulations applicable to the environmental and ecological condition of the Leased Premises, the rules and regulation of the Federal Environmental Protection Agency or any other federal, state or municipal agency or governmental board or entity having jurisdiction over the Leased Premises.

(b) "Hazardous Substances" - Those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances,'' "solid waste" or "infectious waste" under Environmental Laws and petroleum products.

Section 15.02. Compliance. Tenant, at its sole cost and expense, shall promptly comply with the Environmental Laws including any notice from any source issued pursuant to the Environmental Laws or issued by any insurance company which shall impose any duty upon Tenant with respect to the use, occupancy, maintenance or alteration of the Leased Premises whether such notice shall be served upon Tenant or served upon Landlord and Landlord advised Tenant of such need to cure.

Section 15.03. Restrictions on Tenant. Tenant shall operate its business and maintain the Leased Premises in compliance with all Environmental Laws. Tenant shall not cause or permit the use, generation, release, manufacture, refining, production, processing, storage or disposal of any Hazardous Substances on, under or about the Leased Premises, or the transportation to or from the Leased Premises of any Hazardous Substances, except as necessary and appropriate for its Permitted Use in which case the use, storage or disposal of such Hazardous Substances shall be performed in compliance with the Environmental Laws.

Section 15.04. Notices, Affidavits, Etc.

(a) Tenant shall immediately notify Landlord of (i) any violation by Tenant, its employees, agents, representatives, customers, invitees or contractors of the Environmental Laws on, under or about the Leased Premises, or (ii) the presence or suspected presence of any Hazardous Substances on, under or about the Leased Premises and shall immediately deliver to Landlord any notice received by Tenant relating to (i) and (ii) above from any source. Tenant shall execute affidavits, representations and the like within five (5) days of Landlord's request therefor concerning Tenant's best knowledge and belief regarding the presence of any Hazardous Substances on, under or about the Leased Premises.

(b) Landlord shall immediately notify Tenant of (i) any violation by Landlord, its employees, agents, representatives, customers, invitees or contractors of the Environmental Laws on, under or about the Leased Premises, or (ii) the presence or suspected presence of any Hazardous Substances on, under or about the Leased Premises and shall immediately deliver to Tenant any notice received by Landlord relating to (i) and (ii) above from any source. Landlord shall execute affidavits, representations and the like within ten (10) business days of Tenant's request therefor concerning Landlord's best knowledge and belief regarding the presence of any Hazardous Substances on, under or about the Leased Premises.

Section 15.05. Landlord's Rights. Landlord and its agents shall have the right, but not the duty, upon advance notice (except in the case of emergency when no notice shall be required) to inspect the Leased Premises and conduct tests thereon to determine whether or the extent to which there has been a violation of Environmental Laws by Tenant or whether there are Hazardous Substances on, under or about the Leased Premises. In exercising its rights herein, Landlord shall use reasonable efforts to minimize interference with Tenant's business but such entry shall not constitute an eviction of Tenant, in whole or in part, and Landlord shall not be liable for any interference, loss, or damage to Tenant's property or business caused thereby.

Section 15.06. Tenant's Indemnification. Tenant shall indemnify Landlord and Landlord's managing agent from any and all claims, losses, liabilities, costs, expenses and damages, including attorneys' fees, costs of testing and remediation costs, incurred by Landlord in connection with any breach by Tenant of its obligations under this Article 15; provided, however, that Tenant shall have no obligation to indemnify Landlord to the extent that Landlord is actually reimbursed by insurance proceeds. The covenants and obligations under this Article 15 shall survive the expiration or earlier termination of this Lease.

Section 15.07. Landlord's Representation. Notwithstanding anything contained in this Article 15 to the contrary, Tenant shall not have any liability to Landlord under this Article 15 resulting from any conditions existing, or events occurring, or any Hazardous Substances existing or generated at, in, on, under or in connection with the Leased Premises prior to the Commencement Date of this Lease except to the extent Tenant exacerbates the same.

ARTICLE 16 - MISCELLANEOUS

Section 16.01. Benefit of Landlord and Tenant. This Lease shall inure to the benefit of and be binding upon Landlord and Tenant and their respective successors and assigns.

Section 16.02. Governing Law. This Lease shall be governed in accordance with the laws of the State where the Building is located.

Section 16.03. Guaranty. Intentionally Omitted.

Section 16.04. Force Majeure. Landlord and Tenant (except with respect to the payment of any monetary obligation) shall be excused for the period of any delay in the performance of any obligation hereunder when such delay is occasioned by causes beyond its control, including but not limited to work stoppages, boycotts, slowdowns or strikes; shortages of materials, equipment, labor or energy; unusual weather conditions; or acts or omissions of governmental or political bodies.

Section 16.05. Examination of Lease. Submission of this instrument for examination or signature to Tenant does not constitute a reservation of or option for Lease, and it is not effective as a Lease or otherwise until execution by and delivery to both Landlord and Tenant.

Section 16.06. Indemnification for Leasing Commissions. Broker shall be entitled to receive a commission in the amounts, and upon the terms and conditions, contained in a separate commission agreement between Landlord and Broker. Tenant warrants and represents to Landlord that, other than Broker, no other party is entitled, as a result of the actions of Tenant, to a commission or other fee resulting from the execution of this Lease; and in the event Tenant extends or renews this Lease, or expands the Leased Premises, and Broker is entitled to a commission under the above-referenced commission agreement, Tenant shall pay all commissions and fees payable to any party (other than Broker) engaged by Tenant to represent Tenant in connection therewith. Landlord warrants and represents to Tenant that, except as set forth above, no other party is entitled, as a result of the actions of Landlord, to a commission or other fee resulting from the execution of this Lease. Landlord and Tenant agree to indemnify and hold each other harmless from any loss, cost, damage or expense (including reasonable attorney's fees) incurred by the nonindemnifying party as a result of the untruth or incorrectness of the foregoing warranty and representation, or failure to comply with the provisions of this subparagraph. Broker is representing Tenant in connection with this Lease, and is not representing Landlord. Employees of Landlord or its affiliates, are representing Landlord and are not representing Tenant. The parties acknowledge that certain officers, directors, shareholders, or partners of Landlord or its general partner(s), are licensed real estate brokers and/or salesmen under the laws of the State of Georgia. Tenant consents to such parties acting in such dual capacities.

Section 16.07. Notices. Any notice required or permitted to be given under this Lease or by law shall be deemed to have been given if it is written and delivered by overnight courier or mailed by certified mail, postage prepaid, to the party who is to receive such notice at the address specified in

Article 1. If sent by overnight courier, notice shall be deemed given as of the First business day after sending. If mailed, the notice shall be deemed to have been given on the date which is three business days after mailing. Either party may change its address by giving written notice thereof to the other party.

Section 16.08. Partial Invalidity; Complete Agreement. If any provision of this Lease shall be held to be invalid, void or unenforceable, the remaining provisions shall remain in full force and effect. This Lease represents the entire agreement between Landlord and Tenant covering everything agreed upon or understood in this transaction. There are no oral promises, conditions, representations, understandings, interpretations or terms of any kind as conditions or inducements to the execution hereof or in effect between the parties. No change or addition shall be made to this Lease except by a written agreement executed by Landlord and Tenant.

Section 16.09. Financial Statements. During the Lease Term and any extensions thereof, as long as Tenant's financial statements are publicly available, Tenant shall provide to Landlord upon request, a copy of Tenant's most recent annual report. Without limiting the foregoing, in the event that Tenant's financial statements are no longer publicly available, Tenant shall provide to Landlord on an annual basis, within ninety (90) days following the end of Tenant's fiscal year, a copy of Tenant's most recent financial statements (certified and audited if available) prepared as of the end of Tenant's fiscal year. All such financial statements shall be signed by Tenant (or an officer of Tenant, if applicable) who shall attest to the truth and accuracy of the information set forth in such statements, All financial statements provided by Tenant to Landlord hereunder shall be prepared in conformity with generally accepted accounting principles, consistently applied.

Section 16.10. Signage. Landlord shall have the right to approve the placing of signs and the size and quality of the same. Tenant shall place no exterior signs on the Leased Premises without the prior written consent of Landlord. Any signs not in conformity with the Lease may be intermediately removed by Landlord.

Section 16.11. Consent. Where the consent of a party is required, such consent will not be unreasonably withheld.

Section 1612. Parking. Throughout the term of this Lease and any extensions thereof, Landlord shall make available to Tenant one hundred seventeen (117) automobile parking spaces (on an unassigned, non-exclusive basis) in the parking area of the Park. Such parking shall be at no additional cost to Tenant. Tenant agrees to cooperate reasonably with Landlord and other tenants in the use of parking facilities. Landlord reserves the right in its reasonable discretion to determine whether parking facilities are becoming crowded and, in such event, to allocate parking spaces among Tenant and other tenants. There will be no assigned parking unless Landlord, in its sole discretion, may deem advisable. No vehicle may be repaired or serviced in the parking area and any vehicle deemed abandoned by Landlord will be towed from the project and all costs therein shall be borne by the Tenant. All driveways, ingress and egress, and all parking spaces are for the joint use of all tenants. There shall be no parking permitted on any of the streets or roadways located within the Parking.

Section 16.13. Time. Time is of the essence of each term and provision of this Lease.

Section 16.14. Representations and Warranties. Tenant hereby represents and warrants that (i) Tenant is duly organized, validly existing and in good standing (if applicable) in accordance with the laws of the state under which it was organized; (ii) Tenant is authorized to do business in the State where the Building is located; and (iii) the individual(s) executing and delivering this Lease on behalf of Tenant has been properly authorized to do so, and such execution and delivery shall bind Tenant to is terms.

Section 16.15. Usufruct. Tenant's interest in the Leased Premises is a usufruct, not subject to levy and sale, and not assignable by Tenant except as expressly set forth herein.

(SIGNATURES CONTAINED ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

Signed, sealed and delivered
as to Landlord, in the
presence of:

/s/ Tara Bell
Unofficial Witness

/s/ [Illegible]
Notary Public

Notary Public, Gwinnett County, Georgia
My Commission Expires August 12, 2005

LANDLORD:

DUKE REALTY LIMITED PARTNERSHIP, an
Indiana limited partnership

By: Duke Realty Corporation,
its General Partner

By: /s/ [Illegible]
Name: [Illegible]
Title: [Illegible]

Signed, sealed and delivered
as to Tenant, in the
presence of:

Unofficial Witness

/s/ Ansleigh Smith
Notary Public

ANSLEIGH SMITH
Notary Public, Gwinnett County, Georgia
My Commission Expires Sept 15, 2006.

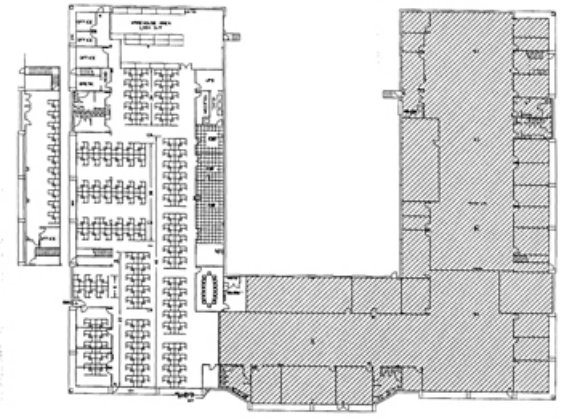
TENANT:

PRIMERICA LIFE INSURANCE COMPANY, a
Massachusetts corporation

By: /s/ Karen Fine
Name: Karen Fine
Title: EVP

Attest:
Name:
Title:

EXHIBIT A



1 FLOOR PLAN

Duke Realty Corporation	PRIMERICA FINANCIAL SERVICES	18,670 TOTAL RSF EXCLUDING MEZZANINE	coyle-thompson interiors, inc.
	HEMBREE PARK 150 HEMBREE PARK DRIVE SUITE 100 ROSWELL, GEORGIA	WEST MEZZANINE 1,845SF	
	JOB # 282-7-107	REV: AUGUST 21, 2002	

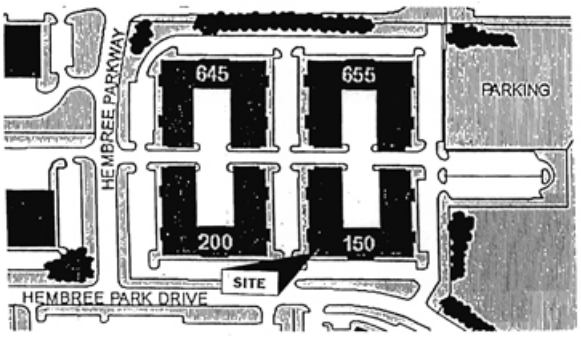


EXHIBIT D

SPECIAL STIPULATIONS

The Special Stipulations set forth herein are hereby incorporated into the body of the lease to which these Special Stipulations are attached (the "Lease"), and to the extent of any conflict between these Special Stipulations and the Lease, these Special Stipulations shall govern and control.

I. Option to Extend.

(a) Grant and Exercise of Option. Provided that (i) the Lease is in full force and effect, (ii) no Default has occurred and is then continuing and no facts or circumstances exist which, with the giving of notice or the passage of time, or both, would constitute a Default, and (iii) Tenant's tangible net worth is at least Ten Million and No/100 Dollars ($10,000,000.00), as revealed by its most current financial statements, Tenant shall have one (1) option to extend the initial Lease Term (the "Original Term") for one (1) additional period of five (5) years (the "Extension Term"). For the purpose hereof, "tangible net worth" shall mean the value of tangible assets (i.e., assets excluding those which are intangibles such as goodwill, patents and trademarks) over liabilities. The leasing of the Leased Premises for the Extension Term shall be upon the same terms and conditions contained in the Lease for the Original Term except (i) Tenant shall not have any further option to extend; (ii) any improvement allowances, termination rights or other concessions applicable to the Leased Premises during the Original Term shall not apply to the Extended Term, and (iii) the Minimum Annual Rent shall be adjusted as set forth herein ("Rent Adjustment"). Tenant shall exercise such option by delivering to Landlord, no later than one hundred eighty (180) days prior to the expiration of the Original Term, written notice of Tenant's desire to extend the Original Term. Tenant's failure to timely exercise such option shall be deemed a waiver of such option. If Tenant properly exercises its option to extend, Landlord shall notify Tenant of the Minimum Annual Rent for the Extension Term no later than ninety (90) days prior to the commencement of the Extension Term. Tenant shall have twenty (20) business days following its receipt of Landlord's notice to notify Landlord in writing that Tenant objects to the Rent Adjustment and therefore that Tenant elects to determine the Fair Market Value Rent (as defined and calculated below). Tenant shall be deemed to have accepted the Rent Adjustment if it fails to deliver to Landlord a written objection thereto within said twenty (20) business day period. If Tenant timely exercises its option to extend, Landlord and Tenant shall execute an amendment to the Lease (or, at Landlord's option, a new lease on the form then in use for the Building) reflecting the terms and conditions of the Extension Term, within thirty (30) days following the determination of the Minimum Annual Rent for the Extension Term.

(b) Fair Market Value Rent. The "Fair Market Value Rent" shall be an amount equal to the minimum annual rent then being quoted by landlord to prospective new tenants of the Building for space of comparable size and quality and with similar or equivalent improvements as are found in the Building, and if none, then in similar buildings owned by Landlord. The Fair Market Value Rent shall be determined as follows:

(i) Selection of Appraisers. If Tenant notifies Landlord that Tenant disagrees with Landlord's determination of the Minimum Annual Rent for the Extension Term and that Tenant elects to determine the Fair Market Value Rent, then Landlord and Tenant shall, within ten (10) days after Landlord's receipt of said notice, each select an appraiser to determine the Fair Market Value Rent for the Leased Premises. Each appraiser so selected shall be either an MAI appraiser or a licensed real estate broker, each having at least ten years prior experience in the appraisal or leasing of comparable space in the metropolitan area in which the Leased Premises are located and with a working knowledge of current rental rates and practices.

(ii) Appraisal. Upon selection, Landlord's and Tenant's appraisers shall work together in good faith to agree upon the Fair Market Value Rent. The estimate chosen by such appraisers shall be binding on both Landlord and Tenant. If the two appraisers cannot agree upon the Fair Market Value Rent for the Leased Premises within twenty (20) days after their appointment, then, within ten (10) days after the expiration of such twenty (20) day period, the two appraisers shall select a third appraiser meeting the above criteria. Once the third appraiser has been selected as provided for above, then such third appraiser shall within ten (10) days after appointment make its determination of which of the appraisers' two estimates most closely reflects Fair Market Value Rent and such estimate shall be binding on both Landlord and Tenant as the Fair Market Value Rent for the applicable Extension Term. The parties shall share equally in the costs of the third arbitrator, and each party shall pay the cost of its own arbitrator.

(c) Personal. This Option to Extend is personal to Primerica Life Insurance Company and its Permitted Transferee and shall become null and void upon the occurrence of an assignment of the Lease or a sublet of all or a part of the Leased Premises.

2. Right of First Offer.

(a) Provided that (i) the Lease is in full force and effect, (ii) no Default has occurred and is then continuing and no facts or circumstances exist which, with the giving of notice or the passage of time, or both, would constitute a Default, and (iii) the creditworthiness of Tenant, as revealed by its most current financial statements, is materially the same as or better than on the date of the Lease, Landlord shall notify Tenant in writing ("Landlord's Notice") of the availability of any space within the Building, as shown on Exhibit E attached hereto and made a part hereof (the "Offer Space") before entering into a lease with a third party for such Offer Space. Tenant shall have ten (10) business days from its receipt of Landlord's Notice to deliver to Landlord a written acceptance agreeing to lease the Offer Space on the terms and conditions contained in Landlord's Notice which shall be the same terms and conditions as Landlord is willing to provide to such third party. In the event Tenant fails to notify Landlord of its acceptance within said ten (10) business day period, such failure shall be conclusively deemed a waiver of Tenant's Right of First Offer and a rejection of the Offer Space, whereupon Tenant shall have no further rights with respect to the Offer Space and Landlord shall be free to lease the Offer Space to a third party. In the event Tenant accepts the Offer Space on the terms and conditions specified in the Landlord's Notice, the term for the Offer Space shall be coterminous with the term for the original Leased Premises; provided, however, that the term for the Offer Space shall be not less than thirty-six (36) months. If the term of the Offer Space would then exceed the Lease Term for the original Leased Premises, the Lease Term for the original Leased Premises shall be extended automatically to the extent necessary, to be coterminous with the term for the Offer Space. The Minimum Annual Rent for the Offer Space shall be equal to the rate which is then being quoted by Landlord to prospective new tenants for the Offer Space, excluding free rent and other concessions, but adjusted to reflect any term that is less than the term contained in Landlord's Notice, provided, however, that in no event shall Tenant's Minimum Annual Rent per square foot for the Offer Space be less than the highest Minimum Annual Rent per square foot payable during the original Lease Term for the original Leased Premises. If, as a result of Tenant's exercise of this right of first offer, the Lease Term for the original Leased Premises is extended, the Minimum Annual Rent for the original Leased Premises during the first twelve (12) months of any such extended term shall be an amount equal to 103% of the Minimum Annual Rent in effect at the end of the preceding term, and shall increase at the rate of 3% per annum thereafter.

(b) If, within such 10 business day period, Tenant accepts the Offer Space, then Landlord and Tenant shall amend the Lease to include the Offer Space subject to the same terms and conditions of the Lease, as modified by the terms and conditions of the Landlord's Notice; provided, however, that except as otherwise expressly set forth in the Landlord's Notice, no Tenant Improvement allowances or other such financial concessions contained in the Lease, if any, shall apply to the Offer Space.

(c) Notwithstanding anything to the contrary contained herein, if, at any time, (i) Landlord delivers a Landlord's Notice with respect to any Offer Space that adjoins the Leased Premises, (ii) Tenant waives its right of first offer to lease said Offer Space pursuant to the terms of subsection (a) above, and (iii) Landlord leases said Offer Space to a third party, this Special Stipulation 2 shall be thereafter null and void and of no further force or effect and Tenant shall no longer have a right of first offer to lease any Offer Space.

(d) This Right of First Offer is personal to Primerica Life Insurance Company and its Permitted Transferee and shall become null and void upon the occurrence of an assignment of the Lease or a sublet of all or a part of the Leased Premises.

3. Mezzanine. Tenant shall have the exclusive right to occupy and use the mezzanine area located directly above Suite 100 of the Building as shown on Exhibit F attached hereto and made a part hereof (the "Mezzanine Space"). The Mezzanine Space shall be deemed part of the Leased Premises for all purposes under the Lease; provided, however, that Tenant shall not be required to pay base rent or any Operating Expenses or increases in insurance premiums or Real Estate Taxes with respect to the Mezzanine Space and the Mezzanine Space shall not be included in the calculation of Tenant's Proportionate Share, or rentable area.

4. Tenant Alterations Allowance. Landlord and Tenant acknowledge that Tenant intends to make certain alterations to the Leased Premises following the date hereof, and that Tenant shall be required to comply with the provisions of Section 7.03 of the Lease in connection therewith. Without limiting the foregoing, Landlord agrees to pay an allowance to Tenant for the construction and installation of said alterations (the "Tenant Alterations") up to Forty-Two Thousand and Eight Hundred Seventy-Eight and

00/100 Dollars ($42,878.00) (the "Allowance"), provided that (i) Tenant delivers to Landlord, on or before May 1, 2003, a written request for such reimbursement, and (ii) such request is accompanied by copies of invoices or receipts for the cost of the Tenant Alterations marked "paid in full." If the Allowance exceeds the cost to construct and install the Tenant Alterations, such savings shall be the property of Landlord. If Tenant fails to deliver a written request for reimbursement as aforesaid on or before May 1, 2003, Tenant shall be deemed to have waived its right to such reimbursement.

5. Building Generator. Tenant shall have the exclusive right to use the back-up generator that currently services the Building (the "Building Generator") as a back-up power source for the Leased Premises, provided that (a) the Building Generator (and the use thereof) is in compliance with all of the terms and conditions of this Lease, (b) the Building Generator (and the use thereof) is in compliance with any and all applicable laws, statutes, ordinances, regulations and protective covenants, and (c) Tenant maintains the Building Generator in good condition and repair. Landlord shall have no obligation, whatsoever, to replace the Building Generator or perform any repairs to the Building Generator and any use of the Building Generator by Tenant shall be at Tenant's sole risk and expense. Tenant shall have the right to periodically test the Building Generator during the Lease Term.

6. Operating Expense Exclusions. Notwithstanding the provisions of Section 3.02 of the Lease, Operating Expenses shall not include the following:

(a) legal fees, brokerage commissions, adverting costs and other costs incurred in connection with the leasing of the Building;

(b) costs and expenses arising by reason of any fire or other casualty (excluding and commercially reasonable deductible) or any condemnation to the extent that Landlord is reimbursed by insurance proceeds or condemnation awards;

(c) costs incurred by Landlord as a result of Landlord's gross negligence or willful misconduct;

(d) wages, salaries, medical, surgical and general welfare benefits, pension payments, payroll taxes, workers' compensation costs or other compensation paid to or for any executive employees above the grade of building manager;

(e) Landlord's general overhead expenses not related to the Building;

(f) payments of principals or interest on any mortgage or other encumbrance including ground lease payments and points, commission and legal fees associated with financing;

(g) depreciation;

(h) legal fees, accountants' fees and other expenses incurred in litigation with Tenant or other tenants or occupants of the Building or associated with the enforcement of any lease or defense of the Landlord's title or interest in the Building or any part thereof;

(i) costs including permit, license and inspection fees incurred in renovating or otherwise improving, decorating, painting or altering another tenant's space in the Building;

(j) costs incurred due to the violation by Landlord or any other tenant in the Building of the terms and conditions of any lease;

(k) the cost of any services provided to Tenant or other occupants of the Building for which Landlord is directly reimbursed in a manner separate from a pass-through of general operating expenses;

(l) charitable or political contributions;

(m) interest, penalties or other costs arising out of Landlord's failure to make timely payments of its obligations; and

(n) costs incurred in advertising and promotional activities for the Building.

7. Compliance With Law.

(a) Existing Governmental Regulations. If any federal, state or local laws, ordinances, orders, rules, regulations or requirements (collectively, "Governmental Requirements") in existence as of

the date of the Lease require an alteration or modification of the Leased Premises (a "Code Modification") and such Code Modification (i) is not made necessary as a result of the specific use being made by Tenant of the Leased Premises (as distinguished from an alteration or improvement which would be required to be made by the owner of any warehouse-office building comparable to the Building irrespective of the use thereof by any particular occupant), and (ii) is not made necessary as a result of any alteration of the Leased Premises by Tenant, such Code Modification shall be performed by Landlord, at Landlord's sole cost and expense.

(b) Governmental Regulations – Landlord Responsibility. If, as a result of one or more Governmental Requirements that are not in existence as of the date of this Lease, it is necessary from time to time during the Lease Term, to perform a Code Modification to the Building or the Common Areas that (i) is not made necessary as a result of the specific use being made by Tenant of Leased Premises (as distinguished from an alteration or improvement which would be required to be made by the owner of any warehouse-office building comparable to the Building irrespective of the use thereof by any particular occupant), and (ii) is not made necessary as a result of any alteration of the Leased Premises by Tenant, such Code Modification shall be performed by Landlord and cost thereof shall be included in Operating Expenses.

(c) Governmental Regulations – Tenant Responsibility. If, as a result of one or more Governmental Requirements, it is necessary from time to time during the Lease Term to perform a Code Modification to the Building or the Common Areas that is made necessary as a result of the specific use being made by Tenant of the Leased Premises or as a result of any alteration of the Leased Premises by Tenant, such Code Modification shall be the sole and exclusive responsibility of Tenant in all respects; provided, however, that Tenant shall have the right to retract its request to perform a proposed alteration in the event that the performance of such alteration would trigger the requirement for a Code Modification.

8. Cap on Controllable Expenses. Notwithstanding anything in this Lease to the contrary, Tenant will be responsible for Tenant's Proportionate Share of Real Estate Taxes, Insurance Premiums, utilities, janitorial services, snow removal, landscaping and charges assessed against or attributed to the Building pursuant to any applicable declaration of protective covenants ("Uncontrollable Expenses"), without regard to the level of increase in any or all of the above in any year or other period of time. Tenant's obligation to pay all other Building expenses which are not Uncontrollable Expenses (herein "Controllable Expenses") shall be limited to a ten percent (10%) per annum increase over the amount the Controllable Expenses for the immediately preceding calendar year would have been had the Controllable Expenses increased at the rate of ten percent (10%) in all previous calendar years beginning with the actual Controllable Expenses for the year ending December 31, 2002.

9. Inspection Rights. Landlord's books and records pertaining to the calculation of Operating Expenses for any calendar year within the Lease Term may be inspected by Tenant (or by an independent certified accountant) at Tenant's expense, at any reasonable time within three (3) months after Tenant's receipt of Landlord's statement for Operating Expenses; provided that Tenant shall give Landlord not less than fifteen (15) days' prior written notice of any such inspection. If Landlord and Tenant agree that Landlord's calculation of Tenant's share of Operating Expenses for the inspected calendar year was incorrect, the parties shall enter into a written agreement confirming such error and then, and only then, Tenant shall be entitled to a credit against future Minimum Annual Rent for said overpayment (or a refund of any overpayment if the Lease Term has expired) or Tenant shall pay to Landlord the amount of any underpayment, as the case may be. If Tenant's inspection proves that Landlord's calculation of Tenant's Proportionate Share of Operating Expenses for the inspected calendar year resulted in an overpayment by more than ten percent (10%) of Tenant's share, Landlord shall also pay the reasonable fees and expenses of Tenant's independent professionals, if any, conducting said inspection. All of the information obtained through Tenant's inspection with respect to financial matters (including, without limitation, costs, expenses and income) and any other matters pertaining to Landlord, the Leased Premises, the Building and/or the Park as well as any compromise, settlement or adjustment reached between Landlord and Tenant relative to the results of the inspection shall be held in strict confidence by Tenant and its officers, agents, and employees; and Tenant shall cause its independent professionals to be similarly bound. The obligations within the preceding sentence shall survive the expiration or earlier termination of the Lease.

10. HVAC. Notwithstanding anything to the contrary set forth inSection 7.01 of this Lease, in the event that the estimated cost to repair or replace a particular component of an HVAC unit serving the Leased Premises in a given calendar year exceeds $500.00 (a) Tenant shall promptly notify Landlord of the need for such repair or replacement, (b) Landlord shall perform such repair or replacement at its cost and expense (subject to clause (c) below), and (c) Tenant shall reimburse Landlord, as Additional Rent, for the cost to perform such repair or replacement up to $500.00; provided, however, that in the event such repair or replacement is needed as a result of Tenant's failure to maintain the HVAC unit properly

or the negligence or willful misconduct of Tenant or Tenant's agents, employees, contractors or invitees, Tenant shall be required to perform the necessary repairs or replacement at its sole cost and expense.

11. Quiet Enjoyment. So long as Tenant has not committed a Default hereunder, Landlord agrees that Tenant shall have the right to quietly use and enjoy the Leased Premises for the Lease Term.

12. Access. Tenant shall unrestricted access to the Leased Premises 24 hours a day, 7 days a week, 365 days a year.

13. Security. Tenant, at its sole cost and expense, my install an alarm/security/life safety system within the Leased Premises, provided Tenant complies with all applicable terms and conditions of this Lease, including, without limitation, Section 7.03 of this Lease.

FIRST AMENDMENT TO INDUSTRIAL LEASE AGREEMENT

This First Amendment to Industrial Lease Agreement (the "**Amendment**") is made as of the 16 day of April, 2008 (the "**Effective Date**"), by and between **FIRSTCAL INDUSTRIAL 2 ACQUISITION, LLC**, a Delaware limited liability company, as successor-in-interest to Duke Realty Limited Partnership ("**Landlord**") and **PRIMERICA LIFE INSURANCE COMPANY**, a Massachusetts corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant entered into that certain Industrial Lease Agreement dated November 21, 2002 (the "**Lease**"), with respect to therein described space, commonly known as Suite 100, and consisting of 18,670 rentable square feet (the "**Leased Premises**") located as more particularly described in the Lease in the Building located at 150 Hembree Park Drive, Roswell, Georgia 30076.

B. Landlord and Tenant now desire to modify and amend certain terms and provisions of the Lease, and in particular, desire to extend the Lease Term, all in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual premises and covenants contained herein and in the Lease, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby modify and amend the Lease, as follows:

1. Recitals. All of the Recitals set forth above are hereby incorporated into the body of this Amendment, as though separately and specifically set forth herein.

2. Defined Terms and Conflict. Any capitalized terms used, but not defined, in this Amendment shall be deemed to have the meanings respectively ascribed to those terms in the Lease. In the event of any conflict between the terms and provisions of the Lease and those of this Amendment, the terms and provisions of this Amendment shall control in all events.

3. Extension of Lease Term. The last day of the Lease Term is hereby extended to February 28, 2018. The time period between midnight on March 1, 2008 (the "**Extension Effective Date**") and 11:59 P.M. on the February 28, 2018 is hereinafter referred to as the "**Extended Lease Term**". All terms and conditions of the Lease shall be applicable to the Leased Premises during the Extended Lease Term, except as expressly set forth herein to the contrary.

4. Minimum Annual Rent. Tenant's obligation to pay Minimum Annual Rent and Additional Rent under the Lease shall continue as set forth in the Lease for the Extended Lease Term, except that the Minimum Annual Rent and the Monthly Rental Installments for the Leased Premises shall be calculated in accordance with the following:

Rental Period	Minimum Annual Rent Per RSF	Monthly Rental Installments
3/1/08 – 2/28/09	$ 8.85	$ 13,769.13
3/1/09 – 2/28/10	$ 9.03	$ 14,044.51
3/1/10 – 2/28/11	$ 9.21	$ 14,325.40
3/1/11 – 2/29/12	$ 9.39	$ 14,611.90
3/1/12 – 2/28/13	$ 9.58	$ 14,904.14
3/1/13 – 2/28/14	$ 9.77	$ 15,202.22
3/1/14 – 2/28/15	$ 9.97	$ 15,506.27
3/1/15 – 2/29/16	$ 10.17	$ 15,816.39
3/1/16 – 2/28/17	$ 10.37	$ 16,132.72
3/1/17 – 2/28/18	$ 10.58	$ 16,455.37

5. Acknowledgement. Tenant hereby acknowledges that Landlord is not in default of its obligations arising pursuant to the Lease as of the date of this Amendment and that Landlord has fully performed any tenant improvement, buildout or construction allowance obligations set forth in the Lease. Further, Tenant hereby acknowledges that it has accepted and will accept the Leased Premises for the Extended Lease Term "As Is" and that, except as expressly set forth in the Work Letter attached hereto as Exhibit A, and incorporated herein by this reference, Landlord is not obligated to provide any tenant improvements or tenant improvement allowances with respect thereto. Promptly following the Extension Effective Date, Tenant shall execute Landlord's Letter of Understanding in substantially the form attached hereto as Exhibit B and made a part hereof, acknowledging, among other things, that Tenant has accepted the Leased Premises for the Extended Lease Term.

6. Notices. As of the Effective Date, the addresses for Landlord's receipt of notices and payment of Rent (set forth in Section 1.01(m) of the Lease) are hereby updated to the following:

Landlord:	FirstCal Industrial 2 Acquisition, LLC c/o First Industrial Realty Trust, Inc. 5 Concourse Parkway, Suite 2020 Atlanta, Georgia 30328 Attn: Regional Director
With Payments to:	FirstCal Industrial 2 Acquisition, LLC PO Box 536782 Atlanta, Georgia 30353-6782
If sent via Overnight:	FirstCal Industrial 2 Acquisition, LLC Attn: Lockbox 536782 1669 Phoenix Parkway, Suite 210 College Park, Georgia 30349

7. Tenant's Insurance. Section 8.02 of the Lease is hereby deleted and, in lieu thereof, the following is instead substituted:

Tenant shall purchase, at its own expense, and keep in force at all times during the Lease Term the policies of insurance set forth below (collectively, "**Tenant's Policies**"). All Tenant's Policies shall (a) be issued by an insurance company with a Best's rating of A or better (excluding situations where the Tenant self-insures as provided herein) and otherwise reasonably acceptable to Landlord and shall be licensed to do business in the state in which the Leased Premises is located; (b) provide that said insurance shall not be canceled unless 30 days' prior written notice shall have been given to Landlord; (c) provide for deductible amounts that are reasonably acceptable to Landlord (and its lender, if applicable) and (d) otherwise be in such form, and include such coverages, as Landlord may reasonably require. The Tenant's Policies described in (i) and (ii) below shall (1) provide coverage on an occurrence basis; (2) name Landlord (and its lender, if applicable) as additional insured; (3) provide coverage, to the extent insurable, for the indemnity obligations of Tenant under this Lease; (4) contain a separation of insured parties provision; (5) be primary, with respect to Tenant's obligations under the Lease, not contributing with, and not in excess of, coverage that Landlord may carry (with Landlord's insurance being primary with respect to Landlord's obligations under the lease); and (6) provide coverage with no exclusion for a pollution

incident arising from a hostile fire. All Tenant's Policies (or, at Landlord's option, Certificates of Insurance and applicable endorsements, including, without limitation, an "Additional Insured-Managers or Landlords of Premises" or similar endorsement) shall be delivered to Landlord prior to the Commencement Date and upon renewal and request a Certificate of Insurance will be delivered. In the event that Tenant fails, at any time or from time to time, to comply with the requirements of the preceding sentence, Landlord may (A) order such insurance and charge the cost thereof to Tenant, which amount shall be payable by Tenant to Landlord upon demand, as Additional Rent or (B) impose on Tenant, as Additional Rent, a monthly delinquency fee, for each month during which Tenant fails to comply with the foregoing obligation, in an amount equal to five percent (5%) of the Monthly Rental Installments then in effect. Tenant shall give prompt notice to Landlord and Agent of any bodily injury, death, personal injury, advertising injury or property damage occurring in and about the Property.

Tenant shall purchase and maintain, throughout the Term, a Tenant's Policy(ies) of: (i) commercial general or excess liability insurance, including personal injury and property damage, in the amount of not less than $2,000,000.00 per occurrence, and $5,000,000.00 annual general aggregate, per location; (ii) comprehensive automobile liability insurance covering Tenant against any personal injuries or deaths of persons and property damage based upon or arising out of the ownership, use, occupancy or maintenance of a motor vehicle at the Premises and all areas appurtenant thereto in the amount of not less than $1,000,000, combined single limit; (iii) omitted; (iv) workers' compensation insurance per the applicable state statutes covering all employees of Tenant; (v) business interruption insurance with limits not less than an amount equal to two (2) years' rent due hereunder; and if Tenant handles, stores or utilizes Hazardous Substances in its business operations, (vi) pollution legal liability insurance.

The foregoing notwithstanding, Landlord hereby consents to Tenant's self-insurance program provided that, at all times throughout the Term during which Tenant desires that Landlord accept Tenant's self-insurance program, said program contains procedures (reasonably acceptable to Landlord) governing the investigation, litigation, processing, funding of reserves, and payment of insurance claims (including claims brought by Landlord in its capacity as an additional insured under this Lease), which procedures shall be consistent with those of third-party insurers. At all times, Tenant's self-insurance program shall be subject to, and comply with, all of the requirements for Tenant's insurance policies as described in this Section 8.02 and Landlord's consent to Tenant's self-insurance program shall not diminish or abrogate any or all of said requirements in any way. Upon Landlord's request, Tenant shall deliver to Landlord certificates and written details, reasonably acceptable to Landlord, evidencing the compliance of its self-insurance program with the provisions of this paragraph. Landlord's consent to Tenant's self-insurance program will automatically terminate upon the effective date of any assignment, transfer or assumption of the Lease by or to any third party, including transfers by operation of law, regardless of whether or not Landlord consents to such transfer (and without, in any way or to any extent, constituting a waiver of any requirement imposed under this Lease that Landlord consent to, and approve of, any such assignment, transfer or assumption).

If the net worth of Tenant is less than Fifty Million and N0/100 Dollars ($50,000,000.00), or if Tenant further assigns the Lease or sublets the Leased Premises or any part thereof, then Landlord may require Tenant, or its assigns or subtenants, to keep in force during the Term of the Lease the insurance policies referenced in this Section 8.02. As used herein, the term *"net worth"* shall mean the stockholder's equity as determined in accordance with generally accepted accounting principles as published in the most recent annual report of Tenant.

8. Financial Information. Section 16.09 of the Lease is hereby deleted and, in lieu thereof, the following is hereby substituted:

From time to time during the Lease Term, Tenant shall deliver to Landlord, information and documentation describing and concerning Tenant's financial condition, and in form and substance reasonably acceptable to Landlord, within ten (10) days following Landlord's written request therefor. Upon Landlord's request, Tenant shall provide to Landlord the most currently available audited financial statement of Tenant; and if no such audited financial statement is available, then Tenant shall instead deliver to Landlord, its most currently available balance sheet and income statement. Furthermore, upon the delivery of any such financial information from time to time during the Lease Term, Tenant shall be deemed to automatically represent and warrant to Landlord that the financial information delivered to Landlord is true, accurate and complete, and that there has been no adverse change in the financial condition of Tenant since the date of the then-applicable financial information.

9. Confidentiality. Pursuant to the Lease, Landlord and its selected third parties, because of their access to the Leased Premises, will necessarily have access to confidential information ("Confidential Information") that Tenant is obligated by law to protect. Confidential Information includes, but is not limited to, personal, financial and health information of the Tenant's customers, agents and representatives, including lists of customers, agents and representatives. Landlord shall take appropriate action to ensure the protection, confidentiality and security of the Confidential Information upon its entrance into the Leased Premises from time to time. Landlord agrees not to use, copy or disclose Confidential Information in any manner or remove any Confidential Information from the Leased Premises, except as required by law or court order. Landlord agrees to instruct any employees and third parties used by Landlord who have access to Tenant's Confidential Information to maintain confidentiality of Confidential Information in accordance with this Section. If Landlord becomes aware of any threatened or actual violation of the obligations or restrictions set forth in this Section, Landlord will promptly notify Tenant thereof and will reasonably cooperate (at no cost to Landlord) with Tenant in its efforts to terminate such access, to curtail such threatened or actual unauthorized use or disclosure, or to recover such information or materials.

10. HVAC. Within ninety (90) days after the Effective Date, Landlord, at its sole cost and expense, shall perform or have performed on its behalf, certain repairs to the HVAC systems serving the Leased Premises (the "HVAC Repairs"), pursuant to the scope of work attached hereto as Exhibit C, and incorporated herein by this reference. Landlord, or Landlord's agent or contractor, as applicable, (i) shall provide Tenant with at least 24 hours prior notice, in each instance, before entering the Leased Premises to perform the HVAC Repairs, and (ii) shall use commercially reasonable efforts not to materially interrupt or interfere with Tenant's business operations in performing the HVAC Repairs.

11. Waiver of Trial by Jury. THE LANDLORD AND THE TENANT, TO THE FULLEST EXTENT THAT THEY MAY LAWFULLY DO SO, HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY ANY PARTY TO THE LEASE WITH RESPECT TO THE LEASE, THE LEASED PREMISES, OR ANY OTHER MATTER RELATED TO THE LEASE, AS AMENDED HEREBY.

12. Miscellaneous. To the extent the provisions of this Amendment are inconsistent with the Lease, the terms of this Amendment shall control. Except as expressly amended or modified herein, all other terms, covenants and conditions of the Lease shall remain in full force and effect and this Amendment shall be binding upon the parties hereto and their respective successors and assigns. This Amendment shall be governed by the laws of the State in which the Building is located. Any terms used

in this Amendment as defined terms, but which are not defined herein, shall have the meanings attributed to those terms in the Lease. The submission of this Amendment to Tenant for examination or consideration does not constitute an offer to amend the Lease, and this Amendment shall become effective only upon the execution and delivery thereof by both Landlord and Tenant. The Lease, as amended hereby, contains the entire agreement between the parties with respect to the space demised by the Lease, as amended, and no representations, inducements, promises, agreements, oral or otherwise, between the parties not embodied in the Lease, as amended hereby, shall be of any force and effect. Neither this Amendment nor any memorandum thereof shall be recorded and the act of recording by Tenant shall be deemed a default by Tenant hereunder. Time is of the essence as to all of the obligations under the Lease and this Amendment. This Amendment has been negotiated "at arm's length" by Landlord and Tenant, each having the opportunity to be represented by legal counsel. Therefore, this Amendment shall not be more strictly construed against either party by reason of the fact that one party may have drafted this Amendment. This Amendment may be executed by the parties signing different counterparts of this Amendment, which counterparts together shall constitute the agreement of the parties. Tenant hereby represents and warrants that, except for Cushman & Wakefield of Georgia, Inc. ("Broker"), it has not dealt with any real estate broker in the negotiation and execution of this Amendment and that no other party is entitled, as a result of the actions of Tenant, to a commission or other fee resulting from the execution of this Amendment. Landlord shall pay any commissions due such Broker in connection with this Amendment pursuant to separate agreements between Landlord and Broker. Tenant shall indemnify Landlord from any and all liability for the breach of the foregoing representation and shall pay any compensation to any other broker or person (other than Broker) who may be entitled thereto.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties executed this Amendment as of the Effective Date set forth above.

LANDLORD:

FIRSTCAL INDUSTRIAL 2 ACQUISITION, LLC, a Delaware limited liability company

By: FirstCal Industrial 2, LLC, a Delaware limited liability company and its sole member

By: FR FirstCal 2, LLC, a Delaware limited liability company and its Manager

By: First Industrial Investment, Inc., a Maryland corporation and its sole member

By: _____
Name: _____
Title: _____

TENANT:

PRIMERICA LIFE INSURANCE COMPANY, a Massachusetts corporation

By: /s/ Karen Fine
Name: Karen Fine
Title: EVP

IN WITNESS WHEREOF, the parties executed this Amendment as of the Effective Date set forth above.

LANDLORD:

FIRSTCAL INDUSTRIAL 2 ACQUISITION, LLC, a Delaware limited liability company

By: FirstCal Industrial 2, LLC, a Delaware limited liability company and its sole member

By: FR FirstCal 2, LLC, a Delaware limited liability company and its Manager

By: First Industrial Investment, Inc., a Maryland corporation and its sole member

By: _____
Name:
Title:

TENANT:

PRIMERICA LIFE INSURANCE COMPANY, a Massachusetts corporation

By: /s/ Karen Fine
Name: Karen Fine
Title: EVP

Exhibit 10.23

MULTI TENANT OFFICE LEASE – (NET)

2725321 CANADA INC.

LANDLORD

and

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

TENANT

LEASE

Project : Meadowvale Corporate Centre

Premises: **Suites 103, 200, 300, 400 and 406 at 2000 Argentia Road, Plaza V, Mississauga, Ontario**

TABLE OF CONTENTS

Section

Schedules:

THIS LEASE is dated March 3, 2008 and is made

B E T W E E N:

2725321 CANADA INC.

(hereinafter called "Landlord")

OF THE FIRST PART

– and –

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

(hereinafter called "Tenant")

OF THE SECOND PART

1. LEASE SUMMARY

The following is a summary of some of the basic terms of this Lease, which are elaborated upon in the balance of this Lease. This Section 1 is for convenience and if a conflict occurs between the provisions of this Section 1 and any other provisions of this Lease, the other provisions of this Lease shall govern.

(a) **Premises**: Suites 103, 200, 300, 400 and 406 being a portion of the ground floor and fourth floor and the whole of the second and third floors in the building municipally known as 2000 Argentia Road, Plaza V, Mississauga, Ontario;

(b) **Term:** All Premises (excluding Suite 406) - Ten (10) years;
Suite 406 - Ten (10) years and Three (3) months;

(c) **Commencement Date:** All Premises (excluding Suite 406) - May 1, 2008;
Suite406 - February 1, 2008;

(d) **Intentionally deleted**;

(e) **Expiry Date**: April 30, 2018;

(f) **Basic Rent**: **subject to the provisions of Section 2 of Schedule "C" attached hereto,** an amount per square foot of the Rentable Area of the Premises per annum as follows:

All Premises (excluding Suite 406)

RENTAL PERIOD	RATE PER SQUARE FOOT RENTABLE AREA PER ANNUM
Years 1, 2 and 3	$13.00
Years 4, 5 and 6	$14.00
Years 7, 8, 9 and 10	$15.00

Suite 406

RENTAL PERIOD	RATE PER SQUARE FOOT RENTABLE AREA PER ANNUM
Years 1 through 10 and 3 months	$14.50

(g) **Rentable Area of Premises: an aggregate of approximately thirty-four thousand nine hundred eighty-four (34,984) square feet, as measured by the Architect in accordance with this Lease**;

(h) **Intentionally deleted**;

(i) **Use of Premises**: subject to Article 8 below, **general business corporate, administrative, sales/marketing, training and support offices,** all in accordance with all applicable Laws and in keeping with the Building Standard.

(j) **Address for Service of Notice on Tenant**: at the Premises, Attention: General Counsel.

Address for Service of Notice on Landlord:

c/o Bentall Real Estate Services LP, 10 Carlson Court, Suite 500, Etobicoke, Ontario M9W 6L2, Attention: VP, Property Management; with a copy to Landlord at:

c/o Bentall Investment Management LP, 55 University Avenue, Suite 300, Toronto, Ontario M5J 2H7, Attention: Director, Asset Management; and

c/o Bentall Real Estate Services LP, 2000 Argentia Rd, Plaza IV, Suite 320, Mississauga, Ontario, L5N 1W1, Attention: General Manager

(k) **Special Provisions**: See Schedule "C".

2. DEFINITIONS

Where used in this Lease, the following words or phrases shall have the meanings set forth in the balance of this Article.

2.1 "Additional Rent" shall have the meaning given to it in subsection 5.2(b).

2.2 "Alterations" shall have the meaning given to it in Section 10.2.

2.3 "Architect" means an independent, duly qualified architect, engineer, surveyor or quantity surveyor or other qualified Person appointed by Landlord, from time to time.

2.4 "Basic Rent" shall have the meaning given to it in subsection 1(f) hereof.

2.5 "Building" means the building in which the Premises are located.

2.6 "Building Standard" means the standard of the Building existing at the date hereof which the parties acknowledge is a first class standard for a building of such quality and age and in the location of the Building.

2.7 "Business Hours" means such business hours for the Project as determined by Landlord from time to time and which, unless otherwise determined by Landlord (acting as would a prudent landlord of a similar first-class office building in Mississauga), shall be from 7.30 a.m. to 6.00 p.m., Monday through Friday, excluding holidays, and subject to applicable Laws.

2.8 "Capital Taxes" means the amount determined by multiplying each of the "Applicable Rates" by the "Project Capital" and totalling the products. "Project Capital" is the amount of capital which Landlord determines, without duplication, is invested from time to time by Landlord, the owners or all of them, in doing all or any of the following: acquiring, developing, expanding, redeveloping and improving the Project. Project Capital will not be increased by any financing or refinancing (except to the extent that the proceeds are invested directly as Project Capital). An "Applicable Rate" is the capital tax rate specified from time to time under any statute of Canada and any statute of the Province which imposes a tax in respect of the capital of corporations. Each Applicable Rate will be considered to be the rate that would apply if none of Landlord or owners employed capital outside of the Province in which the Project is situate.

2.9 "Commencement Date" shall have the meaning given to it in subsection 1(c).

2.10 "Common Facilities" means:

(1) the Project (excluding only Leasable Areas), including, without limitation: all areas, facilities, structures, systems, improvements, furniture, fixtures and equipment forming part of or located on the Project; the lands forming part of the Project; the Parking Facilities and other service areas and facilities, if any; Landlord's management offices and facilities to the extent used for the management of the Project; Storage Areas; and

(2) all lands, areas, facilities, systems, improvements, structures, furniture, fixtures and equipment serving or benefiting the Project.

Landlord, acting reasonably, shall have the right to designate, amend and re-designate the Common Facilities from time to time.

2.11 **Intentionally deleted.**

2.12 "Environmental Laws" means all statutes, laws, ordinances, codes, rules, regulations, orders, notices, guidelines, guidance notes, policies and directives, now or at any time hereafter in effect, made or issued by any local, municipal, provincial or federal government, or by any department, agency, board or office thereof, or by any board of fire insurance underwriters or any other agency or source whatsoever, regulating, relating to or imposing liability or standards of conduct concerning the natural or human environment (including air, land, surface water, groundwater and real and personal, moveable and immoveable property) (collectively, an "Authority"), public or occupational health and safety and the manufacture, importation, handling, use, reuse, recycling, transportation, storage, disposal, elimination and treatment of a substance, hazardous or otherwise.

2.13 "Excess Costs" shall have the meaning given to it in Section 7.2.

2.14 "Expiry Date" shall have the meaning given to it in subsection 1(e).

2.15 "Financial Covenant" shall have the meaning given to it in Section 14.1(c)(i).

2.16 “Hazardous Substance” means any solid, liquid, gas, sound, vibration, ray, heat, radiation, odour, or any other substance or thing or mixture of them which alone, or in combination, or in certain concentrations, is or are flammable, corrosive, reactive or toxic or which might degrade or alter (or form part of the process thereof) the quality of the environment or cause adverse effects or be deemed detrimental to living things or to the environment or which is or are likely to affect the life, health, safety, welfare or comfort of human beings or animals or cause damage to or otherwise impair the quality of soil, vegetation, wildlife or property, including, but not limited to: bio-medical waste; any radioactive materials; explosives; mold, mildew, mycotoxins or microbial growths; urea formaldehyde; asbestos; polychlorinated biphenyl; pesticides or any other substances declared to be hazardous or toxic under any Environmental Laws or any other substance the removal, manufacture, preparation, generation, use, maintenance, storage, transfer, handling or ownership of which is subject to Environmental Laws.

2.17 “Landlord’s Parties” shall mean Landlord’s agents, managers and management companies, servants, agents, employees and those for whom Landlord and Landlord’s managers and management companies, servants, agents, and employees are in law responsible.

2.18 **“Landlord’s Work” has the meaning given to it in Schedule “D” attached hereto**.

2.19 “Lands” means the lands described in Schedule “A”.

2.20 “Last Year’s Rent” means the Rent payable for the period of the last twelve (12) months of the Term.

2.21 “Laws” means all statutes, regulations, by laws, orders, rules, requirements and directions of all federal, provincial, municipal and other governmental authorities and other public authorities having jurisdiction and includes Environmental Laws.

2.22 “Leasable Areas” means all areas and spaces of the Project to the extent designated or intended from time to time by Landlord to be leased to tenants, whether leased or not, but excluding the following, to the extent the same may exist from time to time, and whether or not the same are leased from time to time or all the time: Storage Areas, the Parking Facilities, and service areas and facilities which may be leased or licensed from time to time, and temporary and moveable units such as booths, pushcarts and the like.

2.23 “Lease” means this Lease, including all schedules attached hereto.

2.24 “Leasehold Improvements”, where used in this Lease, includes without limitation, all fixtures, improvements, installations, alterations and additions from time to time made, erected or installed in or about the Premises, including any of the same which pre-exist this Lease, and including all telecommunications and computer and other technology wiring, conduits and the like (located in and/or serving the Premises), and all supplemental heating, ventilating air conditioning and humidity control (“HVAC”) equipment, and includes all cabling, conduits, connections and attachments associated therewith (located in and/or serving the Premises) as well as the following, whether or not any of the same are in fact Tenant’s fixtures or trade fixtures and whether or not they are easily disconnected and moveable: doors, partitions and hardware; mechanical, electrical and utility installations; carpeting (save for area rugs), other floor and window coverings; HVAC equipment; lighting fixtures (save for specialty light fixtures, which, if removed by Tenant, shall be replaced by Tenant with base building lighting); built in furniture and furnishings; counters in any way connected to the Premises or to any utility services located therein. The only exclusions from “Leasehold Improvements” are free standing furniture, trade fixtures, equipment not in any way connected to the Premises or to any utility systems located therein and, notwithstanding the immediately foregoing, furniture systems.

2.25 Intentionally deleted.

2.26 “Liabilities” shall have the meaning given to it in Section 13.5 hereof.

2.27 “Management Fee” shall mean:

(a) **during the first five (5) years of the initial Term only, an amount equal to three percent (3%)** of Tenant’s Proportionate Share of all gross amounts received or receivable by Landlord in respect of the Project for all items, including all such items as are included in this Lease as Rent (except, to avoid duplication, for the amount payable under subsection 5.2(b)), assuming full occupancy and disregarding any reduction, limitation, deferral or abatement of any amounts in the nature of Rent but excluding any amounts recovered by Landlord from Tenant as Excess Costs and which would be recoverable from other tenants for amounts which would hereunder be Excess Costs if their leases contained provisions similar to those contained herein), **collectively, “Gross Amounts”; and**

(b) **from and after the fifth (5th) anniversary of the Commencement Date, shall mean the lesser of:**

(i) **five percent (5%) of Tenant’s Proportionate Share of Gross Amounts; and**

(ii) (A) **to the extent to which Landlord engages a third party provider for the management of the Project, the amount of costs incurred by Landlord for such management services; and**

(B) in the event Landlord provides its own management, a reasonable amount to be charged by Landlord.

For greater certainty, the Management Fee shall be estimated by Landlord for each fiscal year during the balance of the Term following the fifth (5) anniversary of the Commencement Date using the above-referenced formula.

2.28

(a) "Operating Costs" means the aggregate of all reasonable expenses and costs of every kind determined, for each fiscal period designated by Landlord, on an accrual basis and without duplication, incurred by or on behalf of Landlord with respect to and for the operation, maintenance, repair, replacement and management of the Project and all insurance relating to the Project. Provided that if the Project is less than one hundred percent (100%) completed or occupied for any time period, Operating Costs shall be adjusted to mean the amount obtained by adding to the actual Operating Costs during such time additional costs and amounts as would have been incurred or otherwise included in Operating Costs if the Project had been one hundred percent (100%) completed, leased and occupied as determined by Landlord, acting reasonably. Landlord shall be entitled to adjust upward only those amounts which may vary depending on occupancy and in no event shall this provision entitle Landlord to recover more than Landlord actually incurs in respect of any adjusted item or require Tenant to pay in respect of such adjusted item more than Tenant would have had to pay had the Project been one hundred percent (100%) completed, leased and occupied.

Without in any way limiting the generality of the foregoing, Operating Costs shall include all costs in respect of the following:

(i) all remuneration including wages and benefits of employees (but excluding executive-level head office personnel and personnel above the level of property manager, or an equivalent, in terms of responsibilities) to the extent directly employed or engaged in the operation, maintenance, repair, replacement, and management of the Project including contributions and premiums towards unemployment and Workers Compensation insurance, pension plan contributions and similar premiums and contributions;

(ii) HVAC and fire sprinkler maintenance and monitoring, if any, of the Project;

(iii) cleaning, janitorial services, window cleaning, waste removal and pest control;

(iv) the provision of all utilities supplied to the Project and the cost of consumption of all utilities consumed on the Project including, without limitation, hot and cold water, gas, electricity, steam, sewer charges and any other utilities or forms of energy;

(v) landscaping and maintenance of all outside areas, including snow and ice removal;

(vi) amortization of the costs of all items which Landlord, in accordance with reasonable accounting principles employed by owners of comparable property in the commercial real estate industry in the Greater Toronto Area ("Real Estate GAAP"), does not fully charge in the year incurred, over such period as determined by Landlord in accordance with Real Estate GAAP, on a straight line basis to zero. In all cases interest to be calculated and paid annually on the unamortized cost of such items in respect of which amortization is included herein at two percent (2%) per annum in excess of the Prime Rate. For clarity, if, in accordance with Real Estate GAAP, a capital cost would be amortized, then Landlord shall amortize same;

(vii) all insurance which Landlord is obliged to obtain and/or which Landlord otherwise obtains and the cost of any deductible amounts payable by Landlord in respect of any insured risk or claim, including, but not limited to, premiums, brokerage fees, self-insured retentions, adjusters' fees and insurance department costs;

(viii) policing, supervision, security and traffic control;

(ix) all maintenance, repairs and replacements in respect of the Project and all machinery, furniture, furnishings, equipment, facilities, systems, property and fixtures located therein;

(x) subject to the exclusions to Operating Costs set out herein, engineering, accounting, legal and other consulting and professional services related to the Project, including the cost of preparing and verifying statements respecting Operating Costs and Realty Taxes;

(xi) signs including, without limitation, the cost of all repairs, maintenance and rental charges in respect thereof;

(xii) business taxes, if any, on Common Facilities, Realty Taxes charged against or in respect of or reasonably allocated by Landlord to Common Facilities and the amount, if any, of Realty Taxes charged against the Project in excess of the amount of Realty Taxes in the aggregate, charged against or allocated by Landlord to Leasable Areas;

(xiii) contribution, as determined by Landlord, acting reasonably and bona fide, on account of all costs in the nature of those included in Operating Costs and/or Realty Taxes in respect of all shared facilities and services including, without limitation, amenities (whether on or outside the Project) made available for occupants of the Project, roads, loading areas and docks, parking ramps, driveways and exterior areas, which will be shared by users of the Project and the users of any other properties and all costs in the nature of Operating Costs incurred by Landlord in consequence of its interest in the Project such as landscaping of municipal areas, maintaining, cleaning, and clearing of ice and snow from municipal sidewalks, adjacent properties and the like and all charges and amounts payable under a reciprocal cost sharing agreements with the owners of any other buildings or structures;

(xiv) Capital Taxes, if applicable, to the extent payable by, or assessed against, Landlord, any Person acting on behalf of Landlord and/or any other Person who owns a legal or beneficial interest in the Project or any part thereof, **it being hereby acknowledged that, as at the date of this Lease, Landlord is not responsible for paying Capital Taxes**;

(xv) Sales Taxes payable by Landlord on the purchase of goods and services included in Operating Costs (excluding any such Sales Taxes which are available to and claimed by Landlord as a credit or refund in determining Landlord's net tax liability on account of Sales Taxes, but only to the extent that such Sales Taxes are included in Operating Costs);

(xvi) the fair rental value (having regard to rentals prevailing from time to time for similar space) of a reasonable and appropriate amount of space occupied by Landlord or others for management, supervisory, administrative or operational purposes relating to the Project;

(xvii) subject to the exclusions to Operating Costs set out herein, costs and expenses of environmental site reviews and investigations and, to the extent not recovered from third parties or from insurance proceeds (the Landlord hereby agreeing to diligently pursue collection of such recoveries), if any, actually received by Landlord, the costs of removal, remediation and/or clean up of Hazardous Substances, provided such remediation and/or clean up is not required as a result of the act or omission of Landlord or Landlord Parties (in which case Landlord shall be responsible for one hundred percent (100%) of such costs) or as a result of the act or omission of Tenant or Tenant's Parties (in which case Tenant shall be responsible for one hundred percent (100%) of the such costs);

(xviii) all costs incurred by Landlord for the purpose or intent of investigating or reducing any Operating Costs, Realty Taxes or other taxes, whether or not Operating Costs, Realty Taxes or other taxes are in fact reduced, and costs incurred for the purpose of allocating Realty Taxes and/or utilities among Tenant and other occupants of the Project;

(xix) interest on deposits paid by Landlord to the supplier of a utility at a rate which shall be two percent (2%) per annum in excess of the Prime Rate; and

(xx) if applicable, the amount of any deposits paid to a utility supplier lost by Landlord as a result of any bankruptcy of any utility supplier amortized over a period of three (3) years from the date of such bankruptcy and interest thereon at a rate of two percent (2%) in excess of the Prime Rate, it being hereby confirmed that, as at the date hereof, no deposit is payable and so the provisions of this subsection 2.28(a)(xx) do not apply.

(b) Operating Costs, however, shall be reduced by the following to the extent actually received by Landlord:

(i) proceeds of insurance and damages paid by third parties in respect of and to the extent of costs included in Operating Costs as set forth above (the Landlord hereby agreeing to diligently pursue recovery of such insurance proceeds and damages);

(ii) contributions from parties, other than tenants of the Project, if any, in respect of their sharing the use of Common Facilities, such as shared driveways, but not including in such contributions rent or fees charged directly for the use of any Common Facilities such as parking fees, if any, and rent for Storage Areas; and

(iii) amounts, if any, received by Landlord on account of Excess Costs.

(c) Operating Costs, however, shall exclude the following:

(i) Realty Taxes except to the extent included as set forth above (the intent being not to duplicate Tenant's obligations in respect thereof pursuant to other provisions of this Lease);

(ii) expenses incurred by Landlord in respect of other tenants' leasehold improvements;

(iii) costs of repairs or replacements to the extent that such costs are recovered by Landlord pursuant to construction warranties (the Landlord hereby agreeing to diligently pursue all such recoveries);

(iv) costs of replacements to the weight bearing portions of the structure such as foundations, columns, beams and weight bearing walls as determined by Landlord's structural engineer and the roof deck; excluding the roof membrane and excluding routine maintenance of structural elements such as patching and painting of structural columns, the costs of which shall be included in Operating Costs;

(v) costs of utilities consumed in respect of Leasable Areas, if separately charged to tenants of the Building, to be determined by separate meters where practicable or by Landlord acting reasonably (the intent being not to duplicate the amounts included in Operating Costs with amounts charged pursuant to Article 9 of this Lease and comparable provisions in other leases of premises in the Project);

(vi) ground rent and the purchase price of the acquisition of the Project and financing payments in respect thereof;

(vii) commitment, stand-by, finance, mortgage and interest charges on the debt of Landlord;

(viii) amounts expended by Landlord for advertising and promotion (including the costs of commissions, advertising and legal expenses) and the costs of leasing the Project including inducements and Landlord's work;

(ix) bad debts and any collection and legal costs associated with the same; and

(x) costs of the Landlord's Work;

(xi) cost of initial construction of the Project;

(xii) costs incurred as a result of faulty construction or design or improper materials or workmanship;

(xiii) legal fees, accountants' fees and other expenses incurred in connection with disputes with other tenants or occupants of the Project or associated with the enforcement of any leases in the Project or any part thereof;

(xiv) costs (including permit, license and inspection fees) incurred in renovating or otherwise improving, decorating, painting or altering space for other tenants or other occupants in the Project;

(xv) costs incurred due to violation by the Landlord or any other tenant in the Project of the terms and conditions of any lease;

(xvi) charitable or political contributions;

(xvii) any costs or expenses related to the testing for, removal, transportation or storage of any Hazardous Substances where in each case, such testing, removal, transportation or storage is required as a result of non-compliance with applicable laws in existence prior to the Commencement Date;

(xviii) interest, penalties or other costs arising out of the Landlord's failure to make timely payment of its obligations under this Lease provided same is not due to the Tenant's failure to make timely payments hereunder;

(xix) costs in connection with the construction of any additional Leasable Areas;

(xx) overhead and profit increment paid to subsidiaries or affiliates of Landlord for services on or to the Project, but only to the extent that the costs of such services exceed what would have been the reasonable costs for similar services rendered by unaffiliated persons or entities with respect to comparable first class buildings in the immediate vicinity of the Project;

(xxi) expenses resulting directly from the negligence or wilful misconduct of Landlord or its employees or costs incurred due to Landlord's or any other tenant's violation of a lease; and

(xxii) the amount of any goods and services tax paid or payable by the Landlord on the purchase of goods and services, the costs of which have been included in Operating Costs, and for which the Landlord is entitled to an input tax credit.

(d) Landlord, acting reasonably, shall have the right to allocate Operating Costs or any portion or portions thereof to such portion or portions of the Building or the Project as Landlord shall determine.

2.29 “Parking Facilities” means any parking areas and facilities and any other similar service areas and facilities located on the Lands and serving the Project.

2.30 “Permitted Transfer” has the meaning given to it in subsection 14.1(c) and “Permitted Transferee” has a corresponding meaning.

2.31 “Person” means any Person, firm, partnership or corporation, or any group or combination of Persons, firms, partnerships or corporations.

2.32 **“Premises” shall have the meaning given to it in subsection 1(a), approximately as shown hatched on the floor plans attached hereto as Schedule “B”.** The purpose of Schedule “B” is to show the approximate location of the Premises and the contents thereof are not intended as a representation of any kind as to the precise size or dimensions of the Premises or any other aspects of the Project. The Rentable Area of the Premises is as estimated in subsection 1(g). The Premises shall include, without limitation, all Leasehold Improvements and the interior faces of permanent walls (including entrance and exit doors) and windows and all services, equipment and systems located in the Premises, including all services which exclusively serve the Premises and which are located within the Premises, but excluding base building services which serve Leasable Areas in the Building other than the Premises, but which run through the Premises (“Base Building Services”). The Premises shall extend from the top surface of the structural sub-floor to the bottom surface of the structural ceiling, subject to the exclusion for Base Building Services, and excluding, for clarification, the exterior faces of the perimeter walls and windows.

2.33 “Prime Rate” means the rate of interest known as the prime rate of interest charged by Landlord’s bank in Toronto which serves as the basis on which other interest rates are calculated for Canadian dollar loans in Ontario from time to time.

2.34 “Project” means the Lands, the Building and all other buildings, structures, improvements, equipment and facilities of any kind erected or located thereon from time to time.

2.35 “Proportionate Share” means a fraction which has as its numerator the Rentable Area of the Premises and which has as its denominator the aggregate Rentable Area of Leasable Areas within the Project or Building or such portion or portions thereof to which Landlord, acting reasonably and equitably, shall allocate such items of which Tenant is required to pay the Proportionate Share, all as determined by Landlord, acting reasonably and equitably, subject to adjustment pursuant to Section 7.2(b). For the purpose of determining the denominator as aforesaid, the Rentable Area of all Leasable Areas within the Project or Building shall be determined in the same manner as the Rentable Area of the Premises as set forth in Section 2.38 below.

2.36 “Realty Taxes” means all taxes, rates, duties, levies, fees, charges, local improvement rates (provided such local improvement rates are to be calculated as if Landlord had elected to defer payment over the greatest period permitted by law and/or the local taxing authority), imposts charges, levies and assessments whatever, including school taxes, water and sewer taxes, extraordinary and special assessments and all rates, charges, excises or levies, whether or not of the foregoing nature (collectively “Taxes”), and whether municipal, provincial, federal or otherwise, which may be levied, confirmed, imposed, assessed, charged or rated against the Project or any part thereof or any furniture, fixtures, equipment or improvements therein, or against Landlord in respect of any of the same or in respect of any rental or other compensation receivable by Landlord and/or the owners of the Project in respect of the same, including all of such Taxes which may be incurred by or imposed upon Landlord and/or the owners of the Project or the Project in lieu of or in addition to the foregoing including, without limitation, any Taxes on real property rents or receipts as such (as opposed to a tax on such rents as part of the income of Landlord), any Taxes based, in whole or in part, upon the value of the Project, any commercial concentration or similar levy in respect of the Project. For clarification, Realty Taxes shall not include any taxes personal to Landlord such as income tax, inheritance tax, gift tax or estate tax nor shall Realty Taxes include any penalties or fines incurred as a result of Landlord’s late payment of same, provided Tenant has in fact remitted such Realty Taxes as and when required hereby and provided same are not being bona fide contested and/or withheld by Landlord.

2.37 “Rent” shall have the meaning given to it in Section 5.1.

2.38 “Rentable Area” means, in the case of the Premises or any other premises included in the Rentable Area of the Building or Project, the area expressed in square feet, as calculated by an Architect, of all floors of such premises, determined in accordance with the American National Standard for Measuring Floor Area in Office Buildings in effect from time to time. It is acknowledged that the Rentable Area of the Premises or the Building or any other space may be adjusted from time to time to reflect any alteration, expansion, reduction, construction or relocation. **For clarity, notwithstanding the foregoing, for the purposes of calculating the Rentable Area of the Premises and Tenant’s Proportionate Share, Landlord shall use the ANSI/BOMA Z65.1-1980 measurement standard**.

2.39 Intentionally deleted.

2.40 “Sales Taxes” means all goods and services, business transfer, multi-stage sales, sales, use, consumption, value-added or other similar taxes imposed by any federal, provincial or municipal government upon Landlord or Tenant in respect of this Lease, or the payments made by Tenant hereunder or the goods and services provided by Landlord hereunder including, without limitation, the rental of the Premises and the provision of administrative services to Tenant hereunder.

2.41 “Storage Areas” means all areas, if any, as designated by Landlord from time to time to be used for storage purposes.

2.42 Intentionally Deleted.

2.43 “Tenant’s Parties” shall mean any Transferee or any of Tenant’s or Transferee’s servants, agents, employees, invitees, licensees, sub tenants, concessionaires, contractors or Persons for whom Tenant or the Transferee or any of them are in law responsible.

2.44 Intentionally deleted.

2.45 “Term” shall have the meaning given to it in subsection 1(b) hereof.

3. NET LEASE

3.1 **Net Lease**

It is the intent of the parties hereto that, except as expressly herein set out, this Lease be a lease that is absolutely net to Landlord, and that Landlord shall not be responsible for any expenses or obligations of any kind whatsoever in respect of or attributable to the Premises or the Project.

4. LEASE OF PREMISES

4.1 **Premises**

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises.

4.2 **Term**

(a) The Term of this Lease shall commence on the Commencement Date and expire on the Expiry Date

(b) **The parties hereto acknowledge and confirm that they are presently parties to a lease for the Premises (excluding Suite 406) dated September 10, 1997, as variously amended from time to time (collectively, the “Existing Lease”) which expires April 30, 2008 (“Existing Expiry Date”). Tenant shall continue to occupy the Premises (excluding Suite 406) in accordance with the provisions of the Existing Lease up to and including the Existing Expiry Date. Suite 406 shall be occupied in accordance with the terms and conditions of this Lease.**

4.3 **Acceptance of Premises**

Subject to the Landlord’s repair and maintenance obligations expressly set out herein, Tenant accepts the Premises in the state and condition in which they are received from Landlord “as is”, and occupancy of the Premises by Tenant shall be conclusive evidence against Tenant that, at the time Tenant assumed occupancy, the Premises were in good order and satisfactory condition and that Tenant has accepted the Premises “as is”.

4.4 **Licence to Use Common Facilities**

Subject to all other relevant provisions of this Lease, Landlord grants to Tenant the non-exclusive licence during the Term to use for their intended purposes, in common with others entitled thereto, such portions of the Common Facilities as are reasonably required for the use and occupancy of the Premises for their intended purpose during Business Hours and such other hours, if any, as the Common Facilities are open for use, as reasonably determined by Landlord from time to time.

4.5 **Quiet Enjoyment**

Subject to all of the terms of this Lease and subject to Tenant’s paying all Rent and performing all obligations whatsoever as and when the same are due to be paid and performed by Tenant, Tenant may peaceably possess and enjoy the Premises for the Term without interruption by Landlord or any Person claiming by, from or under Landlord. Subject to Landlord’s rules and regulations and security requirements in effect from time to time, and further, subject to force majeure and requirements to maintain, repair and/or replace the Project; where applicable Laws or governmental authorities require the closure of all or part of the Building to effect same, Tenant shall be provided access to the Premises twenty-four (24) hours per day, seven (7) days per week, three hundred and sixty-five (365) days each year. To the extent possible under the circumstances, Landlord shall use commercially reasonable efforts to complete its obligations under this Lease for maintenance, repair and/or replacement of the Project as quickly and diligently as is commercially reasonably possible and so as to minimize interference with Tenant’s business on the Premises. For greater certainty, the provisions of the proceeding sentence shall not apply in case of a real or perceived emergency.

4.6 **Fixturing of Premises**

By the Commencement Date, Tenant shall fixture the Premises and commence business thereon.

5. RENT

5.1 **Tenant to Pay**

Tenant shall pay in lawful money of Canada at par at such address as shall be designated from time to time by Landlord Basic Rent and Additional Rent (all of which is herein sometimes referred to collectively as "Rent") as herein provided without any deduction, set-off or abatement whatsoever, Tenant hereby agreeing to waive any rights it may have pursuant to the provisions of Section 35 of the *Commercial Tenancies Act* (Ontario) or any other statutory provision to the same or similar effect and any other rights it may have at law to set-off. On the Commencement Date and the first day of each year thereafter and at any time when required by Landlord, Tenant shall deliver to Landlord as requested by Landlord either post dated cheques or a requisition for a pre-authorized debit from Tenant's bank account in such form as reasonably required by Landlord, for all payments of Basic Rent and estimates by Landlord of Additional Rent or any portions thereof payable during the balance of such fiscal period. Notwithstanding the foregoing, so long as Tenant is Primerica Life Insurance Company of Canada or a Permitted Transferee, the proceeding sentence shall not apply and it is agreed and understood that Landlord shall not be entitled, nor have the right to request that Tenant pay Basic Rent or Additional Rent by way of either post-dated cheques or pre-authorized debit from Tenant's account during the Term or any extension term(s).

5.2 **Rent and Management Fee**

(a) Tenant shall pay to Landlord Basic Rent in equal monthly instalments in advance on the first day of each month during the Term.

(b) In addition to Basic Rent, Tenant shall pay to Landlord as Additional Rent: (i) all other amounts as and when the same shall be due and payable pursuant to the provisions of this Lease (all of which shall be deemed to accrue on a per diem basis); and (ii) the Management Fee. Tenant shall promptly deliver to Landlord upon request evidence of due payment of all payments of Additional Rent required to be paid by Tenant hereunder, to the extent same are payable to other than Landlord.

5.3 **Deemed Rent and Allocation**

(a) If Tenant defaults in payment of any Rent or any other amount required to be paid by Tenant hereunder (whether to Landlord or otherwise) or any Sales Taxes as and when the same are due and payable hereunder, Landlord shall have the same rights and remedies against Tenant (including rights of distress and the right to accelerate Rent in accordance with Section 16.1) upon such default as if such sum or sums were Rent in arrears under this Lease. All Rent and Sales Taxes shall, as between the parties hereto, be deemed to be Rent due or Sales Taxes due on the dates upon which such sum or sums were originally payable pursuant to Section 5.1 of this Lease.

(b) No payment by Tenant or acceptance of payment by Landlord of any amount less than the full amount payable to Landlord, and no endorsement, direction or note on any cheque or other written instruction or statement respecting any payment by Tenant shall be deemed to constitute payment in full or an accord and satisfaction of any obligation of Tenant and Landlord may receive any such lesser amount and any such endorsement, direction, note, instruction or statement without prejudice to any of Landlord's other rights under this Lease or at law, whether or not Landlord notifies Tenant of any disagreement with or non acceptance of any amount paid or any endorsement, direction, note, instruction or statement received.

(c) Tenant agrees that Landlord may, at its option to be exercised by written notice to Tenant at any time, and without regard to and notwithstanding any instructions given by or allocations in respect of such amounts made by Tenant, apply all sums received by Landlord from Tenant or any other Persons in respect of any Rent to any amounts whatsoever payable by Tenant and it is further agreed that any allocation made by Landlord, on its books and records or by written notice to Tenant or otherwise, may subsequently be re-allocated by Landlord as it may determine in its sole discretion, and any such allocation and re-allocation from time to time shall be final and binding on Tenant unless and to the extent subsequently re-allocated by Landlord.

5.4 **Monthly Payments of Operating Costs and Realty Taxes**

(a) Landlord may from time to time estimate any amount(s) payable by Tenant pursuant to any provisions of this Lease for the then current or the next following fiscal period, provided that Landlord may, in respect of any particular item, shorten such fiscal period to correspond to a shorter period within any fiscal period, where such item, for example Realty Taxes, is payable in full by Landlord over such shorter period, and may notify Tenant in writing of the estimated amounts thus payable by Tenant, which notification need not include particulars. The amounts so estimated shall be payable by Tenant in advance in equal monthly instalments over the fiscal

period, such monthly instalments being payable on the same day as the monthly payments of Basic Rent. Landlord may, from time to time, designate or alter the fiscal period selected in each case. Notwithstanding the foregoing, no change in the fiscal period shall result in Tenant paying a greater amount than that amount which would have been payable but for such change. As soon as practicable, not to exceed one hundred and eighty (180) days (it being hereby acknowledged that neither party shall be relieved of its obligations hereunder as a result of Landlord's failure to deliver such statement within such one hundred and eighty (180) day period) after the expiration of each fiscal period, Landlord shall make a final determination of the amounts payable by Tenant pursuant hereto for such fiscal period and shall furnish to Tenant, showing in reasonable detail the method by which the same has been calculated, **an audited** statement of the actual Operating Costs, Management Fee and Realty Taxes for such fiscal period ("Final Statement"). If the amount determined to be payable by Tenant as aforesaid shall be greater or less than the payments on account thereof made by Tenant prior to the date of such determination, then the appropriate adjustments will be made and Tenant shall pay any deficiency to Landlord within thirty (30) days after delivery of the Final Statement and the amount of any overpayment shall, at Landlord's option, be paid to or credited to the account of Tenant within thirty (30) days after the delivery of the Final Statement. **For greater certainty, the parties shall reconcile Additional Rent as aforesaid in this Section 5.4(a) even if verification is proceeding in accordance with the verification protocol set forth in the balance of this Section 5.4. Landlord shall cooperate with Tenant in resolving any issues raised by Tenant in respect hereof.**

(b) So long as Tenant is Primerica Life Insurance Company of Canada and/or a Permitted Transferee, Tenant shall have the non-assignable right, acting reasonably and bona fide and so long as Tenant is not then in default, to **be exercised by written notice within one (1) year after receipt of a Final Statement for any fiscal period, to ask for further information or clarification regarding the contents of the Final Statement and reasonable supporting material to verify the contents thereof which is in Landlord's possession or control (collectively, the "Additional Information"), Landlord hereby agreeing to deliver such Additional Information to Tenant within forty-five (45) days of receipt of Tenant's written request therefor. Any request for Additional Information made must be made by the named Tenant herein or its authorized agent ("Agent") who shall be a nationally recognized chartered accounting firm and not a firm retained by Tenant on a contingency fee or guarantee basis or similar consulting firm that provides a guarantee of savings and prior to receipt of any Additional Information, Tenant and its Agent shall be required to execute and deliver to Landlord Landlord's standard non-disclosure agreement then in effect. Tenant agrees that it shall not be entitled to make any inquiries or seek any information or clarification or supporting materials regarding the contents of any Final Statement after such period of one (1) year following receipt of such Final Statement.**

(c) **Tenant agrees that it shall not be entitled to make any claim, including the commencing of an action against Landlord, with respect to any Additional Rent charges payable hereunder for any fiscal period unless such claim is made with twenty-four (24) months after the date on which Landlord has delivered to Tenant a Final Statement or Additional Information, as the case may be, for such fiscal period; subject to any claim being made within the time as aforesaid, each Final Statement shall be final and binding on Tenant.**

5.5 **Adjustments**

(a) All amounts of Rent payable for less than a full month or year or payable for any period not falling entirely within the Term shall be adjusted between Landlord and Tenant on a per diem basis.

(b) All amounts of Rent determined or estimated as an amount per square foot shall be adjusted between Landlord and Tenant based on the determination or re-determination from time to time, of Rentable Area of the Premises or other areas within the Project. The effective date of adjustment shall be: (i) in the case of the initial leasing of the Premises, the Commencement Date; (ii) in the case of a reconfiguration of areas within the Project, the effective date of such reconfiguration; and (iii) in the case of error, the date upon which such error became known to the parties.

6. TAXES

6.1 **Payment of Taxes**

Landlord shall have the right to require Tenant to pay Realty Taxes and any other taxes which are Tenant's responsibility as set out herein to the relevant taxing authority or Landlord shall have the right to pay any such Realty Taxes or other taxes directly to such taxing authority without thereby affecting Tenant's obligation to pay or contribute to such Realty Taxes or other taxes. To the extent Realty Taxes are actually received by Landlord from Tenant, and subject to Landlord's rights herein to be able to contest or withhold same, Landlord shall pay same to the relevant taxing authority.

6.2 **Taxes Payable by Tenant**

Tenant shall pay to Landlord or the relevant taxing authority, as required by Landlord, all Realty Taxes levied, confirmed, imposed, assessed or charged (herein collectively or individually referred to as "charged") against

or in respect of the Premises and all furnishings, fixtures, equipment, improvements and alterations in or forming part of the Premises, and including, without limiting the generality of the foregoing, any such Realty Taxes charged against the Premises in respect of Common Facilities.

6.3 **Determination of Tenant's Taxes**

Whether or not there is a separate bill for Realty Taxes charged against the Premises or a separate assessment, the Realty Taxes charged against the Premises shall be determined by Landlord (acting reasonably and equitably) and the cost of making such determination shall be included in Operating Costs. In making such determination Landlord shall have the right, but not the obligation, to allocate Realty Taxes to the Premises and all other portions of the Project by using such criteria as Landlord, acting reasonably and equitably (it being understood and agreed that, without limiting the generality of the foregoing, it shall be equitable for a higher or lower proportion of the overall Realty Taxes for the Project to be allocated to Tenant if so determined by the relevant assessing authorities or as a result of the tax classification of, or use of the Premises by, Tenant) in consultation with Landlord's third party tax consultant, shall determine to be relevant including, without limitation:

(a) the then current established principles of assessment used by the relevant assessing authorities;

(b) assessments of the Premises and any other portions of the Project in previous periods of time;

(c) the Proportionate Share;

(d) any act, religion or election of Tenant or any other occupant of the Project which results in an increase or decrease in the amount of Realty Taxes which would otherwise have been charged against the Project or any portion thereof; and

(e) the quality of construction, use, location within the Project or income generated by the Premises and/or the assessor's valuation of the Premises or Project.

Notwithstanding any other contrary provisions of this Lease, if, at any time during a fiscal period, any part of the Project is not one hundred percent (100%) occupied, the Realty Taxes shall be allocated by Landlord to the Building(s), the Common Facilities and the other components of the Project without regard to any credits which may be received or receivable by Landlord in respect of any vacant premises within the Project and without regard to any reduced tax rate for such vacant premises. Landlord may use an expert to assist it in making such determination and allocation and all cost incurred in so doing shall be included in Operating Costs.

6.4 **Business Taxes and Sales Taxes**

(a) Tenant shall pay as and when the same are due and payable all taxes, if any, reasonably allocated by Landlord which are attributable to the personal property, trade fixtures, income, occupancy, sales or business of Tenant or any other occupant of the Premises and to the use of the Premises by Tenant or any other occupant, whether or not charged against Landlord or the Premises.

(b) Tenant shall pay to Landlord when due all Sales Taxes imposed on Landlord or Tenant in respect of this Lease.

6.5 **Tax Bills and Assessment Notices**

Tenant shall promptly deliver to Landlord forthwith upon Tenant's receiving the same:

(a) copies of all assessment notices, tax bills and any other documents received by Tenant related to Realty Taxes chargeable against or in respect of the Premises or the Project; and

(b) receipts for payment of Realty Taxes and business taxes, if any, payable by Tenant directly to the taxing authority pursuant hereto.

On or before the expiry of each fiscal period, Tenant shall provide to Landlord evidence satisfactory to Landlord that all Realty Taxes and business taxes, if any, payable by Tenant directly to the taxing authority pursuant to the terms hereof up to the expiry of such fiscal period, including all penalties and interest resulting from late payment of Realty Taxes and business taxes, have been duly paid.

6.6 **Contest of Realty Taxes**

(a) Realty Taxes, or the assessments in respect of Realty Taxes, which are the subject of any contest by Landlord shall nonetheless be payable by Tenant in accordance with the foregoing provisions hereof provided, however, in the event Tenant shall have paid any amount in respect of Realty Taxes in excess of the amount ultimately found payable as a result of the disposition of any such contest, and Landlord receives a refund in respect thereof, the appropriate amount (net of all reasonable costs incurred in obtaining such refund, but only to the extent that such costs were not already recovered as part of Realty Taxes or Operating Costs) of such refund shall be credited to the account of Tenant or paid to Tenant, net of any amounts then owing by Tenant to Landlord, where the Term has expired without renewal.

Landlord may contest any Realty Taxes with respect to the Premises or any part or all of the Project and appeal any assessments related thereto and may withdraw any such contest or appeal or may agree with the relevant authorities on any settlement, compromise or conclusion in respect thereof and Tenant consents to Landlord's so doing. Tenant will co-operate with Landlord in respect of any such contest and appeal and shall make available to Landlord such information in respect thereof as Landlord requests. Tenant will execute forthwith on request all consents, authorizations or other documents as Landlord requests to give full effect to the foregoing. Notwithstanding the foregoing, the Landlord shall contest and appeal Realty Taxes acting prudently in consultation with its independent tax consultant.

Tenant will not contest any Realty Taxes or appeal any assessments related to the Premises or the Project.

(b) At Landlord's sole option, in lieu of including the same in Operating Costs, Tenant shall pay, as Additional Rent, its share of the costs of investigating and contesting Realty Taxes and/or assessments on the following basis: (i) Proportionate Share ; (ii) as allocated based on Realty Taxes payable by Tenant pursuant hereto; or (iii) based on any tax savings realized as a result of such investigation and contesting of Realty Taxes and/or assessments in respect thereof.

7. OPERATING COSTS

7.1 Tenant's Payment of Operating Costs

Tenant shall pay to Landlord the Proportionate Share of Operating Costs.

7.2 Excess Costs

(a) If, by reason of:

(i) the conduct of business on the Premises outside Business Hours; or

(ii) the particular use or occupancy of the Premises or any of the Common Facilities; or

(iii) the requirement for any services beyond building standard services, such as, without limitation, additional security, janitorial or special procedures for waste disposal (whether relating to quantity or the nature of the waste) hoisting, supervision and receiving, delivery or storing of items;

additional costs in the nature of Operating Costs, such as, without limitation, costs of: insurance (including insurance increases incurred by tenants of the Project); utilities; security; janitorial; HVAC and/or waste disposal, are incurred in excess of the costs which would otherwise have been incurred for such items, then Landlord shall have the right, but not the obligation, to determine such excess costs on a reasonable basis ("Excess Costs") and require Tenant to pay such Excess Costs, plus fifteen percent (15%) of the amount thereof.

(b) If Tenant or any other tenant of the Project, pursuant to its lease or otherwise by arrangement with Landlord, provides at its cost any goods or services the cost of which would otherwise be included in Operating Costs, or if any goods or services the cost of which is included in Operating Costs benefit any portion of the Project to a materially greater or lesser extent than any other portion of the Project, then either the denominator for determining a Proportionate Share, or alternatively the amount of Operating Costs, may be adjusted as determined by Landlord, at its option, to provide for the equitable allocation of the cost of such goods and services among the tenants of the Project.

8. USE OF PREMISES

8.1 Permitted Use

(a) Tenant covenants that it shall not use and shall not cause, suffer or permit the Premises to be used for any purpose other than as described in subsection 1(i) hereof. Tenant acknowledges that Landlord is making no representation or warranty as to Tenant's ability to use the Premises for its intended use and Tenant shall, prior to executing this Lease, perform such searches and satisfy itself that its use is permitted under all applicable Laws and that Tenant will be able to obtain an occupancy permit.

(b) Tenant acknowledges that Landlord has granted exclusive covenants and may grant other exclusive covenants to tenants of the Project and accordingly, Tenant covenants that it shall carry on only the business permitted to be carried on in the Premises as and to the extent set out in subsection 1(i) of this Lease and in no other manner whatsoever.

8.2 Conduct of Business

(a) At all times throughout the Term, Tenant shall continuously, actively and diligently conduct its business in the whole of the Premises in an up to date first class and reputable manner, in keeping with the Building Standard.

(b) Notwithstanding the provisions of subsection 8.2(a) to the contrary, provided Tenant is Primerica Life Insurance Company of Canada and/or a Permitted Transferee and, further, provided Tenant is not in default hereunder, Tenant shall have the right to cease business operations on the Premises ("Cease Conducting Business") on and subject to the following terms:

(i) Tenant shall give Landlord no less than thirty (30) days' written notice of its intention to Cease Conducting Business ("Cease Conducting Business Notice");

(ii) Landlord shall have the right to enter the Premises at any time, without having to provide notice (notwithstanding any provision in this Lease to the contrary) to inspect same or to show same to prospective lessees and such access shall not: (I) constitute a breach of Tenant's quiet enjoyment; (II) entitle Tenant to damages; (III) entitle Tenant to terminate this Lease; or (IV) in any way limit or affect Tenant's obligations hereunder which shall continue throughout the Term;

(iii) Tenant shall take all such steps as may be reasonably necessary or required by Landlord to maintain security in respect of the Premises;

(iv) at Landlord's option, Tenant shall have an employee or other person approved by Landlord to attend at the Premises regularly to inspect same and effect such maintenance, repairs or replacements as may be required under this Lease.

8.3 **Tenant's Fixtures**

Tenant shall install and maintain in the Premises at all times during the Term trade fixtures, furnishings and equipment at least equal to Building Standard.

8.4 **Signs**

(a) **Subject to the provisions of subsection 8.4(b) below,** Tenant shall not erect, install or display any sign or display on or visible from the exterior of the Premises except for the building standard identification signs and lobby entries provided to Tenant in the Building as at the date hereof. **Notwithstanding the foregoing, the Tenant shall be entitled to maintain its existing lobby directory signage and, for so long as Tenant is occupying the entire third (3rd) floor, its existing 3rd floor elevator lobby signage in place as at the date hereof. Further, Tenant shall also be entitled to install signage in the elevator lobby area on any full floors leased by Tenant.**

(b) **Provided Tenant is not in ongoing material default beyond any applicable cure period expressly provided for in this Lease and Tenant has not become bankrupt or insolvent or has not made an assignment for the benefit of creditors or has not taken the benefit of any statute in force for bankrupt or insolvent debtors, or a petition in bankruptcy has not been filed against the Tenant or a receiving order has not been made against the Tenant, or Primerica Life Insurance Company of Canada has not effected a Transfer to an entity other than a Permitted Transferee, subject to compliance with all Laws, so long as Tenant is Primerica Life Insurance Company of Canada and/or a Permitted Transferee and is in actual, physical occupation of, and actively and diligently conducting business in, at least seventy-five percent (75%) of the collective Rentable Area of the Premises, Tenant shall, at Tenant's expense, have the non-assignable right to identify its business on the Premises in vinyl graphics ("Sign") on the existing podium sign ("Podium Sign") for the Building as noted and pictured on Schedule "F" attached hereto. Landlord reserves the right to be able to make the Podium Sign available for corporate identification of other tenants located in the Building.**

(c) **Tenant shall be:**

(i) solely responsible for all costs associated with the supply, installation, repair, maintenance and replacements to the Sign; and

(ii) responsible for its pro-rata share of all costs associated with the supply and installation (if not pre-existing as at the date hereof), operation, maintenance, management, repair and replacement of the Podium Sign including, without limitation:

(I) costs of any utilities consumed by the Podium Sign;

(II) Taxes attributable to the Podium Sign;

(III) costs of repair to, and maintenance and replacements of, the Podium Sign; and

(IV) costs of insurance premiums incurred for all insurance carried by Landlord, in its sole discretion, in respect of the Podium Sign, all of the foregoing of which shall be shall be payable by Tenant to Landlord, as Additional Rent under this Lease, forthwith upon demand.

(d) **Upon the expiry or earlier termination of the Term, or earlier upon Primerica Life Insurance Company of Canada or its Permitted Transferee ceasing to be in actual, physical occupation of, and actively and diligently conducting business in, at least seventy-five percent(75%) of the collective Rentable Area of the Premises or being in material default under the terms of this Lease beyond any applicable cure period, Landlord shall remove the Sign and shall make good all damage caused by the installation and/or removal thereof and shall restore the Podium Sign to the condition in which it existed prior to the installation and removal of such Sign, all at the sole cost and expense of Tenant, which cost shall be payable by Tenant to Landlord, as Additional Rent, forthwith upon demand therefor.**

8.5 **Prohibited Uses**

(a) **Tenant shall not cause, suffer or permit the Premises or any part thereof to be used at any time during the Term for any of the following sales, businesses or activities:**

(i) **any retail or wholesale sales activities;**

(ii) **any auction;**

(iii) **any vending machines or other coin operated machines, entertainment or games machines or any other mechanical or electrical serving or dispensing machines or devices whatsoever or the sale or supply of food or beverages to the general public (which for clarity excludes the sale or supply of food or beverages such as are routinely served in office premises) unless expressly permitted in writing by Landlord, acting reasonably. Notwithstanding the foregoing, Tenant shall be permitted to have up to two (2) food and beverage vending machines for use by Tenants employees;**

(iv) **any sale of tickets for theatre or other entertainment events or lottery tickets;**

(v) **any use which would result in people waiting in Common Facilities to enter the Premises or any other type of business or business practice which would, in the sole opinion of Landlord, acting reasonably, tend to lower the character or image of the Project or any portion thereof;**

(vi) **a call centre;**

(vii) **a use which will be incompatible with the uses of other tenants of the Project, in the sole discretion of Landlord, acting reasonably (provided that the foregoing shall not prohibit the Tenant from carrying out the permitted use expressly set out under subsection 1(i) of this Lease), or will be more burdensome on the Project, in terms of parking requirements or any other factor, than the permitted use of the Premises by Tenant;**

(viii) **any use which will result in a breach of any of the other provisions of this Lease;**

(ix) **a school or training centre of any kind; or**

(x) **any use which will:**

(I) **result in an actual or threatened cancellation of any policy of insurance of Landlord or others on or related to the Project or any part or contents thereof; or**

(II) **be prohibited by any policy of insurance of Landlord or any others in force from time to time in respect of the Project or any part or contents thereof.**

The inclusion of the foregoing provisions of this Section 8.5 shall not be deemed to be a covenant, representation or warranty of Landlord that any of the foregoing activities will not be authorized by Landlord to be conducted on any part of the Project.

(b) **Notwithstanding anything contained in the foregoing to the contrary, so long as the Tenant in actual physical occupancy of substantially the whole of the Premises for the active and diligent conduct of business therefrom is Primerica Life Insurance Company of Canada and/or a Permitted Transferee, the use of portions of the Premises for handling telephone inquiries and communications between, among and regarding employees, clients, agents or prospective clients or agents and/or for the internal training of employees, clients, agents or prospective clients or agents, shall not constitute a breach of the provisions of subsections 8.5(a)(vi) and 8.5(a)(ix) above provided that:**

(i) **the live load for the floor of the Premises upon which such activities are being conducted does not exceed 100 lbs. (75 live, 25 dead) per square foot;**

(ii) in Landlord's determination, acting reasonably, such activities do not overburden the Common Facilities (including the Parking Facilities) or base Building systems serving the Premises; and

(iii) Tenant shall be responsible for any Excess Costs which result from such activities in accordance with the applicable provisions of this Lease.

(c) **For greater certainty, Landlord acknowledges that Tenant's use of portions of the Premises for handling telephone inquiries and communications between, among and regarding employees, clients, agents or prospective clients or agents and/or for the internal training of employees, clients, agents or prospective clients or agents as conducted within the Premises as at the date hereof, i.e. for minor call centre and training purposes, is in accordance with the provisions of this Section 8.5 and does not breach the provisions hereof.**

(d) **Landlord hereby acknowledges to the best of its information, knowledge and belief, without due inquiry, that the use of the Premises by Primerica Life Insurance Company of Canada for general business corporate, administrative, sales/marketing, training and support offices will not violate the provisions of subsection 8.5(a)(x) above.**

8.6 **Waste Removal**

Tenant shall not allow any refuse, garbage or any loose, objectionable material to accumulate in or about the Premises or the Project. Tenant at its expense shall at all times comply with Landlord's reasonable rules and regulations regarding the separation, removal, storage and disposal of waste for the Premises. Landlord shall have the option to take over the function of separating, removing and/or disposing of the waste and the cost to Landlord of same shall be included in Operating Costs. Tenant shall be responsible for all costs of removal of waste from the Premises other than costs of routine waste removal included in Operating Costs.

8.7 **Waste, Nuisance and Hazardous Substances**

(a) Tenant shall not cause, suffer or permit any waste or damage to the Premises or Leasehold Improvements, fixtures or equipment therein nor permit any overloading of the floors thereof and shall not use or permit to be used any part of the Premises for any dangerous, noxious or offensive activity or any activity which involves dangerous, noxious or offensive goods and shall not do or bring anything or permit anything to be done or brought on or about the Premises or the Project which results in undue noise or vibration or which Landlord may reasonably deem to be hazardous or a nuisance or annoyance (including, for greater certainty, labour disturbances) to any other tenants or any other Persons permitted to be on the Project (collectively "Nuisance") or which may give rise to any Hazardous Substance in or about the Premises. If Landlord determines that any Nuisance or Hazardous Substance exists on or emanates from the Premises, Tenant shall forthwith on notice remedy the same. Tenant shall take every reasonable precaution to protect the Premises and the Project from risk of damage by fire, water or the elements or any other cause.

(b) Tenant shall not, and shall not permit anyone else to, place anything on the roof of the Building or go on to the roof of the Building for any purpose whatsoever, without Landlord's prior written approval, which may be arbitrarily withheld in Landlord's sole discretion.

(c) Tenant shall not use any advertising, transmitting or other media or devices which can be heard, seen, or received outside the Premises, except for usual business communications such as facsimile transmission, e-mail and internet use provided the same do not interfere with any communications or other systems outside the Premises.

(d) Tenant shall be solely responsible for, and shall indemnify and save harmless Landlord and Landlord's Parties, from and against all Liabilities caused by or resulting from any Hazardous Substance at any time on or affecting the Premises or the Project resulting from (i) any act or omission of Tenant or any Tenant's Parties on the Project, or (ii) any act or omission of Tenant or any other Person on the Premises (save and except Landlord and Landlord's Parties), or (iii) any activity or substance on or generated from the Premises during the Term (save and except to the extent caused by Landlord and Landlord's Parties), and any period prior to the Term during which the Premises were used or occupied by or under the control of Tenant and any period of time following the Expiry Date that Tenant and/or Tenant's Parties use or occupy the Premises for any purpose, and Tenant shall be responsible for the clean-up and removal of any of the same and any Liabilities caused by the occurrence, clean-up or removal of any of the same, and Tenant shall indemnify Landlord in respect thereof.

(e) **Landlord acknowledges that Tenant may use small quantities of ordinary office supplies, such as copier, toner, liquid paper, glue, ink and other common office supplies and cleaning materials required for Tenant's permitted use, as expressly set forth in subsection 1(i) of this Lease, provided that such items are transported, stored, handled and/or disposed of in strict compliance with all Environmental Laws including, without limitation, the Environmental Protection Act, R.S.O. 1990, c. E-19 and all other Environmental Laws in respect of environmental, land use, occupation, or health and safety matters.**

(f) Tenant shall not be responsible for the costs of any Liabilities caused by or resulting from: (i) any Hazardous Substance at any time on or affecting the Premises or the Project resulting from any act or omission of Landlord or any Landlord's Parties; or (ii) any Hazardous Substance existing or generated prior to the date the Premises were first used or occupied by Tenant.

8.8 **Compliance with Laws**

(a) Tenant shall use the Premises, and shall perform all maintenance, repairs and replacements thereto, in such manner as shall be required by or in compliance with all applicable Laws.

(b) Tenant shall provide Landlord with evidence satisfactory to Landlord acting reasonably that Tenant has obtained and is complying with the terms of all applicable licences, approvals and permits from time to time.

8.9 **Telecom and Wireless Services**

Tenant shall not utilize any telephone, data or other network and telecommunications services (collectively, "Telecom Services") which require the installation of any wiring or other connections or transmission services between the Premises and any other part of the Project, without Landlord's prior written consent, which consent shall not be unreasonably withheld, it being acknowledged that it shall be reasonable for Landlord to withhold its consent where both: (a) Tenant requires riser or conduit space which is in addition to its existing allotment and there is insufficient space within the Building's risers and/or conduits to accommodate such additional Telecom Services which Tenant requires; and (b) Tenant's Telecom Services needs cannot be reasonably accommodated in another manner (it being hereby acknowledged and confirmed that any such accommodations which may be required shall be at Tenant's sole cost and expense; further, Landlord and Tenant shall each co-operate with each other and use their reasonable efforts to arrive at a suitable accommodation). Notwithstanding the foregoing, Landlord hereby consents to Tenant's existing Telecom Services and also consents to the expansion of same to service Suite 406, At Landlord's option, any third party telecommunications service provider which is not already providing services to other tenants of the Project shall, as a condition to being permitted to provide such service to the Premises, enter into a licence agreement with Landlord on Landlord's standard form, entitling such party to connect to or transmit to or from the Premises. Landlord, at its option, may require such third party telecommunications service provider to pay a licence fee to Landlord in an amount determined by Landlord acting reasonably. Any costs incurred by Landlord in documenting such agreement shall be paid for by Tenant, as Additional Rent on demand. If any Telecom Services installed or used by any Person in the Premises, or installed or used by Tenant or any Tenant's Parties in the Project are determined by Landlord to be interfering with any other Telecom Services in the Project, Tenant and Landlord shall cooperate as may be necessary to cease such interference.

8.10 **Deliveries**

All deliveries to and from the Premises, and loading and unloading of goods, merchandise, refuse, materials and any other items, shall be made only by way of such driveways, access routes, doorways, corridors and loading docks as Landlord may from time to time reasonably designate and shall be subject to all applicable reasonable rules and regulations made by Landlord from time to time pursuant to this Lease.

9. SERVICES AND UTILITIES

9.1 **Utilities, Heating and Air Conditioning**

(a) Subject to interruption beyond its control, Landlord will provide all utility services for the normal use of the Premises during Business Hours. All expenses relating to such usual use will form part of Operating Costs and will be payable by Tenant in accordance with the applicable provisions of this Lease. If Landlord, acting reasonably, desires that any or all utilities or HVAC supplied to the Premises be measured by separate meters, either because Tenant's use appears to be unusually high or because Landlord desires to separately meter various portions of the Building, Landlord may install such meters, the reasonable cost of which shall be paid by Tenant, and in such case, the costs of such utilities shall be paid by Tenant as Additional Rent on the basis of such actual consumption.

(b) Tenant's use of any utilities shall not exceed the available capacity of the existing systems from time to time. If Tenant desires at any time to obtain any such utilities or HVAC in excess of such available capacity, Tenant may supply and install at its expense any special wires, conduits or other equipment necessary to provide such additional capacity subject to the prior written consent of Landlord. If consumption of utilities on the Premises should, at any time, overload the availability capacity of the existing systems, Tenant shall be responsible for all costs incurred by Landlord in respect of same and Tenant agrees to indemnify and save harmless Landlord from and against any and all costs, losses, claims, expenses, damages and liability whatsoever incurred by Landlord as a result of the overloading of such systems

(c) **Notwithstanding anything contained in the foregoing to the contrary, it is hereby acknowledged and confirmed by the parties hereto that the Premises (excluding Suite 406) are separately metered for utility consumption and that Tenant pays for utility consumption in the Premises on the basis of such meter readings**.

9.2 **Heating and Air Conditioning**

(a) Landlord shall heat the Premises during the appropriate heating season and shall cool the Premises during the appropriate air conditioning season by means of such HVAC equipment as shall be maintained from time to time, for the normal use of the Premises during Business Hours.

(b) If the HVAC equipment shall require maintenance, repair or replacement, Landlord shall attend to the same with reasonable promptness having regard to the then existing climatic conditions but Landlord shall not be liable for any losses or damages arising from the resulting lack of HVAC, and, in any event, Landlord shall not be liable for any indirect or consequential losses or damages or any damages for personal discomfort arising from any lack of HVAC, whether caused by Landlord's negligence or otherwise.

(c) Landlord shall not be responsible for the inadequacy of any HVAC of the Premises if: (i) the use or occupancy of the Premises; or (ii) the electrical or other power consumed on the Premises; or (iii) the configuration of partitions or other items on the Premises; or (iv) the failure of Tenant to shade windows interferes with or impairs the functioning of or places a higher demand on equipment or HVAC of the Premises. **For greater certainty, except as expressly provided in Landlord's Work, Landlord shall have no obligation to balance or re-balance the HVAC distribution system within the Premises.**

(d) If Tenant desires utilities or the use of HVAC equipment to provide HVAC of the Premises outside Business Hours, the same may be arranged on reasonable advance notice to Landlord and Tenant shall, if required by Landlord, pay for same as an Excess Cost.

9.3 **Exclusive Supplier**

Landlord shall have the right, to be exercised by written notice to Tenant, to require that Landlord be the exclusive supplier, at Tenant's expense, of such materials or services for Tenant in respect of the Premises and the Project not otherwise expressly provided for in this Lease as Landlord may designate from time to time and as would be typical for a landlord of a similar project to provide ("Services") including, without limitation, any work to be completed on the roof, replacement of tubes, bulbs and ballasts; waste removal; any services requiring drilling or otherwise penetrating floors, weight-bearing walls and ceiling slabs; and locksmithing and security arrangements (provided that in no event shall Landlord be the exclusive supplier for general contracting services in connection with Tenant's construction and installation of Leasehold Improvements, save and except in the case of Major Alterations as expressly provided herein). Any Services provided by Landlord pursuant hereto shall be reasonably competitive in the marketplace for comparable services, comparably provided. If Landlord does not require that it be the supplier of Services, only Persons approved by Landlord, acting reasonably, may supply Services to Tenant and the provision of such Services by such Persons shall be subject to reasonable rules and regulations established by Landlord from time to time.

10. MAINTENANCE, REPAIRS AND ALTERATIONS

10.1 **Maintenance and Repairs of Premises**

At all times throughout the Term, Tenant, at its sole expense, shall perform or cause to be performed as required hereby such maintenance, decoration, repairs and replacements and upgrading to keep the Premises and all the contents thereof to Building Standard, and in accordance with all Laws, but excluding only the obligations of Landlord expressly provided in Section 10.6 hereof and reasonable wear and tear as would be permitted by a prudent owner which in any event does not detract from the overall Building Standard of the Premises or the function of any systems, facilities or improvements therein. For the purposes of this Section 10.1 only, Premises shall not include building standard washrooms, utility rooms and base Building mechanical and electrical systems, whether or not located within the Premises.

10.2 **Approval of Repairs and Alterations**

(a) Tenant shall not make any repairs, replacements, changes, additions, improvements or alterations (collectively "Alterations") to the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld unless such proposed Alterations might: (i) in any way affect the structure of, or the mechanical, electrical, utility, sprinkler, communications or other similar systems within, the Premises or the Project or the coverage of the Project for zoning purposes; (ii) in the opinion of Landlord, detrimentally affect the quality of the Premises or the portion of the Project in which the Premises are located, or impair the value or usefulness of the Premises or the Project; or (iii) in any way affect the coverage of the Project for zoning purposes, or parking requirements for the Project, in any of which cases such consent may be withheld unreasonably and in Landlord's sole discretion.

Notwithstanding anything contained in the foregoing, provided Tenant is Primerica Life Insurance Company of Canada and/or a Permitted Transferee and is not then in default, Tenant shall have the right to make non-structural Alterations (such as painting and carpeting) without the prior written consent of but on prior written notice to Landlord, but only so long as such Alterations do not affect any of the items referred to in subsections (i) through (iii) of this subsection 10.2(a) and, further, provided such Alterations do not require a building permit.

(b) With its request for Landlord's consent, Tenant shall submit to Landlord details of the proposed Alterations including permit-ready plans and specifications prepared by qualified architects or engineers. Such Alterations shall be completed in accordance with the permit-ready plans and specifications approved in writing by Landlord.

(c) All Alterations shall be planned and completed in compliance with all Laws and Tenant shall, prior to commencing any Alterations, obtain at its expense, all necessary permits and licences and provide evidence thereof satisfactory to Landlord. Tenant hereby agrees to indemnify and save harmless Landlord from and against any damages, penalties, fines, claims, losses or liabilities whatsoever incurred by Tenant as a result of any delays in commencing and/or completing Alterations as a result of delays incurred in receiving required permits therefor.

(d) Tenant shall, prior to the commencement of any such Alterations, furnish to Landlord at Tenant's expense:

(i) such evidence as reasonably required by Landlord of the projected cost of Alterations and Tenant's ability to pay for same as and when due; and

(ii) such indemnification against costs, liens and damages as Landlord shall reasonably require including, if required by Landlord, a performance bond in such terms and issued by such company as shall be acceptable to Landlord in its sole discretion in an amount at least equal to the estimated cost of such Alterations, guaranteeing completion of such Alterations within a reasonable time, free and clear of any liens or encumbrances.

Notwithstanding anything contained in the foregoing to the contrary, provided Tenant is Primerica Life Insurance Company of Canada and/or a Permitted Transferee, the provisions of subsection 10.2(d)(ii) shall not apply.

(e) All Alterations shall be performed at Tenant's cost, promptly and in a good and workmanlike manner and in compliance with Landlord's rules and regulations by competent contractors or workmen who shall be approved by Landlord, acting reasonably, and who shall, if necessary to avoid labour disruption, be compatible with the labour affiliation, if any, of Landlord's contractors and workers working in the Building.

(f) Unless expressly authorized by Landlord in writing to the contrary, all Alterations, which might affect the structure or any base-building mechanical, electrical, utility, sprinkler, communications or other similar systems within the Premises or the Project (any of which is hereby termed a "Major Alteration") shall, at Landlord's option, be performed at Tenant's expense by Landlord or by contractors designated by Landlord and under Landlord's supervision and under the supervision of a qualified architect or engineer approved by Landlord, in advance. For each Major Alteration, Tenant shall pay to Landlord forthwith upon request the aggregate of:

(i) the sum of all out-of-pocket amounts paid or payable by Landlord in connection with such Major Alterations including, without limitation, the cost of such Major Alterations and all costs incurred by any contractors, architects and/or engineers engaged by Landlord to perform and/or supervise such Major Alterations, prepare and/or review plans, drawings and specifications for such Major Alterations, all of whose costs shall be reasonably competitive in the marketplace for comparable services, comparably performed;

(ii) Intentionally deleted;

(iii) fifteen percent (15%) of all costs incurred by Landlord pursuant to the provisions of subsection 10.2(f)(i) above ("Supervision Fee").

(g) All Alterations (including Major Alterations), the making of which might disrupt other tenants or occupants of the Project or the public, shall be performed outside of the hours from 7:00 a.m. to 6:00 p.m. Monday through Friday.

(h) If Tenant performs any Alterations (including Major Alterations) without compliance with all of the foregoing provisions of this Article 10, Landlord, without prejudice to and without limiting Landlord's other rights pursuant to this Lease and at law, shall have the right to require Tenant to remove such Alterations forthwith and either restore the Premises to the condition in which they existed prior to such Alterations or to require Tenant to perform such Alterations in compliance with the foregoing provisions of this Article 10.

(i) Tenant shall deliver to Landlord complete Auto-Cad drawings of Tenant's Work (if any), and any subsequent Alterations (including Major Alterations) thereto, upon completion thereof.

(j) Tenant shall ensure that all cabling installed in the Building in connection with Tenant's business in or use of the Premises is appropriately labelled. For greater certainty, installation of flammable cabling shall be strictly prohibited. Notwithstanding the foregoing, this subparagraph (j) shall not apply to the Tenant's cabling existing as at the date hereof.

(k) Tenant shall pay to Landlord forthwith upon request all of Landlord's reasonable out-of-pocket costs (plus fifteen percent (15%) of such costs as Landlord's overhead) incurred in dealing with Tenant's request for Landlord's consent to any Alterations (whether or not such consent is granted and without duplication of any costs set forth in subsection 10.2(f) above), and in inspecting and supervising any such Alterations including, without limitation, fees of architects, engineers and designers.

10.3 **Notice by Tenant**

Upon becoming aware of same, Tenant shall give reasonably prompt written notice to Landlord of any accident, defect, damage or deficiency in any part of the Premises or the Project, notwithstanding that Landlord may have no obligation in respect of the same. The provisions of this Section 10.3 shall not be interpreted so as to imply or impose any obligation whatsoever upon Landlord.

10.4 **Ownership of Leasehold Improvements**

All Leasehold Improvements in the Premises (whether pre-existing on the Delivery Date, installed by Tenant or by Landlord on Tenant's behalf) are, and shall forthwith upon the installation thereof become (as the case may be), the absolute property of Landlord without compensation therefor and without Landlord's having or thereby accepting any responsibility in respect of the maintenance, repair or replacement thereof, all of which shall be Tenant's responsibility.

10.5 **Construction Liens**

Tenant shall make all such payments and take all such steps as may be necessary to ensure that no lien or other charge or claim therefor or certificate of action in respect thereof (any of which is herein referred to as "Lien") is registered against the Project or any portion thereof or against either Landlord's or Tenant's interest therein as a result of any work done for, or services or material supplied to, Tenant, or in respect of the Premises. Tenant shall cause any such registrations to be discharged or vacated immediately after notice from Landlord, or within ten (10) days after registration, whichever is earlier.

Tenant shall indemnify and save harmless Landlord from and against any liabilities, claims, liens, damages, costs or expenses, including legal expenses, arising in connection with any work done for or services or materials supplied to Tenant or in respect of the Premises.

If Tenant permits any such lien registration or fails to cause any such registration to be discharged or vacated as aforesaid then, in addition to any other rights of Landlord, Landlord may, but shall not be obliged to, discharge or vacate the same by paying into court the amount claimed to be due together with any other amounts and all amounts so paid and all costs incurred by Landlord, including legal fees and disbursements, in thus arranging for the discharging or vacating of any such Lien shall be paid by Tenant to Landlord forthwith upon demand together with reasonable compensation to Landlord for administration in respect thereof.

10.6 **Landlord's Repairs**

Subject to the provisions of Article 12 herein, and subject to Tenant's obligations hereunder, Landlord shall repair and/or replace, as the case may be, to the extent required to maintain Building Standard: (a) the structure and exterior walls of the Building; (b) the transportation, electrical, mechanical and drainage equipment and base Building systems forming part of the Project (including base Building systems located within the Premises and Common Facilities of the Project); (c) Common Facilities and (d) Building standard washrooms, whether or not located within Leasable Areas. Landlord's costs of compliance with this Section 10.6 shall be included in Operating Costs to the extent provided in the definition thereof.

11. END OF TERM

11.1 **Vacating of Possession**

Forthwith upon the expiry or earlier termination of the Term, Tenant shall peaceably deliver to Landlord vacant possession of the Premises in Building Standard condition and otherwise in the condition in which Tenant is required to keep the Premises during the Term pursuant hereto (subject to Sections 11.3 and reasonable wear and tear as would be permitted by a prudent owner which in any event does not detract from the overall Building Standard of the Premises or the function of any systems, facilities or improvements therein) and shall leave the Premises in a neat, clean and broom swept condition and Tenant shall deliver to Landlord all keys for the Premises and all keys or combinations to locks on doors, safes or vaults in the Premises.

11.2 **Removal of Trade Fixtures**

Provided Tenant is not in default hereunder, Tenant shall, at the expiry or earlier termination of the Term, remove its trade fixtures and all other personal property from the Premises and shall restore the Premises to the condition in which they existed prior to the installation and removal of such trade fixtures and other personal

property and shall repair any damage caused thereby. If, at the expiry or earlier termination of the Term, Tenant does not remove its trade fixtures or any of its other property from the Premises, Landlord shall have no obligation in respect of any such trade fixtures or property and may sell or destroy the same or have them removed or stored at the expense of Tenant or dispose of them in any other manner whatsoever as may be determined by Landlord in its sole discretion; at the option of Landlord, such trade fixtures or property not removed at the expiry or earlier termination of the Term shall become the absolute property of Landlord without payment of any compensation therefor to Tenant and may be dealt with by Landlord in such manner as it determines.

11.3 **Removal of Leasehold Improvements**

(a) **Tenant shall have no obligation to remove any Leasehold Improvements from the Premises at the expiry or earlier termination of this Lease nor, for greater certainty, shall Tenant be obligated to return the Premises to a base building condition and, in addition thereto, Tenant shall not be responsible for the cost of removing any Leasehold Improvements nor for the cost of restoring the Premises to base building condition.**

(b) Tenant shall co-operate with Landlord in its completion of a move-out inspection prior to the expiry or earlier termination of this Lease.

11.4 **Overholding by Tenant**

(a)

(i) If Tenant remains in possession of all or any part of the Premises after the expiry of the Term with the written consent of Landlord but without any further written agreement, this Lease shall not be deemed thereby to have been renewed or extended and Tenant shall be deemed conclusively to be occupying the Premises as a monthly tenant on the same terms as set forth in this Lease so far as they would be applicable to a monthly tenancy except the monthly Rent shall be one hundred and fifty percent (150%) of an amount determined by taking 1/12 of the Last Year's Rent.

(ii) If Tenant remains in possession of all or any part of the Premises after the expiry of the Term without the express written consent of Landlord, Landlord's acceptance of Rent after the expiry of the Term shall not constitute Landlord's consent to such overholding and, in such case and until such time as the parties enter into a written agreement which provides otherwise, Tenant shall be required to pay a monthly Rent calculated at two hundred percent (200%) of the Last Year's Rent.

(b) If any of the obligations of Tenant pursuant to this Lease have not been completed by the expiry or earlier termination of this Lease ("End of Term"), such obligations shall survive such End of Term and Tenant shall continue to be responsible for the same. Notwithstanding the foregoing, Landlord, at its option, may perform any such obligations which have not been completed on or before the End of Term (other than the payment of Rent), the cost of which, plus fifteen percent (15%) of such cost, shall be paid by Tenant to Landlord forthwith upon request. During any period following the End of Term in which such obligations are being performed either by Tenant or by Landlord on Tenant's behalf, Tenant shall pay all Rent, including Basic Rent as provided in subsection 11.4 (a)(ii) above, as though Tenant was overholding beyond the End of Term without the consent of Landlord, for the period from the date upon which the End of Term occurs, to the last day of the month in which all of such obligations have been completed.

12. DAMAGE AND DESTRUCTION

12.1 **Damage to Premises or Project**

If the Premises or the Project are damaged or destroyed, in whole or in part, by fire or any other occurrence, this Lease shall nonetheless continue in full force and effect and there shall be no abatement of any item included in Rent except as expressly provided in this Article 12, and the following provisions of this Article 12 shall apply.

12.2 **Damage to Premises**

(a) If there is damage and/or destruction ("Damage") to the Premises such as to render the whole or any part of the Premises unusable or inaccessible for the purpose of Tenant's use and occupancy thereof, Landlord shall deliver to Tenant within thirty (30) days following the occurrence of such Damage the Architect's written opinion as to whether or not the same is capable of being repaired, to the extent of Landlord's repair obligations hereunder, within one hundred eighty (180) days following Landlord's receipt of all permits required for the repair or reconstruction of such Damage ("Actual Construction Time"), Landlord agreeing to act prudently and diligently in obtaining any such required permits.

(b) If this Lease is not terminated as herein in this Article 12 provided, Landlord shall diligently proceed to perform such repairs to the Premises to the extent of its express obligations pursuant to Section 10.6 hereof and otherwise so as to provide the Tenant with a "base-building shell" and Tenant, commencing as soon as is practicable but without interfering with Landlord's repairs, shall diligently proceed to perform such repairs as are Tenant's responsibility pursuant hereto. In any event, within a reasonable period (having regard to the nature of Tenant's work) after

Landlord has completed its repairs to the Premises to the point where Tenant could commence its repair work or commence the conduct of business on the Premises, Tenant shall complete its repairs to the Premises and shall fully fixture the Premises and recommence the operation of Tenant's business as permitted and required pursuant hereto.

(c) If:

(i) in the Architect's opinion, the Premises are not capable of being repaired by Landlord as aforesaid within one hundred eighty (180) days of Actual Construction Time; or

(ii) Intentionally Deleted; or

(iii) in the Architect's opinion, the Premises are not capable of being repaired by Landlord as aforesaid within sixty (60) days of Actual Construction Time and such Damage occurs within one (1) year prior to the expiry of the Term and either there are no remaining rights in favour of any party hereto to extend or renew this Lease or any party hereto having the right to renew or extend this Lease fails to do so within fifteen (15) days following the occurrence of such Damage (it being acknowledged that any express notice provisions for same would thereby be waived); or

(iv) **the cost of repairing such Damage exceeds: (a) by twenty five percent (25%) or more the amount of insurance proceeds made available to Landlord therefore; and (b) one million dollars ($1,000,000.00);**

then,

(1) Landlord may elect, by written notice to Tenant, and

(2) Tenant may elect, upon written notice to Landlord, in the case of subsection 12.2(c)(i) and (iii) above only,

in both cases within thirty (30) days after delivery by Landlord of the opinion provided for in subsection 12.2(a) above, to terminate this Lease, whereupon, in the event of any such termination by either Landlord or Tenant, Tenant shall immediately surrender possession of the Premises and Basic Rent and all other payments for which Tenant is liable pursuant hereto shall be apportioned to the effective date of such termination, subject to the provision for abatement set forth in subsection 12.2 (d) below. In the exercise of its right to terminate this Lease pursuant to Section 12.2(c), Landlord shall act in a bona fide manner and shall not terminate this Lease solely for the purpose of depriving Tenant of its rights under this Lease.

Subject to the provisions of Section 16.7 and the Tenant's rights and remedies at law, if neither party exercises its right to terminate this Lease and, further, if Landlord fails to complete the repairs required to be performed by it within two hundred and seventy (270) days of Actual Construction Time, then Tenant shall have the right to terminate this Lease on thirty (30) days' prior notice to Landlord delivered to Landlord within five (5) business days following expiry of the two hundred and seventy (270) day period, provided however that such termination may be nullified by Landlord if within such thirty (30) day period Landlord Substantially Completes Landlord's work in the Premises.

(d) if the Damage is such as to render the whole or any part of the Premises unusable or inaccessible in whole or in part for the purpose of Tenant's use and occupancy, as permitted hereby, then the Rent payable hereunder shall abate to the extent that Tenant's use and occupancy of and/or ability to access the Premises is in fact thereby diminished, which determination shall be made by the Architect, until the earlier of: (i) the ninetieth (90th) day after the Premises are ready for Tenant to commence its repairs to the Premises as determined by Landlord; and (ii) the date on which Tenant first commences the conduct of business in any part of the Premises which had been Damaged following the date of the occurrence of such Damage.

12.3 **Damage to Project**

If twenty five percent (25%) or more of the Rentable Area of the Project is Damaged, whether or not there is any Damage to the Premises, Landlord may, at its option, elect, by written notice given to Tenant within thirty (30) days after such occurrence, to terminate this Lease as of a date specified in such notice, which date shall be not less than ninety (90) days and not more than one hundred eighty (180) days after the giving of such notice, in which event Tenant shall vacate and surrender possession of the Premises by not later than the said date of termination, and Basic Rent and all other payments for which Tenant is liable pursuant to this Lease shall be apportioned to the effective date of termination, subject to the provision for abatement set forth in subsection 12.2(d) above. If Landlord does not so elect to terminate this Lease, Landlord shall diligently proceed to repair and rebuild the Damage to the extent of its obligations pursuant hereto. In the exercise of its right to terminate this Lease as aforesaid, Landlord shall act in a bona fide manner and shall not terminate this Lease solely for the purpose of depriving Tenant of its rights under this Lease.

12.4 **Restoration of Premises or Project**

If there is Damage to the Premises or the Project and if this Lease is not terminated pursuant hereto, Landlord, in performing its repairs to the Premises or the Project as required hereby, shall not be obliged to repair or rebuild in accordance with the plans or specifications for the Premises or the Project as they existed prior to such Damage but Landlord may repair or rebuild the same in accordance with any plans and specifications chosen by Landlord in its sole and absolute discretion provided that the utility and size of the Premises is not materially adversely altered and Tenant's use and occupancy of and access to the Premises and the general overall quality of the Project are not materially detrimentally affected by any difference in plans, specifications or form of the Premises or the Project from such plans, specifications and form as the same existed immediately prior to the occurrence of such Damage.

12.5 **Determination of Matters**

For the purposes of this Article 12, all matters requiring determination such as, without limitation, the extent to which any area(s) of the Premises or the Project are Damaged or are rendered inaccessible, or the times within which repairs may be made, unless expressly provided to the contrary, shall be determined by the Architect and such determination shall, in the absence of manifest error, be final and binding on the parties.

13. INSURANCE AND INDEMNITY

13.1 **Landlord's Insurance**

Landlord shall obtain and maintain in full force and effect during the Term with respect to the Project insurance against such occurrences and in such amounts as would be carried by reasonably prudent owners of properties similar to the Project and which coverage shall include the following:

(a) "all risks" property insurance on the Building, excluding Leasehold Improvements and excluding the Premises but including equipment contained therein owned or leased by Landlord, for not less than the full replacement cost thereof;

(b) boiler and machinery insurance including repair and/or replacement;

(c) rental income insurance;

(d) commercial general liability insurance; and

(e) such other insurance and insurance in such amounts and on such terms as Landlord, in its discretion, may determine

The policies of insurance referred to in this Section 13.1 shall contain a waiver of the insurer's right of subrogation as against Tenant and the Tenant's Parties. Landlord hereby waives its right of recovery against Tenant and Tenant's Parties with respect to all claims required to be or otherwise insured against by Landlord hereunder.

Notwithstanding Tenant's contribution to Landlord's costs and premiums respecting such insurance pursuant to the terms of this Lease, Tenant shall not have any insurable or other interest in any of Landlord's insurance and, in any event, Tenant shall not have any interest in or any right to recover any proceeds under any of Landlord's insurance policies.

13.2 **Tenant's Effect On Landlord's and Other Insurance**

In the event of an actual or threatened cancellation of or material adverse change in any policy of insurance of Landlord or any others on or related to the Project or any part or contents thereof by reason of:

(i) the use or occupancy of the Premises by Tenant or any other Person permitted by Tenant on the Premises; or

(ii) anything placed on or permitted by Tenant or any Person on the Premises or by Tenant or Tenant's Parties on any part of the Project; or

(iii) any use, act or omission of Tenant or any Person on the Premises or by Tenant or Tenant's Parties on any part of the Project; or

(iv) any contents or articles on the Premises; or

(v) any content or articles for which Tenant and/or Tenant's Parties are responsible on any part of the Project,

and if Tenant fails to remedy the situation, condition, use or occupancy or other factor giving rise to such actual or threatened cancellation or if Tenant has otherwise failed to adequately address the change within seventy-two (72) hours after notice thereof by Landlord, Landlord may, at its option, either:

(a) terminate this Lease forthwith by written notice; or

(b) remedy the situation, condition, use, occupancy or other factor giving rise to such actual or threatened cancellation or otherwise address the change, and for such purpose Landlord shall have the right to enter upon the Premises without further notice, all at the cost of Tenant to be paid to Landlord forthwith upon demand.

13.3 **Tenant's Insurance**

(a) Tenant shall, at its sole cost and expense, obtain and maintain in full force and effect at all times with respect to the Premises insurance throughout the Term and any extension and or renewal thereof (and such other times, if any, as Tenant occupies the Premises) which coverage shall include the following:

(i) commercial general liability insurance for bodily injury and property damage including the following extensions: owners and contractors protective; pollution coverage with hostile fire coverage only; products and completed operations; personal injury; occurrence basis property coverage; blanket contractual; non-owned automobile liability; severability of interests; cross liability; and employer's liability, all on an occurrence basis with coverage for any one occurrence or claim of not less than Five Million ($5,000,000.00) Dollars per occurrence;

(ii) "all risks" property insurance covering the Leasehold Improvements, and all other property of every description, nature and kind owned by Tenant or for which Tenant is legally liable, which is installed, located or situate in or about the Premises or elsewhere in the Project, including without limitation, trade fixtures, furnishings, equipment, all inventory or stock in trade and all signs in, on or about the Premises, for not less than the full replacement cost thereof and shall include a stated amount co-insurance clause and a breach of conditions clause;

(iii) if applicable, broad form comprehensive boiler and machinery insurance on all insurable objects located on the Premises or which are the property or responsibility of Tenant, including repair or replacement endorsement;

(iv) business interruption insurance, including extra expense insurance, either as an extension to or on the same form as the insurance referred to in subsections 13.3(a)(ii) and 13.3(a)(iii) above, and in such amounts from time to time as necessary to fully compensate Tenant for direct or indirect loss of sales or earnings and extra expenses incurred resulting from or attributable to any of the perils required to be insured against under the policies referred to in subsections 13.3(a)(ii) and 13.3(a)(iii) above and all circumstances usually insured against by prudent tenants including losses resulting from interference with or prevention of access to the Premises or the Project as a result of such perils or for any other reason;

(v) plate glass insurance on all internal and external glass within, fronting or forming part of the Premises; however notwithstanding the foregoing, Tenant may elect to self insure for the insurance described in this 13.3(a)(v); and

(vi) any other insurance against such risks and in such form and amounts as Landlord may from time to time reasonably require upon not less than thirty (30) days' written notice, provided Landlord agrees it shall not require Tenant to maintain additional insurance coverage unless such additional insurance coverage has become generally accepted insurance, generally maintained by comparable tenants or is required as a result of the particular nature of Tenant's business operations.

(a.l) Notwithstanding anything to the contrary, so long as the Tenant is Primerica Life Insurance Company of Canada and/or a Permitted Transferee, the Landlord acknowledges and agrees that the Tenant shall have the option, either alone or in conjunction with Citigroup Inc., Tenant's ultimate parent corporation, or any subsidiaries or affiliates of Citigroup Inc., to maintain self insurance with respect to the insurance required pursuant to subsections 13.3(a)(ii), (iii), (iv) and (v) of this Lease and/or provide or maintain any insurance required under this Lease under blanket insurance policies maintained by Tenant or Citigroup Inc., provided such blanket policies contain a blanket additional insured endorsement or an endorsement naming the Landlord and any mortgagee of the Landlord and specifically referencing the Premises, or provide or maintain insurance through such alternative risk management programs as Citigroup Inc. may provide or participate in from time to time, subject to the following:

(i) "Self-insurance" shall mean that Tenant is itself acting as though it were the insurance company providing the insurance (in the amounts and with the deductibles as required pursuant to the provisions of this Lease) required under this Lease and Tenant shall pay any amounts due in lieu of insurance proceeds which would have been payable if the insurance policies had been carried, which amounts shall be treated as insurance proceeds for all purposes under this Lease;

(ii) All amounts which Tenant pays or is required to pay and all loss or damage resulting from risks for which Tenant has elected to self-insure shall be subject to the waiver of subrogation provision in sub-section 13.3(b) of this Lease and shall not limit Tenant's indemnification obligations;

(iii) In the event that Tenant elects to self-insure and an event or claim occurs for which a defense and/or coverage would have been available from the insurance company had insurance been purchased, Tenant shall:

(I) undertake the defense of any such claim, including a defense of Landlord at its sole cost and expense, and

(II) use its own funds to pay any claim or replace any equipment or other physical property or otherwise provide the funding which would have been available from insurance proceeds but for such election by Tenant to self-insure; and

(iv) Tenant shall indemnify and save harmless Landlord from and against any and all losses, costs, claims, expenses, liabilities and damages resulting from Tenant's election to self-insure for any such insurance coverage.

(b) The insurance policies referred to in this Section 13.3 shall be subject to such higher limits as Tenant, or Landlord acting reasonably may require from time to time, provided Landlord agrees it shall not require Tenant to maintain higher limits unless such higher limits have become generally accepted limits, generally maintained by comparable tenants or are required as a result of the particular nature of Tenant's business operations. The policies referred to in Section 13.3(a) above shall contain a waiver of the insurer's right of recovery against Landlord and Landlord's Parties with respect to all matters required to be insured against by Tenant hereunder. The policy referred to in subsection 13.3(a)(i) shall name Landlord and any others designated by Landlord as additional insureds and the policies referred to in subsections 13.3(a)(ii), (iii), (v) and, to the extent applicable (vi), shall name Landlord and any others designated by Landlord as loss payee as their interests may appear. Any and all deductibles in Tenant's insurance policies shall be borne solely by Tenant and shall not be recovered or attempted to be recovered from Landlord. In addition, all such policies shall be non-contributing with, and will apply only as primary and not excess to, any insurance proceeds available to Landlord.

(c) Tenant shall provide to Landlord at the commencement of the Term and, following request in writing by Landlord, upon the renewal of all insurance referred to in this Section 13.3, and promptly at any time upon request, a certificate of insurance evidencing the insurance coverage required to be maintained by Tenant in accordance with this Section 13.3. The delivery to Landlord of a certificate of insurance or any review thereof by or on behalf of Landlord shall not limit the obligation of Tenant to provide and maintain insurance pursuant to this Section 13.3 or derogate from Landlord's rights if Tenant shall fail to fully insure. Where used in this subsection 13.3(c), the term "Landlord" shall include Landlord's manager of insurance, if any.

(d) All policies shall provide that the insurer shall endeavour to give at least thirty (30) days prior written notice to Landlord in the event of cancellation or change below the requirements set out in Section 13.3. All policies of insurance shall be placed with a company licensed to sell commercial insurance in Canada.

(e) Tenant acknowledges and agrees that, if it fails to obtain and maintain in force any of the insurance policies set out in this Section 13.3, then Tenant shall indemnify and hold harmless Landlord and Landlord's Parties in respect of any such losses arising therefrom.

13.4 **Consequential Damages**

Notwithstanding anything to the contrary, neither party shall be liable to the other for indirect or consequential damages.

13.5 **Indemnity**

To the extent not released pursuant to the other provisions of this Lease, Tenant shall indemnify Landlord and all of Landlord's Parties and shall hold them and each of them harmless from and against any and all liabilities, claims, damages, losses and expenses, penalties, fines and sanctions of any kind whatsoever, including costs of Remediation and any fines and damages resulting from any of the same and including all legal and other consultants' fees and disbursements (collectively "Liabilities"), due to, arising from or to the extent contributed to by:

(a) any breach by Tenant or any of Tenant's Parties of any of the provisions of this Lease or any Law;

(b) any act or omission of any Person on the Premises (save and except Landlord and Landlord's Parties) or any use or occupancy of or any property in the Premises;

(c) any act or omission of Tenant or any of Tenant's Parties on the Premises or elsewhere on or about the Project;

(d) any injury, death or damage to persons or property of Tenant or any of Tenant's Parties or any other persons on the Project by or with the invitation, licence or consent of Tenant caused by any reason whatsoever, except if caused by Landlord or Landlord's Parties.

Notwithstanding the foregoing, Tenant shall not be responsible for the costs of any Liabilities due to, arising from or to the extent contributed to by:

(i) any breach by Landlord or any of Landlord's Parties of any of the provisions of this Lease or any Law; or

(ii) any act or omission of Landlord or any of Landlord's Parties on the Project other than the Premises.

13.6 **Parties**

(a) It is agreed that every indemnity, exclusion or release of liability and waiver of subrogation herein contained for the benefit of Landlord shall extend to and benefit all of Landlord's Parties; solely for such purpose, and to the extent that Landlord expressly chooses to enforce the benefits of this subsection 13.6(a) and any other section to which it applies, for any Landlord's Parties, it is agreed that Landlord is the agent or trustee for each and all Landlord's Parties.

(b) It is agreed that every exclusion or release and waiver of subrogation herein contained for the benefit of Tenant shall extend to and benefit all of Tenant's Parties; solely for such purpose, and to the extent that Tenant expressly chooses to enforce the benefits of this subsection 13.6(b) and any other section to which it applies, for any Tenant's Parties, it is agreed that Tenant is the agent or trustee for each and all Tenant's Parties.

14. ASSIGNMENT, SUBLETTING AND CHANGE OF CONTROL

14.1 **Consent Required**

(a) Tenant shall not:

(i) assign this Lease in whole or in part;

(ii) sublet or part with or share possession of all or any part of the Premises;

(iii) grant any concessions, franchises, licences or other rights to others to use any portion of the Premises;

(iv) grant any mortgage or charge on this Lease;

(v) if Tenant or any occupant of the Premises is at any time a corporation, trust or partnership, transfer the issued shares in the capital stock or transfer, issue or divide any shares of the corporation or of any affiliate of the corporation, or transfer trust units or partnership interests sufficient to transfer control to others than the then present shareholders of the corporation or those in control of the trust or partnership (collectively called "Sale");

(vi) if Tenant or any occupant of the Premises is at any time a corporation, trust or partnership, merge, amalgamate or consolidate the corporation with one or more other entities or effect a corporate restructuring or reorganization, voluntarily or by operation of law (collectively called "Reorganization"),

(all of the foregoing being hereinafter individually or collectively referred to as "Transfer"; a party making a Transfer is referred to as a "Transferor" and a party taking a Transfer is referred to as a "Transferee"), without the prior written consent of Landlord in each instance, which consent, subject to the provisions of Section 14.3 below, may not be unreasonably withheld. Notwithstanding anything contained in the foregoing to the contrary, the provisions of subsection 14.1(a)(v) shall not apply to a Sale (provided Tenant is in occupancy of the Premises), so long as Tenant is a corporation ("Public Corporation") whose shares are listed and traded on any recognized public stock exchange in Canada or the United States or a Sale that occurs when (1) the Tenant is a "subsidiary body corporate" (as that term is defined on the date of this Lease under the Canada Business Corporations Act, R.S.C. 1985, c.C-44) of a Public Corporation and (2) it is the shares of the Public Corporation and not of the Tenant that are transferred or issued.

(b) For greater certainty, it is agreed that it shall be reasonable for Landlord to withhold its consent to a Transfer, if:

(i) the proposed Transferee does not have a good business reputation and experience in the use to be made of the Premises pursuant to the terms of this Lease;

(ii) the proposed Transferee does not have financial strength at least sufficient to satisfy all of the obligations of Tenant hereunder;

(iii) the proposed Transferee is an existing occupant of any part of the Project;

(iv) the proposed Transferee is then a prospect involved in bona fide negotiations with Landlord respecting the leasing of any premises in the Project;

(v) the proposed Transfer or proposed use or occupancy of the Premises by the proposed Transferee would result in a breach of any lease, agreement to lease or other agreement by which Landlord is bound with respect to any part of the Project;

(vi) Tenant is in default under this Lease or any other agreement with the Landlord affecting the Premises;

(vii) without affecting the interpretation of Article 8 or any other provision hereof, the **use proposed to be made of the Premises by the Transferee will be incompatible with the uses of other tenants of the Project, in the sole discretion of Landlord, acting reasonably (provided that the foregoing shall not prohibit the Transferee from carrying out the permitted use expressly set out under subsection 1(i) of this Lease), or will be more burdensome on the Project, in terms of parking requirements or any other factor, than the permitted use of the Premises by Tenant as expressly set for in subsection 1(i) of this Lease**;

(viii) **any use which will result in a breach of any of the other provisions of this Lease**;

(ix) Landlord is not satisfied, acting reasonably, in the case of a proposed Sale, that:

(I) following such Sale, Tenant will have financial strength at least sufficient to satisfy all of the obligations of Tenant hereunder and otherwise acceptable to Landlord, acting reasonably; and/or

(II) there will be continuity of management or business practices following such proposed Sale;

(x) Landlord is not satisfied, acting reasonably, in the case of a proposed Reorganization, that:

(I) the financial strength of the entity resulting from such Reorganization will be equal to or better than that of Tenant as at the date of this Lease; and/or

(II) there will be continuity of management or business practices following such proposed Reorganization;

(xi) Tenant fails to provide Landlord with at least fifteen (15) days' prior written notice of the proposed Transfer, which notice shall be accompanied by all of the information required pursuant to the provisions of Section 14.2 below.

Notwithstanding anything contained in the foregoing to the contrary, the provisions of subsections (b)(iii) or (iv) shall not apply in the event Landlord has not and will not, within the six (6) months following Landlord's receipt of the notice of the Transfer, have premises in the Project available for lease that could reasonably satisfy such Transferee's needs.

(c) **Notwithstanding the foregoing, provided Tenant is Primerica Life Insurance Company of Canada and/or a Permitted Transferee and provided Tenant is not then in receipt of written notice of default from Landlord or is not then in default for which no notice is required pursuant to the applicable provisions of this Lease, then Tenant shall be permitted to assign this Lease or sublet the Premises in whole or in part or effect a Sale or Reorganization (collectively; a "Permitted Transfer") on prior written notice to Landlord accompanied by any information which may be required for Landlord to consider the Financial Covenant (as hereinafter defined) of the proposed Permitted Transferee, but without the prior written consent of Landlord, to:**

(i) **a holding body corporate, a subsidiary body corporate or an affiliate corporation of the Tenant (as those terms are defined in the Business Corporations Act (Canada) as amended or replaced from time to time); or**

(ii) **the purchaser of all or a substantial portion of the Ontario business of, or a corporation created by merger or amalgamation with, the Tenant,**

collectively, a "Permitted Transferee", provided that, in the case of a Sale or Reorganization, Tenant delivers to Landlord such information as may be requested by Landlord, acting reasonably, in order to demonstrate to Landlord's reasonable satisfaction (as to which

satisfaction Landlord has given written notice to Tenant) that the proposed Permitted Transferee has a good business reputation and has financial strength at least sufficient to satisfy all of the obligations of Tenant under this Lease. If Landlord is unable to satisfy itself as aforesaid, the reasonable particulars of which Landlord shall identify to Tenant, in writing, in order for such proposed Permitted Transfer to be effective, Tenant must first deliver to Landlord a certified cheque payable to Landlord in an amount equal to two (2) months Basic Rent, Operating Costs, Management Fee and Realty Taxes then due and payable (plus applicable Sales Taxes) under this Lease, which amount shall be held by Landlord, without interest, as a prepayment of Rent payable under this Lease by the Permitted Transferee and as security for the performance by the Permitted Transferee of the provisions of this Lease, all in accordance with a rent deposit agreement which shall be entered into between the parties (each acting reasonably). No such Permitted Transfer shall be effective until the Permitted Transferee enters into an agreement with Landlord contemplated by, and provided such Permitted Transfer otherwise complies with, the applicable provisions of this Article 14.

(d) If Landlord withholds, delays or refuses to give consent to any Transfer, whether or not Landlord is entitled to do so, Landlord shall not be liable for any losses or damages in any way resulting therefrom and Tenant shall not be entitled to terminate this Lease or exercise any other remedy whatever in respect thereof except to seek the order of a court of competent jurisdiction compelling Landlord to grant any such consent which Landlord is obliged to grant pursuant to the terms of this Lease.

(e) Save for a Transfer to a Permitted Transferee, no Transfer may be made where any portion of the Rent is lower than the market rent or on terms more favourable than arm's length market terms for a sublease (as the case may be) of comparable premises in the market place prevailing at the time of the Transfer.

(f) Landlord shall respond to a request for consent within fifteen (15) business days after receipt of such request and all other information required to be provided to Landlord.

14.2 **Obtaining Consent**

All requests to Landlord for consent to any Transfer shall be made to Landlord in writing together with:

(a) a copy of the agreement pursuant to which the proposed Transfer will be made;

(b) a cheque payable to Landlord in the amount of One Thousand ($1,000.00) Dollars as a deposit on account of all costs incurred by Landlord in considering and processing the request for consent, which costs shall include, without limitation, the cost of any credit checks, legal costs, and Landlord's reasonable administrative fee (which is Landlord's charge for processing such request for consent and, to the extent completed by Landlord, the charge for completing any documentation to implement any Transfer, it being acknowledged that such documentation may, at Landlord's option, be prepared by Landlord's solicitor, whereupon the charges for preparation of documentation will be included in legal costs); all of which costs incurred by Landlord in respect of any such request for consent shall be the responsibility of and shall be paid by Tenant forthwith upon demand, whether or not Landlord grants its consent to any proposed Transfer; and

(c) such information in writing as a landlord might reasonably require respecting a proposed Transferee and which might be required to provide Landlord with all the information necessary to determine whether or not the provisions of subsection 14.1(b) above have been complied with, and which information shall include, without limitation, the name, business and home addresses and telephone numbers, business experience, credit information and rating, financial position and banking and business references and description of business to be conducted by the Transferee on the Premises and parking requirements for such business; and

(d) in the case of a proposed Sale or Reorganization, at Landlord's request, Tenant shall provide Landlord with such information about Tenant, and of any affiliate of Tenant, as may be reasonably required by Landlord in order to ascertain whether or not there has been any Sale or Reorganization. Delivery of any such corporate information shall be conditioned upon Landlord's execution of a reasonable non-disclosure agreement.

14.3 **Landlord's Option**

(a) Notwithstanding the other provisions contained in this Article 14, Landlord shall have the option, exercisable by written notice to Tenant within fifteen (15) days after the satisfaction of the provisions of Section 14.2 above, to take a Transfer from Tenant of the portion of the Premises which is the subject of the proposed Transfer ("Transferred Premises") on the same terms as the proposed Transfer in respect of which Tenant had requested Landlord's consent, as aforesaid. Notwithstanding anything to the contrary, Landlord's rights under this subparagraph (a), to take a Transfer from Tenant in lieu of consenting to a Transfer, shall not apply in connection with any Transfer (provided that Tenant shall remain obliged to obtain Landlord's consent to same if otherwise required under this Lease) whereby Tenant: (1) effects a Transfer to a Permitted Transferee; or (2) sublets a portion of the Premises to an arm's length third party where such

portion of the Premises is temporarily not required for Tenant's business and Tenant has not then subleased, in the aggregate, including the then-proposed sublease, more than fifty percent (50%) of the Rentable Area within the Premises.

(b) If Landlord elects to take a Transfer as contemplated pursuant to subsection 14.3(a) above, Tenant hereby grants to Landlord (and any others permitted by Landlord) the right, in common with Tenant and all other entitled thereto, to use for their intended purposes all portions of the Premises in the nature of Common Facilities (such as corridors, washrooms, lobbies and the like) or which are reasonably required for proper access to or use of the Transferred Premises (such as reception area, interior corridors, mechanical or electrical systems and ducts and the like) and Landlord shall have the right to complete any demising required therefor.

14.4 **Terms of Transfer**

In the event of any Transfer, Landlord shall have the following rights:

(a) other than with respect to a Transfer to a Permitted Transferee, to require Tenant and the Transferee and any indemnifier in respect of Tenant's obligations hereunder to enter into an agreement in writing to implement any amendments to this Lease to give effect to Landlord's exercise of any of its rights hereunder;

(b) to require the Transferee to enter into an agreement ("Assumption Agreement") with Landlord in writing to be bound by all of Tenant's obligations under this Lease and to be bound by all of the provisions of this Lease and, to the extent permitted by applicable Laws, to waive any right it, or any Person on its behalf, may have to disclaim, repudiate or terminate this Lease pursuant to any bankruptcy, insolvency, winding-up or other creditors proceeding, including, without limitation, the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), and to agree that in the event of any such proceeding Landlord will comprise a separate class for voting purposes. If the Transferee is incorporated, established or resident in a jurisdiction other than the Province of Ontario, the Assumption Agreement shall contain an attornment by the Transferee to the laws and courts of the Province of Ontario;

(c) other than with respect to a Transfer to a Permitted Transferee, to receive fifty percent (50%) of all amounts to be paid to Tenant under the agreement in respect of such Transfer in excess of the Rent payable under this Lease (to which Landlord is entitled to receive one hundred percent (100%)), less only Tenant's reasonable costs incurred in connection with such Transfer (including brokerage fees, advertising costs, fixturing periods, rent-free periods, and inducements, all of which shall be evidenced by receipted invoices or other documentation copied to Landlord) and any consideration which is bona fide being paid to Tenant for equipment, furnishings and other property to be conveyed by Tenant as part of or together with the transaction of Transfer and which is not reasonably attributable to Tenant's interest in this Lease and less, in the case of a sublease, all amounts receivable by Tenant under the sublease equal to the amounts payable by Tenant hereunder each month during the term of the sublease in respect of the Transferred Premises;

(d) to require the Transferee, in case of a Transfer by sublease, to waive any rights pursuant to subsections 17, 21 and 39(2) of the *Commercial Tenancies Act* (Ontario) and any amendments thereto and any other statutory provisions of the same or similar effect, to retain the unexpired Term of this Lease, or any portion thereof or obtain any right to enter into any lease or other agreement directly with Landlord for the Premises or any portion thereof, or otherwise remain in possession of any portion of the Premises; and

(e) at Landlord's option, to require, if the Transfer is a sublease or other transaction not including an assignment, that, where Tenant is in default hereunder, at any time upon receipt of notice from Landlord, all amounts payable by the Transferee each month be paid directly to Landlord who shall apply the same on account of Tenant's obligations under this Lease, but no such collection or acceptance of any Rent by Landlord shall be deemed to be a waiver of Landlord's rights under this Lease or an acceptance of or consent to any such Transfer or a release of any of Tenant's obligations under this Lease.

14.5 **Effect of Transfer**

(a) No consent of Landlord to a Transfer shall be effective unless given in writing and executed by Landlord. No Transfer and no consent by Landlord to any Transfer shall constitute a waiver of the necessity to obtain Landlord's consent to any subsequent or other Transfer.

(b) In the event of any Transfer or any consent by Landlord to any Transfer, Tenant shall not thereby be released from any of its obligations hereunder but shall remain bound by all such obligations pursuant to this Lease for the balance of the Term.

(c) Tenant hereby consents to any further:

(i) Transfers of this Lease;

(ii) amendments of this Lease which may be made between the Transferee and Landlord ("Amendments");

(iii) Alterations which may be made by the Transferee in accordance with the applicable provisions of this Lease;

without the further consent or agreement of Tenant. Tenant shall continue to be bound by all of its obligations pursuant hereto notwithstanding any such further Transfers or any Amendments or Alterations, to the extent of what would have been Tenant's obligations pursuant hereto had such Transfers, Amendments or Alterations not been made. Tenant's obligations pursuant hereto shall not be increased as a result of any such Transfers, Amendments or Alterations and Landlord agrees to provide to Tenant a copy of any such Transfers or Amendments and notice of any such Alterations.

(d) If any Transferee extends or renews this Lease pursuant to any right or option or other opportunity afforded hereunder to Tenant, or if any Transferee leases other premises pursuant to any right or option or other opportunity afforded hereunder to Tenant, each Transferor shall be liable for all of the obligations of Tenant resulting from the exercise thereof throughout the Term as renewed or extended.

(e) Every Transferee shall be obliged to comply with all of the obligations of Tenant under this Lease. Tenant shall enforce all of such obligations against each Transferee. Any default of any Transferee shall also constitute a default of Tenant hereunder.

(f) Tenant agrees that if this Lease is ever disclaimed, repudiated or terminated by or on behalf of a Transferee pursuant to any bankruptcy, insolvency, winding-up or other creditors' proceeding, including any proceeding under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), or if Landlord terminates this Lease as a result of any act or default of any Transferee, Tenant shall nonetheless remain responsible for fulfilment of all obligations of Tenant hereunder for what would have been the balance of the Term but for such disclaimer, repudiation or termination and shall, upon Landlord's request, enter into a new lease of the Premises for such balance of the Term and otherwise on the same terms and conditions as in this Lease, subject to such written amendments thereto to which Tenant and Landlord had agreed at any time prior to such disclaimer, repudiation or termination, and with the exception that Tenant will accept the Premises in "as is" condition.

14.6 **Assignment by Landlord**

Landlord shall have the right to sell, lease, convey, mortgage, or otherwise dispose of the Project or any part thereof and to assign this Lease and any interest of Landlord pursuant to this Lease without any restriction. If Landlord shall sell, lease, convey, mortgage or otherwise dispose of the Project or any part thereof or shall assign this Lease and any interest of Landlord pursuant to this Lease, then to the extent that the purchaser or assignee agrees with Landlord to assume the covenants and obligations of Landlord hereunder, Landlord shall thereupon and without further agreement be released of all liability pursuant to the terms of this Lease.

15. STATUS AND SUBORDINATION OF LEASE

15.1 **Status Statement**

(a) Tenant shall, within ten (10) days after written request from Landlord, execute and deliver to Landlord, or to any actual or proposed lender, purchaser or assignee of Landlord, a statement or certificate ("Status Statement"), in such form as requested by Landlord, confirming (or, if such is not the case, stating Tenant's objections thereto):

(i) that this Lease is unmodified and in full force and effect;

(ii) the date of commencement and expiry of the Term and the dates to which Basic Rent and any other Rent, including any prepaid rent have been paid;

(iii) whether or not there is any existing default by either party under this Lease (any defaults to be expressly identified);

(iv) that there are no defences, counter claims or rights of set off asserted by the Tenant (or details if any of the foregoing are asserted);

(v) the particulars of any outstanding obligations, if any, or default, if any, under any agreement between the parties, other than this Lease, which would affect the obligations of any of the parties pursuant to this Lease; and/or

(vi) any other items reasonably requested to be confirmed or acknowledged by Landlord or an actual or prospective mortgagee or purchaser.

(b) It is hereby understood and agreed that the Status Statement is intended to be relied upon by Landlord or an actual or prospective lender, purchaser and assignee of any interest of Landlord under this Lease or in the Project.

15.2 **Subordination**

At the option of Landlord to be expressed in writing from time to time, this Lease and the rights of Tenant hereunder are and shall be subject and subordinate to any and all mortgages, trust deeds and charges (any of which are herein called "Mortgage" or "Mortgages") on or in any way affecting the Premises or the Project or any part thereof now or in the future, including all renewals, extensions, modifications and replacements of any Mortgages from time to time. Tenant shall at any time on ten (10) days' notice from Landlord or holder of a Mortgage attorn to and become a tenant of the holder of any of such Mortgages or any party whose title to the Project is superior to that of Landlord upon the same terms and conditions as set forth herein, and shall execute promptly on request by Landlord any certificates, agreements, instruments of postponement or attornment, or other such instruments or agreements as requested from time to time to postpone or subordinate this Lease and all of Tenant's rights hereunder to any of such Mortgages or to otherwise give full effect to any of the provisions of this Article 15.

Provided Tenant is not in default hereunder, upon written request by and at Tenant's sole cost and expense, Landlord shall use reasonable efforts to obtain from the holder of any Mortgage, in respect of which Tenant is being requested to or is otherwise required to subordinate and as a pre-condition of any such subordination, a non-disturbance agreement to permit Tenant to continue in occupation of the Premises in accordance with and subject to the terms of this Lease. Notwithstanding anything to the contrary: (a) if there is a Mortgage registered on title to the Project as of the date hereof, Landlord shall obtain such non-disturbance agreement in favour of Tenant at no cost to Tenant, such non-disturbance agreement to be executed concurrently with this Lease; and (b) Tenant shall not be required to subordinate or attorn to any future Mortgage unless and until Tenant receives a non-disturbance agreement.

Landlord hereby represents and warrants that the Landlord is the registered owner of the Project and the Project is not subject to any ground lease or other lease which would rank in priority to the leasehold interest of Tenant.

15.3 **Registration**

Tenant shall not register this Lease or any short form or notice hereof except in such form as has been approved by Landlord in writing, such approval not to be unreasonably withheld or delayed. The cost of preparation, approval, execution and registration of any notice or short form of this Lease or other document to be registered by Tenant shall be borne by Tenant and, in the case of Landlord's approval, such cost shall be payable hereunder as Additional Rent, forthwith upon demand (provided that the Tenant shall not be required to pay the Landlord's costs for approval in connection with the first notice of lease to be registered on title by the Tenant). If Tenant registers or causes or permits there to be registered against the title to the Project any short form or notice of this Lease or other document, Tenant shall forthwith provide to Landlord details of such registration and a duplicate registered copy of the registered document. Prior to the expiry or earlier termination of this Lease, Tenant shall, at its sole cost and expense, arrange to expunge or discharge from the register of the title of the land on which the Project is located, any interest of Tenant therein.

16. DEFAULT AND REMEDIES

16.1 **Default and Remedies**

(a) It shall be deemed a default hereunder if any of the following shall occur:

(i) Tenant shall fail, for any reason, to make any payment of Rent as and when the same is due to be paid hereunder and such default shall continue for five (5) days after written notice is given to Tenant;

(ii) Tenant shall fail, for any reason, to perform any other covenant, condition, agreement or other obligation on the part of Tenant to be observed or performed pursuant to this Lease (other than the payment of any Rent and except for such events described in subsections 16.1(iii) through 16.1(viii)), and such default shall continue for fifteen (15) days after written notice thereof or such shorter period as expressly provided herein or, provided such default can be cured and Tenant is acting diligently, continuously and in good faith, such longer period as may be reasonably required to complete the remedying of such default;

(iii) Tenant shall make a Transfer affecting the Premises, other than in compliance with and as expressly authorized by this Lease;

(iv) Tenant or any other occupant of the Premises makes an assignment for the benefit of creditors or becomes bankrupt or insolvent or takes the benefit of any statute for bankrupt or insolvent debtors or makes any proposal, assignment, arrangement or compromise with its creditors, or makes any sale in bulk of any property on the Premises (other than in conjunction with a Transfer approved in writing by Landlord and made pursuant to all applicable legislation), or steps are taken or action or proceedings commenced by any Person for the dissolution, winding up or other termination of Tenant's existence or for

the liquidation of Tenant's assets (provided the foregoing shall not be considered a default hereunder if such steps or action or proceedings are the subject of a bona fide dispute between Tenant and such Person and Tenant delivers to Landlord satisfactory evidence thereof);

(v) a trustee, receiver, receiver-manager, manager, agent or other like Person shall be appointed in respect of the assets or business of Tenant or any other occupant of the Premises, and is not removed within fifteen (15) days after such appointment;

(vi) Tenant abandons the Premises; or

(vii) a writ of execution has been filed against Tenant or this Lease or any goods or other property of Tenant shall at any time be seized or taken in execution or attachment and such writ or seizure or taking remains unsatisfied for a period of five (5) days or more (provided that the foregoing shall not be considered a default hereunder if such writ or seizure or taking is the subject of a bona fide dispute between Tenant and such Person and Tenant delivers to Landlord satisfactory evidence thereof);

(b) If there is an event of default then, without prejudice to and in addition to any other rights and remedies to which Landlord is entitled pursuant hereto or at law, the then current and the next three (3) months' Rent shall be forthwith due and payable and Landlord shall have the following rights and remedies, all of which are cumulative and not alternative:

(i) to terminate this Lease in respect of the whole or any part of the Premises by written notice to Tenant (it being understood that actual possession shall not be required to effect a termination of this Lease and that written notice alone shall be sufficient), it being understood and agreed that, if this Lease is terminated in respect of part of the Premises, this Lease shall thereupon be deemed amended as necessary to give effect thereto without need for further amendment;

(ii) to enter the Premises as agent of Tenant and as such agent to relet them for whatever term (which may be for a term extending beyond the Term) and on whatever terms and conditions as Landlord in its sole discretion may determine and to receive the rent therefor and, as the agent of Tenant, to take possession of any furniture, fixtures, equipment, stock or other property thereon and, upon giving written notice to Tenant, to store the same at the expense and risk of Tenant or to sell or otherwise dispose of the same at public or private sale without further notice, and to make such alterations to the Premises in order to facilitate their re-letting as Landlord shall determine, and to apply the net proceeds of the sale of any furniture, fixtures, equipment, stock or other property or from the re-letting of the Premises, less all expenses incurred by Landlord in making the Premises ready for re-letting and in re-letting the Premises, on account of the Rent due and to become due under this Lease and Tenant shall be liable to Landlord for any deficiency and for all such expenses incurred by Landlord as aforesaid; no such entry or taking possession of or performing alterations to or re-letting of the Premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention or termination is given by Landlord to Tenant;

(iii) to remedy or attempt to remedy any default of Tenant in performing any repairs, work or other covenants of Tenant hereunder and, in so doing, to make any payments due or claimed to be due by Tenant to third parties and to enter upon the Premises, without any liability to Tenant therefor and without any liability for any damages resulting thereby, and without constituting a re-entry of the Premises or termination of this Lease, and without being in breach of any of Landlord's covenants hereunder and without thereby being deemed to infringe upon any of Tenant's rights pursuant hereto, and, in such case, Tenant shall pay to Landlord forthwith upon demand all amounts paid by Landlord to third parties in respect of such default and all reasonable costs of Landlord in remedying or attempting to remedy any such default plus fifteen percent (15%) of the amount of such costs for Landlord's inspection, supervision, overhead and profit;

(iv) to obtain damages from Tenant including, without limitation, if this Lease is terminated by Landlord, all deficiencies between all amounts which would have been payable by Tenant for what would have been the balance of the Term, but for such termination, and all net amounts actually received by Landlord for such period of time, it being agreed that Landlord shall have no obligation to mitigate its damages whether or not this Lease is terminated; and

(v) if this Lease is terminated due to the default of Tenant, or if it is disclaimed, repudiated or terminated in any insolvency proceedings related to Tenant (collectively "Disclaimer"), to obtain payment from Tenant of the value of all tenant inducements which were received by Tenant pursuant to the terms of this Lease, the agreement to enter into this Lease or otherwise, including, without limitation, the amount equal to the value of any leasehold improvement allowance, tenant inducement payment, rent free periods, lease takeover, Leasehold Improvements or any other work for Tenant's benefit completed at Landlord's cost and moving allowance, which value shall be multiplied by a fraction, the

numerator of which shall be the number of months from the date of Disclaimer to the date which would have been the natural expiry of this Lease but for such Disclaimer, and the denominator of which shall be the total number of months of the Term as originally agreed upon.

16.2 **Interest and Costs**

(a) All amounts of Rent shall bear interest from their respective due dates until the actual dates of payment at a rate which shall be three percent (3%) per annum in excess of the Prime Rate.

(b) Tenant shall be responsible for and pay to Landlord forthwith upon demand all costs incurred by Landlord, including, without limitation, legal costs on a substantial indemnity basis, and all other costs of any kind whatsoever, arising from or incurred as a result of any default of Tenant or any enforcement by Landlord of any of Tenant's obligations under this Lease.

16.3 **Bankruptcy and Insolvency**

To the extent permitted by applicable Laws, Tenant hereby waives any right it, or any Person on its behalf, may have to disclaim, repudiate or terminate this Lease pursuant to any bankruptcy, insolvency, winding up or other creditors proceeding, including, without limitation, the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), and agrees that in the event of any such proceeding Landlord will compromise a separate class for voting purposes.

16.4 **Landlord's Right of Distress**

The Landlord shall be entitled to effect a distress in accordance with applicable Laws, provided that the Landlord agrees that the following shall be exempt from distress: (a) all of the Tenant's confidential information, materials and data, whether in written or electronic format on a computer hard drive or other electronic medium; (b) information received, collected, produced or used in connection with the administration of the Tenant and its business, including, without limiting the generality of the foregoing, whether in written or electronic format on a computer hard drive or other electronic format; and (c) the Tenant's client information whether in written or electronic format on a computer hard drive or other electronic medium.

16.5 **Intentionally Deleted**

16.6 **Remedies to Subsist**

(a) No waiver of any of Tenant's obligations under this Lease and no waiver of any of Landlord's rights hereunder in respect of any default by Tenant hereunder shall be deemed to have occurred or be given as a result of any condoning, excusing, overlooking or delay in acting upon by Landlord in respect of any default by Tenant or by any other act or omission of Landlord including, without limitation, the acceptance of any Rent less than the full amount thereof, the acceptance of any Rent after the occurrence of any default by Tenant, or any verbal or written statements or agreements made by any employee of Landlord other than an agreement in writing duly executed on behalf of Landlord by one of its personnel with ostensible authority to do so. No waiver of any of Tenant's obligations or any of Landlord's rights hereunder shall be effective except and only to the extent of any express waiver in writing duly executed on behalf of Landlord by one of its personnel with ostensible authority to do so. The waiver by Landlord of any default of Tenant or of any rights of Landlord in respect of any term, covenant or condition herein shall not be deemed to be a waiver of any subsequent default of Tenant or rights of Landlord in respect of such term, covenant or condition. No waiver of any of Landlord's obligations under this Lease and no waiver of any of Tenant's rights hereunder in respect of any default by Landlord hereunder shall be deemed to have occurred or be given as a result of any condoning, excusing, overlooking or delay in acting upon by Tenant in respect of any default by Landlord or by any other act or omission of Tenant, including any verbal or written statements or agreements made by any employee of Tenant other than an agreement in writing duly executed on behalf of Tenant by one of its personnel with ostensible authority to do so. No waiver of any of Landlord's obligations or any of Tenant's rights hereunder shall be effective except and only to the extent of any express waiver in writing duly executed on behalf of Tenant by one of its personnel with ostensible authority to do so. The waiver by Tenant of any default of Landlord or of any rights of Tenant in respect of any term, covenant or condition herein shall not be deemed to be a waiver of any subsequent default of Landlord or of the rights of Tenant in respect of such term, covenant or condition.

(b) All rights and remedies of Landlord under this Lease and at law shall be cumulative and not alternative, and the exercise by Landlord of any of its rights pursuant to this Lease or at law shall at all times be without prejudice to any other rights of Landlord, whether or not they are expressly reserved. Tenant's obligations under this Lease shall survive the expiry or earlier termination of this Lease and shall remain in full force and effect until fully complied with. All rights and remedies of Tenant under this Lease and at law shall be cumulative and not alternative, and the exercise by Tenant of any of its rights pursuant to this Lease or at law shall at all times be without prejudice to any other rights of Tenant, whether or not they are expressly reserved. Landlord's obligations under this Lease shall survive the expiry or earlier termination of this Lease and shall remain in full force and effect until fully complied with.

(c) If Landlord assigns this Lease to a mortgagee or holder of other security on the Premises or the Project or any part thereof or to any other Person whatsoever Landlord shall nonetheless be entitled to exercise all rights and remedies available to it pursuant to this Lease and at law without providing evidence of the approval or consent of such mortgagee, holder of other security or other Person whatsoever.

16.7 **Impossibility of Performance**

If and to the extent that either Landlord or Tenant shall be unable to fulfill or shall be delayed or restricted in the fulfilment of any obligation under this Lease, other than the payment by Tenant of any Rent or any other amounts payable by Tenant under this Lease, by reason of unavailability of material, equipment, utilities, services or labour required to enable it to fulfill such obligation or by reason of any Laws, or by reason of any strike, lock out, civil commotion, war-like operation, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations, or by adverse weather conditions (being weather conditions which preclude any work at the Project for a substantial part of a work day which causes the construction schedule to be delayed) or any Acts of God, or its not being able to obtain any permission or authority required pursuant to any applicable Laws or by reason of any other such cause beyond its control and not the fault of the party being delayed and not avoidable by the exercise of reasonable foresight (excluding the inability to pay for the performance of such obligation), then the party being delayed shall be entitled to extend the time for fulfilment of such obligation by a time equal to the duration of such delay or restriction, and the other party shall not be entitled to any compensation for any loss, inconvenience, nuisance or discomfort occasioned thereby. The party delayed will, however, use its best efforts to fulfil the obligation in question as soon as is reasonably practicable by arranging an alternate method of providing the work, services or materials being delayed subject, in the case of performance by Tenant, to the approval of Landlord in its sole and absolute discretion. In any event, the provisions of this Section 16.7 shall not apply to permit any delay in any payment by Tenant of any Rent or any other amounts payable by Tenant under this Lease. For greater certainty, the provisions of this Section 16.7 shall also include any delays experienced by Landlord in obtaining any permits or materials or approvals to plans or otherwise required from any party (save and except Tenant) necessary for Landlord's Work and any delays resulting from items constituting force majeure under any construction agreement entered into by Landlord for the construction of the Premises.

17. CONTROL OF PROJECT

17.1 **Operation of Project by Landlord**

(a) The Project is at all times subject to the exclusive control and management of Landlord. The provisions of this Section 17.1 and any other provisions of this Lease shall not be interpreted so as to impose any liability or obligation whatsoever on Landlord and Landlord shall have only such obligations as are expressly set forth in this Lease.

Without limiting the generality of the foregoing, Landlord shall have the right to:

(i) police and supervise any or all portions of the Project;

(ii) temporarily obstruct, lock up or close off all or any part of the Project for purposes of performing any maintenance, repairs or replacements or for security purposes or permanently obstruct, lock up or close off all or any part of the Project (provided same does not materially, adversely affect Tenant's use of or access to the Premises) to prevent the accrual of any rights to any Person or the public or any dedication thereof;

(iii) grant, modify and terminate any easements or other agreements respecting any use or occupancy, maintenance of or supply of any services to any part of the Project; and

(iv) use or permit to be used any part of the Common Facilities for any purpose which shall be in accordance with prudent management practice and the Building Standard from time to time, including promotional activities, merchandising, display, entertainment or special features.

Tenant agrees that all enclosed Common Facilities including any enclosed areas, malls or walkways in the Project may be open for access to the Premises during the Business Hours of the Project as determined by Landlord from time to time, and during any other hours as Landlord may determine; at any other times, any or all enclosed areas, malls and walkways may be locked by Landlord, and the public and Tenant may be excluded therefrom, except that tenants of office premises shall be entitled to access to their respective leased premises subject to compliance with all applicable rules and regulations of Landlord, including those related to security.

In order to perform any maintenance, repairs, alterations or improvements in or relating to any part of the Project, provided Tenant shall have reasonable access to the Premises, Landlord may cause reasonable and temporary obstructions of Common Facilities without thereby constituting or being deemed to constitute an interference with any of Tenant's rights hereunder or a breach by Landlord of any of its obligations hereunder.

(b) Landlord shall operate the Project including the provision of utilities and HVAC during Business Hours for normal office use consumption, standard janitorial services and elevator service, all in a reasonable manner in keeping with the Building Standard, the costs of which shall be included in Operating Costs.

(c) Subject to the provisions of Section 16.7 above and Landlord's rules and regulations and security requirements in effect from time to time, and further, subject to maintenance requirements and requirement to repair and/or replace Building systems and infrastructure, and subject to the other provisions hereof, including Section 17.2 below, Tenant shall be entitled to have access to the Premises twenty-four (24) hours per day on every day during the Term.

(d) Landlord, in its sole discretion, may from time to time expand, reduce or otherwise alter the Project and the lands, buildings, structures, improvements, equipment and facilities thereon.

17.2 **Alterations of the Project**

(a) Notwithstanding anything contained in this Lease, at any time and from time to time and either prior to or after the Commencement Date, Landlord shall have the right to construct on or remove from the Project or adjacent lands such other buildings or extensions of buildings as Landlord may desire. Landlord shall have the right to make any changes in, additions to, deletions from, rearrangements of or relocations of any part or parts of the Project, including any of the Common Facilities as Landlord shall consider necessary or desirable **and, to the extent required in order to comply with Laws and/or to accommodate the provision of services within the Project, Landlord shall have the right to add to, subtract from or alter the shape or dimensions of all or any portion of the Premises,** which, or any of which, are referred to in this Section 17.2 as "Changes", provided that as a result of effecting such Changes, **the Premises shall be reasonably similar in all material respects to the Premises as they existed immediately prior to such additions, subtractions or alterations, as the case may be** and Tenant shall at no time be prevented from conducting business in the Premises as altered or relocated by such Changes.

(b) **Landlord shall have no right to relocate the Premises.**

(c) Tenant shall not have the right to object to or make any claim other than as expressly set forth herein on account of the exercise by Landlord of any of its rights under this Section 17.2 and Tenant shall not be entitled to any abatement or reduction of Rent except a reduction of Rent proportionate to any reduction in area of the Premises as relocated.

(d) Landlord shall make any such Changes as expeditiously as is reasonably possible in the circumstances and shall interfere as little as is reasonably possible in the circumstances with Tenant's business operation in the Premises. Tenant shall forthwith, at the request of Landlord, execute such further assurances, releases or documents as may be required by Landlord to give effect to any of Landlord's rights under this Section 17.2.

17.3 **Landlord Not in Breach**

The exercise by Landlord of any of its rights under this Article 17 (and any resultant interruption, noise, disruption, etc.) shall not constitute a breach by Landlord of any of its obligations under this Lease nor an infringement nor breach of any of Tenant's rights under this Lease or at law, nor entitle Tenant to any abatement of Rent or damages or any other remedy whatsoever, whether or not damage to or interference with the use of the Premises or their contents shall result, except as set forth in 17.2(c) above.

17.4 **Use of Common Facilities**

Tenant shall not itself and shall not permit any of Tenant's Parties to obstruct any Common Facilities including driveways, laneways, access routes or other portions of the Project other than as expressly permitted pursuant hereto or as otherwise expressly permitted by Landlord in writing; if there shall be a breach of this Section 17.4 Landlord shall have the right, at the expense of Tenant, to remove such obstruction, the cost thereof to be paid by Tenant forthwith upon demand, and Landlord shall not be responsible for and is hereby released from any liability for any damage caused to the item creating the obstruction. Landlord shall also be entitled to hold such item as security for the payment of the costs of removing the same and any damage caused by the establishment or removal of such obstruction.

17.5 **Rules and Regulations**

Attached hereto as Schedule "E" are the current rules and regulations for the Project. Landlord may, from time to time, amend such rules and regulations and make any further rules and regulations for the management and operation of the Project as Landlord shall reasonably determine, and Tenant and Tenant's Parties shall be bound by and shall comply with all of such rules and regulations attached hereto and any amended and further rules and regulations of which notice is given to Tenant from time to time and all of such rules and regulations shall be deemed to be incorporated into and form a part of this Lease. To the extent that any future or other rules and regulations conflict with any express provision of this Lease, the express provision of this Lease shall prevail. The imposition of any rules and regulations shall not create or imply any obligation of Landlord to enforce them or create any liability of Landlord for their non enforcement or otherwise. The Landlord will not enforce the rules and regulations against the Tenant in a manner that is discriminatory solely as against the Tenant.

17.6 **Access to Premises and Suspension of Utilities**

(a) Landlord, without limiting any other rights Landlord may have pursuant hereto or at law, shall have the right, but not the obligation, to enter the Premises at any time on reasonable notice, (except in the case of a real or perceived emergency when no notice shall be required) and for any of the following purposes:

(i) to examine the Premises to view the state of repairs, condition and use thereof, and to perform any maintenance, repairs and alterations to the same or any part thereof as may be required or permitted by this Lease and to perform any maintenance, repairs and alterations to the Project and to any mechanical, electrical, HVAC equipment and services located therein serving the Premises or any other part of the Project, and for all of such purposes, Landlord may take such material and equipment into the Premises as Landlord may require;

(ii) to protect the Premises or any part of the Project in respect of any construction or other work being performed in premises adjoining or in the vicinity of the Premises or the Project;

(iii) for any purposes as determined by Landlord in cases of emergency;

(iv) to read any utility or other similar meters located in the Premises;

(v) during the last twelve (12) months of the Term to place "For Rent" signs on the Premises and to show the Premises to prospective tenants and to permit prospective tenants to make inspections, measurements and plans;

(vi) at any time during the Term, to show the Premises to prospective purchasers, mortgagees or lenders; and

(vii) to exercise any of the rights available to Landlord pursuant to this Lease.

(b) Subject to subsection 17.2(a), Landlord shall have the right to run through or locate in the Premises conduits, wires, pipes, ducts and other elements of any systems for utilities, HVAC, telephone and other communications systems and any other such systems to serve the Premises or the Project or any parts thereof (provided that there shall be no material or permanent interference with Tenant's equipment and systems). Landlord shall have access for itself and those designated by it to the Premises for the purpose of inspecting, maintaining, repairing, replacing, altering such conduits, wires, pipes, ducts and other elements of any such systems and any services in respect of any of the same. Notwithstanding the foregoing, the Rentable Area of the Premises shall be deemed not to be reduced or otherwise affected as a result of any of such systems being located on or running through the Premises. Landlord shall also have access to the Premises for other tenants of the Project and for itself and those designated by it to inspect services and/or to perform such work in respect of the Project as Landlord shall deem necessary.

(c) Intentionally deleted.

(d) In case of emergencies or for such reasonable purposes as may be required to effect alterations to the Project from time to time, Landlord shall have the right to suspend the availability of utilities; except in emergencies, such suspension of utilities shall be done on reasonable notice to Tenant and outside Business Hours.

(e) Landlord shall exercise its rights pursuant to this Section 17.6 in such manner and at such times as Landlord, acting reasonably but in its sole discretion, shall determine; at any time that entry by Landlord is desired in case of emergency, and if no personnel of Tenant are known by Landlord to be present on the Premises or if such personnel fail for any reason to provide Landlord immediate access at the time such entry is desired, Landlord may forcibly enter the Premises without liability for damage caused thereby.

17.7 **Noise and Vibration**

Tenant acknowledges that the Project is or may be situated at or near the subway or rail lines or other transportation facilities and Tenant agrees that neither Landlord nor the Toronto Transit Commission or other transportation supplier shall be liable or responsible in any way for any disturbance to Tenant's business operations caused or contributed to by noise or vibrations in, on or about the Project resulting from any reason whatsoever, including the transit operation of the subway system or the ventilation system in the Project.

17.8 **Landlord's Alterations**

Notwithstanding anything to the contrary, but except in the case of any real or perceived emergency, in the exercise of its rights under this Article 17, Landlord shall act diligently and expeditiously as is commercially reasonably possible in the circumstances and shall use commercially reasonable efforts to minimize any interfere with Tenant's business operation in the Premises.

18. EXPROPRIATION

(a) If the whole or any part of the Premises shall be expropriated (which term shall for the purposes of this Article 18 include expropriation, condemnation or sale by Landlord to an authority with the power to expropriate, condemn or take) by any competent authority, then:

(i) Landlord and Tenant shall co-operate with each other in respect of such expropriation so that Tenant may receive the appropriate award to which it is entitled in law for relocation costs and business interruption and so that Landlord may receive the maximum award to which it may be entitled in law for all other compensation arising from such expropriation, including, without limitation, all compensation for the value of Tenant's leasehold interest in the Premises, all of which shall be the property of Landlord, and all of such Tenant's rights in respect of such expropriation, excluding only rights in respect of relocation costs and business interruption, shall be and are hereby assigned to Landlord; to give effect to such assignment to Landlord, Tenant shall execute such further documents as are necessary, in Landlord's opinion, to effect such assignment, within ten (10) days after demand; and

(ii) this Lease shall continue in full force and effect in accordance with its terms unless and until the date on which this Lease is terminated as a result of such expropriation;

(b) If, the whole or any part of the Project shall be expropriated, then subject to the foregoing provisions respecting expropriation of the Premises:

(i) all compensation resulting from such expropriation shall be the absolute property of Landlord and all of Tenant's rights, if any, to any such compensation shall be and are hereby assigned to Landlord; Tenant shall execute such further documents as are necessary, in Landlord's opinion, to effect such assignment within ten (10) days after demand; and

(ii) this Lease shall continue in full force and effect in accordance with its terms unless and until terminated as a result of such expropriation.

19. MISCELLANEOUS

19.1 **Notices**

All notices, demands, requests or other instruments ("Notices") which may be or are required to be given under this Lease shall be in writing and shall be delivered by messenger or sent by prepaid registered Canadian mail, at the Address for Service of Notice on Tenant and if to Landlord at the Address for Service of Notice on Landlord, all as provided in subsection 1(j) hereof.

All such Notices shall be conclusively deemed to have been given and received upon the day the same is delivered by messenger or, if mailed as aforesaid, four (4) business days (excluding Saturdays, Sundays, holidays and days upon which regular postal service is interrupted or unavailable for any reason) after the same is mailed as aforesaid. Any party may at any time by notice in writing to the other change the Address for Service of Notice on it. If two or more Persons are named as Tenant, any Notice given hereunder shall be sufficiently given if delivered or mailed in the foregoing manner to any one of such Persons.

19.2 **Planning Act**

This Lease is entered into subject to the provisions of and compliance with the provisions of all applicable legislation dealing with planning restrictions. If the Term, including any rights of renewal under this Lease, shall be expressed to extend for a period in excess of the maximum period for which a lease may be granted without the consent of the body having jurisdiction pursuant to such legislation ("Maximum Period") then, until any necessary consent to this Lease is obtained pursuant to the provisions of the applicable legislation, on terms and conditions acceptable to Landlord in its sole discretion, the Term together with any rights of renewal pursuant to this Lease shall be conclusively deemed to extend for the Maximum Period less one (1) day from the Commencement Date; Tenant shall cooperate with Landlord in making application for any such consent. The cost of applying for and obtaining such consent shall be shared equally between Landlord and Tenant.

19.3 **Complete Agreement**

It is understood and agreed that (other than and to the extent of the construction provisions contained in an agreement to lease between the parties respecting the Premises, if any), this Lease (including the schedules exhibits and appendices attached to it) constitutes the complete agreement between the parties and that there are no covenants, representations, agreements, warranties or conditions in any way relating to the subject matter of this Lease or the tenancy created hereby, expressed or implied, collateral or otherwise, except as expressly set forth herein. Tenant acknowledges that no representatives of Landlord are authorized to make on Landlord's behalf any covenants, representations, agreements, warranties or conditions of any kind or in any manner whatsoever other than as expressly set forth in writing in this Lease in the form in which it is executed by Landlord.

No amendment to this Lease shall be binding upon Landlord unless the same is in writing and executed by Landlord.

19.4 **Time of the Essence**

Time is of the essence of this Lease and all parts hereof.

19.5 **Applicable Law**

This Lease shall be governed by and interpreted in accordance with the laws of the Province of Ontario. The parties agree that the Courts of Ontario shall have jurisdiction to determine any matters arising hereunder, except to the extent, if any, expressly provided to the contrary herein, and the parties hereby attorn to the jurisdiction of the Courts of Ontario.

19.6 **Severability**

If any provision of this Lease or any portion thereof or the application of any of the same is illegal, unenforceable or invalid, it shall be considered separate and severable from this Lease and all of the remaining provisions hereof shall remain in full force and effect as though any such provision of this Lease or any portion thereof had not been included in this Lease but such provision of this Lease or portion hereof shall nonetheless continue to be enforceable to the full extent permitted by law.

19.7 **Section Numbers and Headings**

The table of contents of this Lease and all section numbers and all headings are inserted as a matter of convenience only and shall in no way limit or affect the interpretation of this Lease.

19.8 **Interpretation**

Whenever a word importing singular or plural is used in this Lease such word shall include the plural and singular respectively. Where any party is comprised of more than one entity, the obligations of each of such entities shall be joint and several. Subject to the express provisions contained in this Lease, words such as “hereof”, “herein”, “hereby”, “hereinafter”, and “hereunder” and all similar words or expressions shall refer to this Lease as a whole and not to any particular section, or portion hereof being less than the whole.

19.9 **Successors**

This Lease and all portions hereof shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, assigns and other legal representatives excepting only that this Lease shall not enure to the benefit of any of such parties unless and only to the extent expressly permitted pursuant to the provisions of this Lease.

19.10 **Acting Reasonably**

Wherever a determination or consent is to be made or given by either of the parties hereto, unless expressly provided herein to the contrary, such determination and consent shall be made or given acting reasonably.

19.11 **Joint and Several**

If there is at any time more than one Tenant or more than one Person constituting Tenant, their covenants shall be considered to be joint and several and shall apply to each and every one of them. If Tenant is or becomes a partnership, each Person who is a member, or shall become a member, of such partnership or its successors shall be and continue to be jointly and severally liable for the performance of all covenants of Tenant pursuant to this Lease, whether or not such Person ceases to be a member of such partnership or its successor.

19.12 **Privacy Policy**

Tenants who are individuals consent that Bentall Real Estate Services LP (“Bentall”) may collect, use, and disclose the personal information in this document or otherwise collected by or on behalf of Bentall or their agents, affiliates, or service providers, for the purposes of: (i) considering this Lease and determining the suitability of Tenant, both for the initial Term and for any extension periods; (ii) taking action for collection of Rent in the event of default by Tenant; and (iii) as otherwise provided in Bentall’s Privacy Policy, a copy of which is available at www.bentall.com. Consent under this Lease includes the disclosure of such information to credit agencies, collection agencies and existing or potential lenders, investors and purchasers. Tenant also consents to, and confirms its authority to consent to, Bentall’s collection, use, and disclosure, for such purposes, of personal information about employees of Tenant and other individuals whose personal information is provided to or collected by Bentall in connection with this Lease.

20. LIMITATION OF LIABILITY

If Landlord or any assignee of the beneficial rights of Landlord is ever a Real Estate Investment Trust or other trust (a "Trust"), then Tenant acknowledges and confirms that the obligations of Landlord hereunder are not and will not be binding on a trustee of the Trust, any registered or beneficial holder of one or more units of a Trust or other beneficiaries ("Unitholder") or any annuitant under a plan of which such a Unitholder acts as trustee or carrier, or any officers, employees or agents of the Trust during the Term or any extension or renewal thereof and that resort shall not be had to, nor shall recourse or satisfaction be sought from, any of the foregoing or the private property of any of the foregoing. Tenant's recourse, if any, in respect of the obligations of the Trust shall be limited to the Trust's interest in the Project.

21. INDEPENDENT LEGAL ADVICE/FREELY NEGOTIATED

(a) The parties hereto acknowledge and covenant that the provisions of this Lease have been freely and fully discussed and negotiated and that the execution and delivery of this Lease constitutes and is deemed to constitute full and final proof of the foregoing statement.

(b) Tenant acknowledges the suggestion of Landlord that, before executing this Lease, Tenant should obtain independent legal advice.

IN WITNESS WHEREOF the parties have executed this Lease.

2725321 CANADA INC.

Per: /s/ Christine Lundvall
Name: CHRISTINE LUNDVALL
Title: AUTHORIZED SIGNING OFFICER

Per: /s/ Heather Jenkins c/s
Name: HEATHER JENKINS
Title: AUTHORIZED SIGNATORY

I/We have authority to bind the Corporation.

The undersigned Tenant hereby represents and warrants to Landlord that Tenant is a corporation in good standing and duly organized under the Laws of Canada and is authorized to do business in the Province of Ontario and that this Lease has been validly executed and delivered by Tenant and is valid and enforceable against Tenant.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

Per: /s/ John A. Adams
Name: John A. Adams
Title: EVP & CEO

Per: /s/ Heather Koski c/s
Name: Heather Koski
Title: VP & CFO

I/We have authority to bind the Corporation.

Schedule "C"

SPECIAL PROVISIONS

1. **Estimate of Operating Costs, Management Fee and Realty Taxes**

The parties agree that Landlord has estimated that Tenant's obligations hereunder in respect of Operating Costs, Management Fee and Realty Taxes for the year 2007 would be approximately approximately eleven dollars and fifty-nine cents ($11.59) per square foot of the Rentable Area of the Premises; it is understood that this estimate by Landlord is a bona fide estimate made as of January 1, 2007, but that it is not intended by Landlord to be relied upon by Tenant and is not binding and does not impose liabilities on Landlord or affect Tenant's obligations hereunder.

2. **Rent Free Period**

Provided Tenant is not then in default, Tenant shall not be responsible for the payment of Basic Rent in respect of the whole of the Premises (save for Suite 406) for the first eight (8) months of the initial Term only but, for greater certainty, Tenant shall continue to remain responsible for the payment of Basic Rent in respect of Suite 406 and all Additional Rent during such period.

3. **Parking**

(a) Provided Tenant is not in ongoing material default beyond any applicable cure period expressly provided for in this Lease and has not become bankrupt or insolvent or has not made an assignment for the benefit of creditors or has not taken the benefit of any statute in force for bankrupt or insolvent debtors or a petition in bankruptcy has not been filed against Tenant or a receiving order has not been made against Tenant, during the Term, as same may be extended pursuant hereto, unreserved parking spaces shall be made available for the parking of passenger vehicles in the Parking Facilities in such locations as are from time to time designated by Landlord, at a ratio of approximately three (3) parking spaces for every one thousand (1,000) square feet of Rentable Area of the Premises which is actually, physically occupied by Tenant, by itself or by or in combination with a Transferee, for the active and diligent conduct of business therefrom ("Parking Spaces"), on the following terms and conditions.

(b) For greater certainty, the ratio of Parking Spaces set forth herein is inclusive of:

(i) six (6) spaces adjacent to the Building (as shown in hatched on the plan attached to this Schedule "C" as Exhibit "1"); and

(ii) one (1) space located adjacent to the service ramp for the Building (also as shown in cross-hatched on Exhibit "1"),

which shall be designated by Landlord as reserved for the exclusive use of, and shall be available only to, Primerica Life Insurance Company of Canada and/or a Permitted Transferee, using Building standard signage for such purpose . Tenant acknowledges that the reserved "van" parking currently located at the front of the Building will be required to be relocated to the rear of the Building.

(c) Landlord confirms that three (3) parking spaces adjacent to the Building (as shown in heavy black on Exhibit "1") are designated for use as handicapped parking spaces in accordance with applicable Laws. Such spaces are available for use by Tenant in common with others of the Project, on a first-come-first-served basis, it being confirmed that Tenant's use thereof is subject always to the maximum number of Parking Spaces to which Tenant is entitled pursuant hereto.

(d) There shall be no licence fee payable by Tenant for its use of the Parking Facilities but, for greater certainty, Tenant shall be responsible for payment of its Proportionate Share or share, as the case may be, of Operating Costs, Management Fee and Realty Taxes attributable to the Parking Facilities, it being hereby acknowledged and confirmed by Landlord that the foregoing costs are included in the estimate of Operating Costs, Management Fee and Realty Taxes provided for in Section 1 of this Schedule "C".

(e) Landlord shall be under no obligation to police or otherwise supervise the Parking Facilities or the use thereof by the occupants of the Project.

(b) Tenant shall ensure that Landlord is at all times in possession of up-to-date information as to the owner, licence plate number and description of each automobile authorized to use such Parking Spaces.

(c) Landlord may from time to time make and amend such rules and regulations for the management and operation of the Parking Facilities as Landlord shall determine (acting reasonably) and Tenant and all Persons under its control, including without limitation all users of the Parking Spaces, shall be bound by and shall comply with all of such rules and regulations of which notice is given to Tenant from time to time and all of such rules and regulations shall be deemed to be incorporated into and form a part of this Lease.

(d) For emphasis only, and without affecting or limiting the meaning of any provision of this Lease, it is agreed that the following sections of this Lease apply to the rights granted to Tenant hereunder in respect of the Parking Spaces, namely Sections 13.4 ("Limitation of Landlord's Liability") and 13.5 ("Indemnity of Landlord").

(e) If Tenant or any Person permitted by Tenant to use any of the Parking Spaces fails to comply with the provisions of this Lease in respect of the Parking Spaces, including without limitation the rules and regulations from time to time applicable to the Parking Facilities, then Landlord shall have the right to terminate or suspend the privileges of the offending party to use the Parking Facilities.

(f) No motor vehicle other than a private passenger automobile, station wagon or van shall be parked on or in any part of the Common Facilities of the Project, including without limitation the Parking Facilities, nor shall any repairs other than emergency repairs immediately necessary for operation of a vehicle be made to any motor vehicle in or on any of the Common Facilities, including without limitation the Parking Facilities, and no motor vehicle shall be driven on any part of the Common Facilities other than on a driveway or in the Parking Facilities.

(g) It is understood and agreed that Landlord is not responsible for theft of or damage to the vehicle or its equipment or articles left in the vehicle.

(h) It is understood and agreed that no vehicle powered by propane, hydrogen or natural gas are allowed in any underground portion of the Parking Facilities.

(i) Tenant may be required to pay to Landlord a deposit amount for each parking pass issued. Such parking deposit shall be held by Landlord in the event that any of the parking passes so issued are damaged, lost or destroyed. Upon the expiry or earlier termination of this Lease, if the deposit amounts have not previously been deducted at any time during the Term, the deposit amounts shall be refunded to the Tenant in full upon presentation to Landlord of the same number of parking passes originally issued to the Tenant, in good condition and repair.

(j) If required, Tenant shall execute and deliver the standard parking licence agreement in use by Landlord and/or its parking operator in order to give effect to the foregoing.

4. **Storage**

As of the date of this Lease, Tenant occupies the following storage areas:

(i) Unit 5A in the Building comprising approximately three hundred seventy-one (371) square feet;

(ii) Unit 5C in the Building comprising approximately two hundred thirteen (213) square feet; and

(iii) Unit 3F in the building, forming part of the Project, municipally known as 2000 Argentia Road, Plaza III, Mississauga, Ontario comprising approximately four hundred forty-three (443) square feet,

collectively, the "Storage Area". During the Term and any extension or renewal thereof, Tenant shall be entitled to continue to occupy the Storage Area for the purpose of storing such items as are used in connection with Tenant's permitted use of the Premises, for which during the initial Term Tenant shall pay a licence fee to Landlord calculated at twelve dollars ($ 12.00) per square foot of the Storage Area per annum (and during any extensions or renewals thereof, Tenant shall pay the then prevailing rates being charged by Landlord for storage space in the Project, provided that the prevailing rate is reasonable having regard to rates charged by other landlords of similar buildings, similarly located). Tenant and Landlord shall execute Landlord's standard form of storage lease, in the form attached hereto as Exhibit "2", to give effect to the foregoing. The Storage Area is as approximately shown on the plan attached to Exhibit "2" as Appendix "A".

5. **Satellite**

Tenant shall have the non-assignable right (except as noted below) to continue to maintain on the roof of the Building the existing two (2) communication dishes (the "Communication Facility"), including such communication lines, risers, cables and wires (collectively called "Wires") as may be reasonably required from time to time in connection with such Communication Facility, for Tenant's own direct communication purposes. For greater certainty, the within right to maintain the Communication Facility is available to Primerica Life Insurance Company of Canada and/or its Permitted Transferee but to no

other Transferee which may be in occupancy of all or any portion of the Premises from time to time. Such Communication Facility and the use thereof shall, in all respects, be subject to the ongoing approval of the government bodies, their agencies, others having jurisdiction and the Landlord's Architect for the Building and shall be maintained and operated by the Tenant all in a manner consistent with Building Standard, subject to the following provisions:

(a) the operation, maintenance, repair, relocation and replacement ("Operations") of the Communication Facility and Wires shall be subject to Landlord's reasonable security requirements, rules and regulations and the provisions of Section **10.2 of this Lease;** all of which shall, at Landlord's option, either be performed by Landlord, or performed by Persons designated by Landlord acting reasonably and under Landlord's supervision and, to the extent that same is performed by Landlord or under Landlord supervision, Tenant shall pay to Landlord all reasonable out-of-pocket costs incurred by Landlord plus an additional fifteen (15%) percent of Landlord's out-of-pocket costs for overhead and profit. To the extent same is not performed by Landlord, Tenant will engage an independent contractor approved by Landlord, acting reasonably, to certify that such erection, installation, relocation or replacement was completed in accordance with the plans and specifications approved by Landlord;

(b) the Operations of the Communication Facility and Wires shall be performed in such a manner so as not to increase Landlord's insurance or the Taxes applicable to the Project provided that if either costs are increased Tenant shall pay to Landlord an amount equal to the whole amount of any such increase attributable thereto forthwith upon demand;

(c) Tenant shall, at its sole cost, ensure that the Operations of the Communication Facility and Wires are at all times in compliance with all applicable Laws;

(d) if required by the Architect, acting reasonably, Landlord may, at Tenant's expense, screen the Communication Facility from public view provided that same may be done in a manner so as not to interfere with Tenant's use of the Communication Facility;

(e) if, in Landlord's reasonable opinion, the roof at any time requires upgrading to accommodate such Communication Facility same shall be performed by Landlord at Tenant's expense;

(f) any subsequent alterations to or replacements of the Communication Facility shall be carried out in such a way to ensure that the Operations of the Communication Facility do not adversely affect or interfere with the operation of the Project by Landlord or the operation of any other communications equipment or wiring installed on the roof or within the Building. Tenant shall be responsible to pay for any reasonable modifications to existing communications equipment made necessary due to any subsequent alterations to or replacements of the Communication Facility. Tenant shall co-operate with Landlord and other users to ensure that the Operations of the Communication Facility or the Wires do not adversely affect or interfere with the operation of the Project by Landlord or the operation of any other communications equipment or wiring installed on the roof or within the Building ("Interference"). In the event that it is determined by Landlord, acting reasonably, that the Communication Facility is causing Interference with the operation of the Project or the operation of any other communications equipment or wiring, Tenant shall be responsible to pay the reasonable cost of any modifications to the communication equipment of other users as may be reasonably required in order to eliminate such Interference. If in the reasonable opinion of the Landlord, either or both the Communication Facility and Wires is causing Interference with the operation of the Project or the operation of any other communications equipment or wiring, Tenant shall, upon written notice from Landlord, at its sole cost take all necessary steps to eliminate such Interference. If such Interference is not eliminated within 24 hours after notice, Landlord shall have the right to take such reasonable steps (including removing the Communication Facility or Wires) without penalty or liability of any nature or kind whatsoever to eliminate such interference and repair any damage to the Building or roof arising out of the Operations of the Communication Facility or the removal thereof and repair any damage to the Building arising out of the Operations of the Wires or the removal thereof and the cost of same shall be paid by the Tenant forthwith upon demand. In the event that Landlord has granted or does, in future, grant rights to other users to place communications equipment on the roof or Building, Landlord shall require each such user to agree with Landlord to carry out the initial installation and any subsequent alterations to or replacements of its communications equipment having due regard to the existing Communication Facility and to be responsible to pay the reasonable cost of any modifications to the Communication Facility as may be reasonably required in order that such user's communications equipment does not interfere with the Tenant's Communication Facility and to be responsible to eliminate any Interference to Tenant's use of the Communication Facility caused by the operation of its communications equipment at least to the same extent as Tenant is required to do so hereunder;

(g) at the expiry or earlier termination of the Term, Landlord may, at Tenant's expense, remove the Communication Facility and any screening and, at Landlord's option, the Wires, and make same available to Tenant and shall at the Tenant's expense repair any damage to the roof and the Building occasioned by the Operations or removal thereof;

(h) for the right to operate the Communication Facility, Tenant shall be required to pay to Landlord as a licence fee the amount of one thousand dollars ($1,000.00) per annum, plus Sales Taxes, payable on the Commencement Date and on each anniversary of the Commencement Date during the Term and, in addition thereto, Tenant shall pay to Landlord in equal monthly instalments in advance, all Taxes, utility costs, insurance costs and other costs as Landlord shall allocate acting reasonably arising as a result of the Communication Facility or the Wires or their Operations and, in addition, shall pay the Landlord's out-of-pocket costs in having the Architect make any review or determination hereunder;

(i) Landlord shall have the right, at its sole expense, to relocate the Communication Facility and Wires provided that same does not adversely affect Tenant's Operations of the Communication Facility;

(j) Tenant shall be responsible for all costs incurred as a result of or in respect of such Communication Facility and Wires, including without limitation, all costs of the Operations of same and all fixtures, fittings and attachments in association therewith and all costs of repair, maintenance and replacement in respect thereof. In addition, Tenant shall be responsible for all costs including, without limitation, the cost of ancillary equipment and facilities used in connection with the Communication Facility and Wires, costs relating to delivery, supports and bracing, connections to existing services and facilities of the Building and all operating and construction permits and licences, designer, engineer, architect and similar expert reports (including any consultants and/or reports deemed necessary by Landlord acting reasonably);

(k) Tenant shall be solely responsible for all necessary repairs, maintenance and replacements required to the Building or Project from time to time as a result of or in connection with the Communication Facility and Wires;

(l) Tenant shall ensure that all connections made by or on behalf of Tenant are properly fused, breakered or connected; and

(m) Tenant acknowledges that the right to maintain and operate the Communication Facility has been granted to Tenant in conjunction with its business operation on the Premises and Tenant agrees that it shall not use the Communication Facility for any other purpose, including without limitation public broadcasting.

6. **Right of First Offer**

(a) Provided:

(i) Tenant is not in receipt of a written notice of default from Landlord or is not then in default for which no notice is required pursuant to the applicable provisions of this Lease;

(ii) Tenant and/or its Permitted Transferee is/are then in actual physical occupancy of no less than seventy-five percent (75%) of the Rentable Area of the Premises for the active and diligent conduct of business therefrom;

(iii) Tenant has not become bankrupt or insolvent or has not made an assignment for the benefit of creditors or has not taken the benefit of any statute in force for bankrupt or insolvent debtors, or a petition in bankruptcy has not been filed against the Tenant or a receiving order has not been made against the Tenant;

(iv) Tenant is Primerica Life Insurance Company of Canada or a Permitted Transferee; and

(v) the then balance of the Term plus any exercised extension is in excess of three (3) years (it being hereby acknowledged that, notwithstanding anything contained in the option to extend to the contrary, contemporaneously with exercising its right of first offer, Tenant may exercise its extension option so that the remaining term is in excess of three (3) years),

subject to rights of tenants of the Project as of the date hereof as identified on Exhibit "3" attached hereto, Tenant shall have a continuous ongoing right of first offer to lease any space which becomes available for re-leasing from time to time by Landlord within the Building ("ROFO Space") after expiry or earlier termination of the existing leases of such spaces(s) and after the tenants thereof either fail, or elect not, to exercise any option to renew or extend their leases for the ROFO Space, on terms and conditions to be more fully set forth in this Lease.

(b) In the event that ROFO Space becomes available the Landlord shall provide the Tenant with written notice ("Landlord's Notice"), specifying what space is available (i.e. either the whole or any part of the ROFO Space, as the case may be) ("Available ROFO Space") and the availability date for the Available ROFO Space and the Tenant shall have eight (8) business days from receipt of the Landlord's Notice within which to deliver written notice ("ROFO Notice") to the

Landlord of its agreement to lease the whole of the Available ROFO Space on the same terms and conditions as contained in this Lease for the Premises save and except that:

(i) there shall be no Landlord's Work, rent free period or other financial inducements and the ROFO Space shall be delivered in an "as is where is" condition;

(ii) the basic rent payable for the Available ROFO Space shall be ROFO Market Rent ("ROFO Market Rent" means the annual basic rental which could reasonably be obtained by Landlord for the Available ROFO Space from a willing tenant or willing tenants dealing at arms' length with Landlord in the market prevailing for a term commencing on the commencement date of the term of lease for the Available ROFO Space, having regard to all relevant circumstances including the size and location of the Available ROFO Space, the facilities afforded, the terms of this Lease thereof (including its provisions for Additional Rent), the terms aforesaid regarding tenant inducements, the condition of the Available ROFO Space and the use of the Available ROFO Space, and having regard to rentals currently being obtained for space in the Building and for comparable space in other buildings comparably located, and inducements being offered to tenants (including rent free periods, allowances and other inducements));

(iii) the commencement date shall be as specified by the Landlord in the Landlord's Notice;

(iv) Tenant shall be entitled to a fixturing period prior to the commencement date of this Lease for the ROFO Space of:

(A) in the event the Rentable Area of the ROFO Space is up to five thousand (5,000) square feet, a period of thirty (30) days; and

(B) in the event the Rentable Area of the ROFO Space exceeds five thousand (5,000) square feet, a period of sixty (60) days,

during which time Tenant shall be bound by all of the provisions of this Lease as applicable to the ROFO Space save and except it shall not be responsible for payment of any Basic Rent, Management Fee, Operating Costs or Realty Taxes in respect of the ROFO Space

(v) parking spaces shall be made available to Tenant at: (i) a ratio of approximately three (3) parking spaces for every one thousand (1,000) square feet of Rentable Area of the Available ROFO Space which is actually, physically occupied by Tenant, by itself or by or in combination with a Transferee, for the active and diligent conduct of business therefrom but, for greater certainty, there shall be no reserved spaces made available to Tenant in connection with its lease of the Available ROFO Space; (ii) without any licence fee therefor being payable;

(vi) the expiration date shall be coterminous with the Expiry Date; and

(vii) the lease by Tenant of the Available ROFO Space shall be based on the then BOMA measurement standard for such space; for greater certainty, to the extent to which the Rentable Area of the Available ROFO Space was measured to the BOMA 1996 standard, such measurement shall govern, notwithstanding the last sentence of Section 2.38 of this Lease,

failing which this right of first offer shall be null and void and the Landlord shall be free to lease the Available ROFO Space or any part thereof to a third party on such terms and conditions as the Landlord, in its sole discretion, determines and this right of first offer shall only apply to the Available ROFO Space when it again becomes available for re-leasing pursuant to the provisions hereof after being re-leased following Landlord's Notice set out above.

(c) For greater certainty, if the ROFO Market Rent is not agreed upon between the parties within thirty (30) days of the delivery of the Landlord's Notice, the ROFO Market Rent shall be established in accordance with the method of arbitration more fully set forth in Section 7(e) of this Schedule "C" and, in such event, there shall be no delay to the commencement date of the Available ROFO Space as set forth in the Landlord's Notice and, until such time as the ROFO Market Rent is determined, Tenant shall pay to the Landlord the Basic Rent then payable hereunder for the Premises, as applicable to the Available ROFO Space, and upon determination of the ROFO Market Rent for the Available ROFO Space, either Landlord shall pay to Tenant any excess, or Tenant shall pay to Landlord any deficiency, in the payments of Basic Rent previously made by Tenant with respect to the Available ROFO Space, without interest.

(d) Any ROFO Space leased by Tenant pursuant hereto must be dealt with as a whole.

7. **Option to Extend**

(a) Provided Tenant has not become bankrupt or insolvent or has not made an assignment for the benefit of creditors or has not taken the benefit of any statute in force for bankrupt or insolvent debtors, or a petition in bankruptcy has not been filed against the Tenant or a receiving order has not been made against the Tenant, Primerica Life Insurance Company of Canada or its Permitted Transferee shall have an option to extend the Term of this Lease for two (2) further periods of five (5) years each (each of which shall be herein referred to as an "Extension Term") on the same terms and conditions as contained in this Lease for the initial Term, save and except: (i) there shall be no further right to extend after the expiry of the second Extension Term; (ii) the Basic Rent for each Extension Term shall be the Market Rent; (iii) parking spaces shall be made available to Tenant at the ratios provided for herein for the initial Term and at the rates (if any) then in effect for the Project; (iv) there shall be no tenant's allowance or rent-free period for either Extension Term; and (v) the Premises shall be accepted by Tenant in "as is" condition at the commencement of each Extension Term without Landlord being required to perform any work.

(b) Such right to extend shall be exercisable by Tenant, provided Tenant is not in receipt of a written notice of default from Landlord or is not then in default for which no notice is required pursuant to the applicable provisions of this Lease, by delivering written notice to Landlord by not later than nine (9) months, and not earlier than twelve (12) months, prior to the expiry of the original Term hereof or the first Extension Term, in respect of the second Extension Term, failing which such right shall be null and void and forever extinguished.

(c) "Market Rent" means the annual net rental which could reasonably be obtained by Landlord for the Premises from a willing renewing tenant or willing renewing tenants dealing at arms' length with Landlord in the market prevailing for a term commencing on the commencement date of the relevant Extension Term, having regard to all relevant circumstances including the size and location of the Premises, the facilities afforded, the terms of this Lease thereof (including its provisions for Additional Rent), the condition of the Premises (disregarding Tenant's trade fixtures and also disregarding any deficiencies in the condition and state of repair of the Premises as a result of Tenant's failure to comply with its obligations under this Lease in respect of the maintenance and repair of the Premises), and having regard to the use of the Premises and to rentals currently being obtained for space in the Building and for comparable space in other buildings comparably located.

(d) The Market Rent for each Extension Term shall be as agreed upon between Landlord and Tenant or, failing agreement by Landlord and Tenant by not later than three (3) months prior to the expiry of the Term hereof or the first Extension Term, as the case may be, the Market Rent shall be established in the manner set out in subsection (e) of this section. In the event that the Basic Rent payable during either Extension Term has not been determined prior to the commencement of such Extension Term, then until such determination has been made, Tenant shall pay Basic Rent at a rate equal to the Basic Rent payable during the last year of the original Term hereof or the first Extension Term, as the case may be. Upon determination of the Basic Rent for the relevant Extension Term, either Landlord shall pay to Tenant any excess, or Tenant shall pay to Landlord any deficiency, in the payments of Basic Rent previously made by Tenant.

(e) Either Landlord or Tenant (the "Requesting Party") shall be entitled to notify the other party hereto (the "Receiving Party") of the name of an expert for the purpose of determining the Market Rent. Within fifteen (15) days after such notice from the Requesting Party, the Receiving Party shall notify the Requesting Party either approving the expert proposed by the Requesting Party or naming another expert for the purpose of determining the Market Rent. Should the Receiving Party fail to give notice to the Requesting Party within the said fifteen (15) day period, the expert named in the notice given by the Requesting Party shall perform the expert's functions hereinafter set forth. If Landlord and Tenant are unable to agree upon the selection of the expert within fifteen (15) days after such notice from the Receiving Party to the Requesting Party, then either party shall be entitled to apply to a court to appoint an expert in the same manner as an arbitrator may be appointed by a court under the *Arbitration Act, 1991 (Ontario)*, as amended or replaced. The expert appointed, either by Landlord and/or Tenant or by a court, shall be qualified by education, experience and training to value real estate for rental purposes in the Province of Ontario and have been ordinarily engaged in the valuation of real property in the municipality in which the Project is located for at least the immediately preceding five (5) years. Within thirty (30) days after being appointed the expert shall make a determination of the Market Rent for each Extension Term, without receiving evidence from either Landlord or Tenant. The cost of such determination shall be borne equally by Landlord and Tenant. The determination of the expert as to the Market Rent shall be conclusive and binding upon Landlord and Tenant and not subject to appeal.

(f) Tenant shall execute such documentation as is required by Landlord to give effect to the foregoing.

Exhibit "2"

STORAGE LEASE

THIS STORAGE LEASE dated March 3, 2008 and is made

B E T W E E N:

2725321 CANADA INC.

(hereinafter called "Landlord")

OF THE FIRST PART

– and –

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

(hereinafter called "Tenant")

OF THE SECOND PART

WHEREAS:

A. Landlord and Tenant have entered into a lease of even date ("Lease") respecting certain premises ("Premises") located in the building municipally known as 2000 Argentia Road, Plaza V, Mississauga, Ontario ("Building"), located on the lands ("Project") as described therein, and

B. Tenant desires to lease certain storage premises within the Storage Areas (as defined in the Lease) within the Project.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged by each of the parties hereto, the parties agree as follows:

1. **Demise**

Landlord hereby leases to Tenant and Tenant hereby accepts the lease from Landlord of the storage premises ("Storage Premises"), designated as:

(i) Unit 5A in the Building comprising approximately three hundred seventy-one (371) square feet;

(ii) Unit 5C in the Building comprising approximately two hundred thirteen (213) square feet; and

(iii) Unit 3F in the building, forming part of the Project, municipally known as 2000 Argentia Road, Plaza Ill, Mississauga, Ontario comprising approximately four hundred forty-three (443) square feet,

containing an aggregate area of approximately one thousand, twenty-seven (1,027) square feet, being approximately as shown outlined on Appendix "A" annexed hereto.

2. **Term**

The term ("Storage Term") of this Storage Lease shall commence on the Commencement Date of the Lease and shall be coterminous with the Term of the Lease (which shall include any periods of extension or renewal).

3. **Storage Rent**

For the lease of the Storage Premises, Tenant shall pay to Landlord an annual rent ("Storage Rent") of twelve thousand, three hundred twenty-four dollars ($12,324.00), to be paid in advance on the first day of each calendar month during the Storage Term in equal consecutive monthly instalments of one thousand, twenty-seven dollars ($1,027.00) each, based on an annual gross rental rate of twelve dollars ($12.00) per square foot of the Storage Premises per annum. During any extensions or renewals of the initial Term, Tenant shall pay the then prevailing rates being charged by Landlord for storage space in the Project (provided that the prevailing rate is reasonable having regard to rates charged by other landlords of similar buildings, similarly located).

4. **Use**

Tenant covenants, which covenants shall run with the Storage Premises for the benefit of the balance of the Project, that it shall not cause, suffer or permit the Storage Premises to be used for any purpose whatsoever other than storage of those items permitted to be used on the Premises pursuant to the Lease.

5. **Maintenance**

All maintenance and cleaning of the Storage Premises shall be the responsibility of Tenant.

6. **Applicability of Lease**

(a) All obligations of Tenant in respect of the Premises shall apply and be obligations of Tenant in respect of the Storage Premises, except where they appear pursuant to the terms hereof to be inapplicable or in conflict with any other express provisions of this Storage Lease. Without limiting the generality of the foregoing, all obligations of Tenant pursuant to the Lease, including obligations in respect of maintenance, repair and replacement and in respect of insurance and any other amounts payable by Tenant pursuant to the Lease, shall be applicable mutatis mutandis to this Storage Lease. All terms used herein shall have the same meanings respectively as they have pursuant to the Lease to the extent to which the context permits.

(b) All amounts payable by Tenant pursuant to this Storage Lease shall also be payable pursuant to the Lease as Additional Rent. A default by Tenant under this Storage Lease shall also constitute a default under the Lease, and a default by Tenant under the Lease shall also constitute a default under this Storage Lease, and the Landlord shall be entitled to all remedies in respect thereof to which Landlord would be entitled pursuant to the Lease and to this Storage Lease and at law. If the Lease expires or is terminated, this Storage Lease shall thereupon automatically be deemed to be terminated.

7. **Relocation**

Landlord shall have the right to relocate the Storage Premises at any time on 30 days' written notice to Tenant. In relocating the Storage Premises, Landlord need not relocate to premises of the same size and the Storage Rent shall be proportionately increased or decreased, depending upon whether the Storage Premises, as relocated, shall be larger or smaller than the Storage Premises originally leased pursuant hereto; provided that the relocated premises shall not be substantially smaller or larger than the Storage Premises originally leased pursuant hereto without the prior consent of Tenant. Other than as aforesaid, this Storage Lease shall continue in accordance with its terms notwithstanding any such relocation.

8. This Storage Lease shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this Storage Lease.

2725321 CANADA INC.

Per: /s/ Christine Lundvall
Name: CHRISTINE LUNDVALL
Title: AUTHORIZED SIGNING OFFICER

Per: /s/ Heather Jenkins c/s
Name: HEATHER JENKINS
Title: AUTHORIZED SIGNATORY

I/We have authority to bind the Corporation.

The undersigned Tenant hereby represents and warrants to Landlord that Tenant is a corporation in good standing and duly organized under the Laws of Canada and is authorized to do business in the Province of Ontario and that this Agreement has been validly executed and delivered by Tenant and is valid and enforceable against Tenant.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

Per: /s/ John A. Adams
Name: John A. Adams
Title: EVP & CEO

Per: /s/ Heather Koski c/s
Name: Heather Koski
Title: VP & CFO

I/We have authority to bind the Corporation.

LEASE AMENDING AGREEMENT

This agreement ("Agreement") is dated and is effective October 1, 2008 and is made

B E T W E E N:

2725321 CANADA INC.
("Landlord")

OF THE FIRST PART

– and –

PRIMERICA LIFE INSURANCE COMPANY OF CANADA
("Tenant")

OF THE SECOND PART

WHEREAS by a lease dated March 3, 2008 ("Lease"), Landlord leased to Tenant certain premises ("Original Premises") designated as Suites 103, 200, 300, 400 and 406 containing a measured aggregate Rentable Area of thirty-four thousand, nine hundred eighty-four (34,984) square feet, being a portion of the ground floor and fourth floor and the whole of the second and third floors of the building municipally known as 2000 Argentia Road, Plaza V, Mississauga, Ontario ("Building"), located on the Lands ("Project"), for a term expiring April 30, 2018, on terms and conditions more particularly set forth therein;

AND WHEREAS by a storage lease dated March 3, 2008, Landlord leased to Tenant certain storage area designated as Units 5A and 5C in the Building and Unit 3F in that building forming part of the Project and known municipally as 2000 Argentia Road, Plaza III, Mississauga, Ontario, containing an aggregate area of approximately one thousand, twenty-seven (1,027) square feet, for a term coterminous with the term for the Original Premises, on terms and conditions more particularly set forth therein;

AND WHEREAS by a letter agreement dated June 3, 2008, Landlord and Tenant have agreed to amend the Lease to: (i) expand the Original Premises to include a portion of the ground floor of the Building designated as Suite 105 and a portion of Suite 102, containing approximately one thousand, six hundred twenty-eight (1,628) square feet of Rentable Area, for a term from October 1, 2008, to be coterminous with the term for the Original Premises; and (ii) surrender that portion of the Original Premises designated as Suite 103 containing a measured Rentable Area of one thousand, six hundred (1,600) square feet ("Surrendered Premises") effective September 30, 2008, on terms and conditions to be more particularly set forth herein;

AND WHEREAS from and after October 1, 2008, for all purposes of the Lease, the "Premises" demised thereby shall comprise Suite 105, a portion of Suite 102 and Suites 200, 300, 400 and 406, comprising a deemed aggregate Rentable Area of thirty-four thousand, nine hundred eighty-four (34,984) square feet;

W I T N E S S that in consideration of the sum of one dollar now paid by each party to the other, and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto do hereby agree as follows:

1. The above recitals are true both in substance and in fact.

2. **Grant and Premises**

   (a) Landlord hereby leases to Tenant and Tenant hereby leases from Landlord those premises ("First Additional Premises") designated as Suite 105 and a portion of Suite 102, being a portion of the ground floor of the Building containing approximately one thousand, six hundred twenty-eight (1,628) square feet of Rentable Area, approximately as shown hatched on the floor plan attached hereto as Exhibit "l", for a term of nine (9) years and seven (7) months from October 1, 2008 ("FAP Commencement Date"), to be coterminous with the term for the Original Premises ("FAP Term"), on the same terms and conditions as contained in the Lease for the Original Premises, save and except as hereinafter set forth. For identification purposes within the Building and in the Lease, the First Additional Premises shall be known as Suite 105.

   (b) The Rentable Area of the First Additional Premises is subject to final measurement by Landlord's expert in accordance with the Building Owners and Managers Association (BOMA) Standard Method for Measuring Floor Area in Office Buildings American National Standard ANSI Z65.1-1980.

   (c) Notwithstanding the foregoing, for the purposes of calculating Rent under the Lease (as amended hereby), the Rentable Area of the First Additional Premises shall be deemed to be one thousand, six hundred (1,600) square feet.

(d) Landlord shall rely upon proof of insurance as previously provided by Tenant to Landlord for the Premises; Tenant covenants to ensure its insurance policies are extended to include the First Additional Premises.

3. **Landlord's Work**

(a) The parties hereto acknowledge and confirm that, as at the date hereof, Landlord has, at its sole cost and expense, completed the following work in the First Additional, in a good and workmanlike manner, in accordance with Space Plan ("Space Plan") attached hereto as Exhibit "2", using base building materials and finishes, except as may be expressly indicated to the contrary ("Landlord's First Additional Premises Work"):

(a) construct a demising wall, taped, sanded, primed and ready to receive Tenant's finishes, to separate the First Additional Premises from the balance of Suite 102;

(b) repair or replace, at Landlord's reasonable discretion, any damaged or stained base building T-bar acoustic ceiling tiles;

(c) repair or replace, at Landlord's reasonable discretion, any damaged or missing base building blinds on the perimeter windows, with matching blinds, and ensure that the existing blinds are clean and in good working order;

(d) ensure the existing HVAC, plumbing, electrical, lighting, fire/emergency and mechanical systems serving the First Additional Premises are in good working order and condition and the HVAC system is properly air balanced as of the FAP Commencement Date;

(e) paint the First Additional Premises in one (1) colour to be selected by Tenant from Landlord's base building standard samples;

(f) carpet the First Additional Premises in one (1) colour to be selected by Tenant from Landlord's base building standard samples;

(g) remove all existing audio-visual equipment and components from the Surrendered Premises and relocate and install same in the First Additional Premises;

(h) remove the existing security system from the Surrendered Premises and relocate and install same to the First Additional Premises, using EFL Systems Inc. as the consulting technician therefor;

(i) relocate the existing door lock mechanism from the Surrendered Premises to the First Additional Premises, which relocation shall be completed on the Surrender Date (as hereinafter defined);

(j) Remove the existing whiteboard from the Surrendered Premises and relocate and install same in the First Additional Premises;

(k) Install voice/data lines and electrical duplex outlets in the First Additional Premises in accordance with the Space Plan; and

(l) Remove the trade fixtures, furniture and equipment existing in the Surrendered Premises as at the date hereof and relocate same to the First Additional Premises.

(b) Landlord's Work shall include all costs associated with the Space Plan.

4. **Condition of First Additional Premises**

Subject to Landlord's repair and maintenance obligations expressly set forth in the Lease, as amended hereby, Tenant has accepted the First Additional Premises in the state and condition in which they were received from Landlord "as is", except only to the extent of any deficiency in Landlord's First Additional Premises Work, if any, expressly and particularly set out in a written deficiency list given by Tenant to Landlord within thirty (30) days of the date hereof.

5. **Surrender of Suite 103**

(a) The Lease is hereby amended by reducing the Term thereof for the Surrendered Premises only to be completed and ended as at 11:59 p.m. on September 30, 2008 (the "Surrender Date") and by deleting from the Lease any remaining options to renew or extend the Term with respect to the Surrendered Premises. Tenant shall continue to be responsible for all of the terms, covenants and conditions of the Lease with respect to the Surrendered Premises, including the payment of all Rent, up to and including the Surrender Date.

(b) The parties hereto acknowledge and confirm that, as at the date hereof, Tenant has vacated the Surrendered Premises and delivered vacant possession of the Surrendered Premises to Landlord, together with all keys to the Surrendered Premises and that the Surrendered Premises were left in good repair in accordance with Tenant's obligations relating thereto under the Lease.

(c) Tenant agrees to immediately have removed from title to the Building or the Lands upon which it is located any notice of lease or caveat registered on title by or on behalf of Tenant in respect of the Surrendered Premises only and Tenant shall indemnify Landlord with respect of any loss, costs or expense incurred by Landlord as a result of Tenant's failure to remove any such notice of lease or caveat.

(d) Tenant covenants that it has good right, full power and authority to surrender the Surrendered Premises in the manner as aforesaid and that it has not, nor at the Surrender Date will it have, executed any instruments or done any acts pursuant to which the Lease with respect to the Surrendered Premises and the unexpired residue of the Term thereof, including any renewals, shall in any way be charged, encumbered, transferred or assigned and shall indemnify and hold harmless Landlord from and against any and all liabilities, claims, damages, losses and expenses, due to or arising from or to the extent contributed to by any breach by Tenant of any provisions contained in this Agreement.

(e) Landlord covenants that it has the good right, full power and authority to accept the surrender of the Surrendered Premises as provided herein.

(f) For clarity, it is understood and agreed that Tenant shall be responsible, at its sole cost and expense, for all costs of packing, relocating and unpacking Tenant's personal property (save for any such property which is expressly required to be removed by Landlord as part of Landlord's First Additional Premises Work herein) and the cost of any new furniture and trade fixtures which may be required for Tenant to conduct its business in the First Additional Premises.

6. **Amendments to Lease**

In order to give effect to the lease of the First Additional Premises and the FAP Term within the Lease, from and after the date hereof, the Lease shall be amended as follows:

(a) The front page of the Lease is hereby amended by deleting therefrom reference to the figure "103" and replacing same with "105";

(b) Section 1 of the Lease ("Lease Summary") is hereby amended as follows:

(i) subsection (a) ("Premises") is hereby amended by deleting from the first line therein the figure "103" and replacing same with "105";

(ii) subsection (b) ("Term") is hereby deleted and replaced with: "nine (9) years and seven (7) months;";

(iii) subsection (c) ("Commencement Date") is hereby deleted and replaced with: "October 1, 2008;"; and

(iv) subsection (f) ("Basic Rent") is hereby amended by deleting the rental schedules therefrom and substituting therefor the following:

"

RENTAL PERIOD – All Premises excluding Suite 406	**RATE/SQUARE FOOT RENTABLE AREA/ANNUM**
October 1, 2008 to April 30, 2011	$13.00
May 1, 2011 to April 30, 2014	$14.00
May 1, 2014 to April 30, 2018	$15.00

RENTAL PERIOD – Suite 406	**RATE/SQUARE FOOT RENTABLE AREA/ANNUM**
October 1, 2008 to April 30, 2018	$14.50"

(c) Section 2.32 of the Lease, being the definition of "Premises", is hereby amended by deleting the word "hatched" from the first line thereof and replacing same with "outlined".

(d) Subsection (b) of Section 4.2 ("Term"), Section 4.3 ("Acceptance"), Section 4.6 ("Fixturing of Premises") and Section 1 of Schedule "C" to the Lease ("Estimate of Operating Costs, Management Fee and Realty Taxes") are hereby acknowledged as having no further applicability under the Lease.

(e) Section 9.1 of the Lease ("Utilities, Heating and Air Conditioning") is hereby amended in subsection (c) by adding to the words in parentheses in the second line thereof "and Suite 105".

(f) Schedule "B" to the Lease ("Outline Plan of Premises") is hereby deleted and replaced with Exhibit "3" attached hereto.

(g) Section 2 of Schedule "C" to the Lease ("Rent Free Period") is hereby amended by deleting the second line therefrom and substituting therefor: "respect of the whole of the Premises (save for Suite 406) for the period from the Commencement Date to and including December 31, 2008".

7. **Estimate of Operating Costs, Management Fee and Realty Taxes**

Landlord's estimate of Operating Costs, Management Fee and Realty Taxes is approximately thirteen dollars and sixteen cents ($13.16) per square foot of Rentable Area of the Premises per annum estimated for 2008. This is a bona fide estimate made by Landlord based upon information available to Landlord as at January 1, 2008, and such estimate is not to be binding upon Landlord nor shall such estimate limit Tenant's obligation for Realty Taxes, Management Fee and Operating Costs under the Lease.

8. **Use**

Tenant shall not use or permit the First Additional Premises to be used for any purpose other than as general business corporate, administrative, sales/marketing, training and support offices, all in accordance with all applicable Laws and in keeping with the Building Standard. Tenant acknowledges that Landlord is making no representation or warranty as to Tenant's ability to use the First Additional Premises for its intended use and Tenant shall prior to executing this Agreement perform such searches and satisfy itself that its use is permitted under all applicable Laws and that Tenant will be able to obtain an occupancy permit, if required.

9. Except as specifically stated in this Agreement, any expression used in this Agreement has the same meaning as the corresponding expression in the Lease.

10. Landlord and Tenant shall, at all times hereafter, upon the reasonable request of the other make or procure to be made, done or executed, all such further assurances and to do all such things as may be necessary to give full force and effect to the full intent of this Agreement.

11. Landlord and Tenant hereby acknowledge, confirm and agree that in all other respects the terms of the Lease are to remain in full force and effect, unchanged and unmodified except in accordance with this Agreement.

12. This Agreement shall enure to the benefit of and shall be binding upon Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA
(Tenant)

Per: /s/ John A. Adams c/s
John A. Adams

Per: /s/ D. Shannon
I/We have the authority to bind the corporation

2725321 CANADA INC.
(Landlord)

Per: /s/ Christine Lundvall c/s

Per: /s/ Heather Jenkins
I/We have the authority to bind the corporation

LEASE AMENDING AGREEMENT

This agreement ("Agreement") is dated May 1, 2009 and is made

B E T W E E N:

2725321 CANADA INC.
("Landlord")

OF THE FIRST PART

- and -

PRIMERICA LIFE INSURANCE COMPANY OF CANADA
("Tenant")

OF THE SECOND PART

WHEREAS by a lease dated March 3, 2008 ("Existing Lease"), Landlord leased to Tenant certain premises ("Original Premises") designated as Suites 103, 200, 300, 400 and 406 containing a measured aggregate Rentable Area of thirty-four thousand, nine hundred eighty-four (34,984) square feet, being a portion of the ground floor and fourth floor and the whole of the second and third floors of the building municipally known as 2000 Argentia Road, Plaza V, Mississauga, Ontario ("Building"), located on the Lands ("Project"), for a term expiring April 30, 2018, on terms and conditions more particularly set forth therein;

AND WHEREAS by a lease amending agreement dated October 1, 2008 ("First Amending Agreement"). Landlord and Tenant agreed to amend the Existing Lease to: (i) expand the Original Premises to include a portion of the ground floor of the Building designated as Suite 105 and a portion of Suite 102, containing an aggregate of approximately one thousand, six hundred twenty-eight (1,628) square feet of Rentable Area, for a term from October 1, 2008, to be coterminous with the term for the Original Premises; and (ii) surrender that portion of the Original Premises designated as Suite 103 containing a measured Rentable Area of one thousand, six hundred (1,600) square feet effective September 30, 2008, on terms and conditions to be more particularly set forth herein;

AND WHEREAS from and after October 1, 2008, for all purposes of the Lease, the "Premises" demised thereby shall comprise Suite 105, a portion of Suite 102 and Suites 200, 300, 400 and 406, comprising a deemed aggregate Rentable Area of thirty-four thousand, nine hundred eighty-four (34,984) square feet;

AND WHEREAS the Existing Lease, as amended by the First Amending Agreement, is hereinafter referred to as the "Lease";

AND WHEREAS the Lease contemplates the payment of an annual fee ("Annual Fee") by Tenant to Landlord for the right to maintain on the Building two (2) communication dishes (collectively, the "Communication Facility");

AND WHEREAS the Communication Facility was removed from the Building on or about June 30, 2008 ("Removal Date") and the parties have agreed to amend the Lease to remove therefrom Section *5* of Schedule "C" ("Special Provisions") to the Lease which Section set out, among other things, provisions relating to the payment of the Annual Fee, on terms and conditions hereinafter set forth;

W I T N E S S that in consideration of the sum of one dollar now paid by each party to the other, and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto do hereby agree as follows:

1. The above recitals are true both in substance and in fact.

2. From and after the date hereof, the Lease is amended to delete therefrom Section 5 (entitled "Satellite") of Schedule "C" (entitled "Special Provisions") of the Lease.

3. The respective rights and obligations of Landlord and Tenant under the Lease with respect to Section 5 of Schedule "C" shall be preserved and shall survive the Removal Date as to all matters arising or occurring prior to the Removal Date, but no such rights or obligations will rise or accrue to either of them under the Lease with respect only to Section 5 of Schedule "C" thereto, on or after the Removal Date.

4. Except as specifically stated in this Agreement, any expression used in this Agreement has the same meaning as the corresponding expression in the Lease.

5. Landlord and Tenant shall, at all times hereafter, upon the reasonable request of the other make or procure to be made, done or executed, all such further assurances and to do all such things as may be necessary to give full force and effect to the full intent of this Agreement.

6. Landlord and Tenant hereby acknowledge, confirm and agree that in all other respects the terms of the Lease are to remain in full force and effect, unchanged and unmodified except in accordance with this Agreement.

7. This Agreement shall enure to the benefit of and shall be binding upon Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA
(Tenant)

Per: /s/ Heather Koski
Heather Koski c/s

Per: /s/ John A. Adams
I/We have the authority to bind the corporation

2725321 CANADA INC.
(Landlord)

Per: /s/ Christine Lundvall
c/s

Per: /s/ Heather Jenkins
I/We have the authority to bind the corporation

Exhibit 10.24

AGREEMENT OF LEASE

BETWEEN: **INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY** in the form of a Mutual life insurance company constituted under an *Act respecting insurance (R.S.Q. chapter A-32)* having its head office at 1080 Chemin Saint-Louis, Sillery, Province of Quebec, G1K 7M3 and having its establishment directly concerned at the same address herein acting and represented by

declared duly authorized for the purposes hereof by a resolution of the board of directors adopted at a meeting held on 199 .

(hereinafter called the "Lessor")

AND: **PRIMERICA LIFE INSURANCE COMPANY OF CANADA** in the form of life insurance company incorporated under the *Insurance Companies Act of Canada,* having its head office at 350 Burnhamthorpe Road West, suite 301, Mississauga, Province of Ontario, L5B 3J1 and having its establishment directly concerned at 1600, boulevard Saint-Martin Est, Laval, Province of Quebec herein acting and represented by

declared duly authorized for the purposes hereof by a resolution of the board of directors adopted at a meeting held on 199 .

(hereinafter called the "Lessee")

THE PARTIES HERETO MUTUALLY AGREE AS FOLLOWS:

1. In consideration of a rent and each and every term and condition of an agreement of principal lease executed on April 16th – 1996 the Lessor leases to the Lessee the premises with an area of one thousand and eleven (1.011) square feet in an immovable known as Place Val-des-Arbres, Tour "A" situated at 1600, boulevard Saint-Martin Est, in the City of Laval, Province of Quebec, known and designated as:

the lot number seven hundred and nine (lot 709) of the Official Plan and in the Book of Reference for the Parish of Saint-Martin registration division of Laval;

(hereinafter "Property").

2. The Lessor acquired the Property by deed of sale published in the registry office for the registration division of Laval on the December 20, 1984 under the number 568492.

3. The term of the lease expires on the thirty-first (31st) day of December, 1998 and the Lessee has the option of one (1) additional consecutive term of renewal of five (5) years.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE SIGNED:

At Sillery, this 16th day of April 1996.

Witnesses:

INDUSTRIAL - ALLIANCE LIFE INSURANCE COMPANY
"Lessor"

/s/ ILLEGIBLE

Per: /s/ ILLEGIBLE

/s/ ILLEGIBLE

Per: /s/ ILLEGIBLE

At MISSISSAUGA this 22nd day of March 1996.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA
"Lessee"

/s/ Linda L. Caccaro

Per: /s/ ILLEGIBLE

/s/ Linda L. Caccaro

Per: /s/ ILLEGIBLE

Place Val des Arbres

Tour A

CONVENTION DE BAIL

---

entre

L'Industrielle-Alliance
Compagnie d'Assurance sur la Vie

et

PRIMERICA LIFE INSURANCE COMPANY OF CANADA
Locataire(s)

Pour le local n° 740 Superficie 1,011 pi² — m²

Au 1600 boulevard Saint-Martin Est, Laval
Adresse

du ler janvier 1994 au 31 décembre 1998

AGREEMENT OF LEASE ENTERED INTO AT THE CITY OF DISTRICT OF , PROVINCE OF QUEBEC, AS OF THE DAY OF , 19 .

BY AND BETWEEN: **INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY** in the form of a Mutual life insurance company constituted under an *Act respecting insurance (R.S.Q. chapter A-32)* having its head office at 1080 Saint-Louis Road, Sillery, Province of Quebec, G1K 7M3 and having its establishment directly concerned at the same address herein acting and represented by M. CLAUDE TESSIER its and M. JACQUES TACHE its declared duly authorized under a resolution passed at a meeting of the board of directors of the aforesaid company, held on February 21, 1995.

(hereinafter referred to as "**the LESSOR**")

AND: **PRIMERICA LIFE INSURANCE COMPANY OF CANADA** in the form of life insurance company incorporated under the *Insurance Companies Act of Canada,* having its head office at 350 Burnhamthorpe Road West, suite 301, Mississauga, Ontario, L5B 3J1 and having its establishment directly concerned at 1600 Saint-Martin Boulevard East, Laval, Province of Quebec herein acting and represented by its and its declared duly authorized under a resolution passed at a meeting of the investment committee of the aforesaid company, held on August 2, 1995.

(hereinafter referred to as **"the LESSEE"**)

WITHNESSETH:

SECTION I - DESCRIPTION OF PREMISES

1.01 The LESSOR does hereby lease the LESSEE who hereby accepts, after having visited the Premises and having declared being satisfied therewith, an emplacement having a surface of **one thousand and eleven square feet (1,011 sq.ft.)** including **eighty-seven square feet (87 sq.ft.)** for common area situated in the building known under the name of Place Val-des-Arbres, Tour "A" said emplacement being situated on the seventh (7th) floor of the building, the whole as more fully described in Schedule "A" forming an integral part hereof.

The immoveable, where are situated the Premises bears civic number 1600, boulevard East St-Martin, Laval, Province of Quebec and is built on lot number SEVEN HUNDRED AND NINE (lot 709) of the Official Plan and in the Book of Reference for the Parish of St-Martin, registration division of Laval.

SECTION II - TERM

2.01 This Lease shall commence on the **first (1st)** day of **January, 1994** and shall terminate on the **thirty-first (31st)** day of **December, 1998,** unless otherwise terminated at an earlier date, according to the terms of this Lease.

2.02 The LESSEE shall give the LESSOR at least Three (3) months' written notice prior to the expiration of this Lease or any renewal thereof of its intention to vacate the Premises on or before such date. In default whereof the LESSOR may at its option given written notice to the LESSEE within a period of not less than two (2) months before such date that this Lease shall be renewed for a further period of twelve (12) months from the said date of expiration under the same terms and conditions of this Lease as they exist on the said date of termination. In default of such notice from the LESSOR, this Lease shall

terminate without notice or delay on the date above stated. Should the LESSEE remain in occupation of the Premises after the expiration of the present Lease without having executed a new written Lease with the LESSOR, such occupation shall not be interpretated as being a renewal or an extension of this Lease. In such event, the LESSOR may, at its option, elect to treat the LESSEE as one who has not vacated at the end of its term and the LESSOR shall be entitled to all remedies against the LESSEE provided by law in such a situation, or the LESSOR may elect to construe such holding over as a tenancy from month to month, subject to all the terms and conditions of this Lease, except as to its duration and except as to the monthly rental which shall then be fixed at double the monthly rental payable in the preceding year.

SECTION III - RENTAL

3.01 This Lease is made in consideration of the payment of an annual rental of **seven thousand five hundred and eighty-two dollars and fifty cents (7,582.50$)** which the LESSEE undertakes to pay to the LESSOR in canadian currency at the principal place of business of the LESSOR, without the latter having to make any demand for such rental, in monthly installments of **six hundred thirty-one dollars and eighty-eight cents (631.88$)** this rental is payable in advance on the first day of each month during all the term of this Lease. The amount of any installment which corresponds to a leasing term of less than one (1) month shall be calculated according to the number of days in which the Premises were occupied.

The rental payable in accordance with this section is based on a net-net rental of **seven dollars and fifty cents** per square foot **(7.50$ sq.ft.)** per annum, the LESSEE and the LESSOR agreeing that this Lease is a net-net type Lease.

SECTION IV - NET-NET LEASE

4.01 LESSEE acknowledges that the rental set out in Section III above shall be absolutely “net-net” to the LESSOR; LESSOR shall not be responsible for any costs, charges, expenses or outlays of any nature or kind whatsoever arising from or relating to the Premises, the contents thereof, or the business carried on therein, and LESSEE shall pay all charges, impositions, costs and expenses of every nature and kind relating to the Premises, the contents thereof, and the business carried on therein as well as LESSEE’s Proportionate share (as hereinafter defined) of all charges, impositions, costs and expenses relating to the Land and Building, including the common areas and facilities, save only as herein expressly set forth to the contrary.

SECTION V - REAL ESTATE TAXES AND OPERATING EXPENSES

5.01 For the purposes of this section V:

a) “Real estate taxes”, means all taxes, rates and assessments, general or special, or any other taxes, rates, assessments, levies and impositions which are now or whick may ever be levied or imposed against the Land and Building for municipal, school, urban community, public betterment, general, local improvement or other purposes but excluding LESSOR’s federal and provincial income taxes other than the tax on capital (the latter forming part of the Real estate taxes for the purposes hereof). If the system of taxation now in effect is changed or altered and that any new tax or levy be imposed or levied on the Land and Building and/or on the owner of the Land and Building and/or on the revenues therefrom in substitution for or in addition to all taxes presently levied or imposed on immoveables, the term “Real estate taxes” shall include such new tax or levy. If the competent authorities shall at any time decide to eliminate any tax, rate, assessment or imposition whatsoever which composes part of the Real estate taxes, LESSOR shall eliminate same from the Real estate taxes for purposes of the application of this clause;

b) “Lease year” means a period of twelve (12) calendar months commencing on the first day of January and ending on the last day of December;

c) “Operating expenses” means any and all costs and expenses incurred by the LESSOR in connection with the operation, maintenance, replacement and repair of the Land and Building and, by way of example only, but without limiting the generality of the foregoing, shall include any and all of the following: the costs for operating, maintaining, repairing, and replacing the heating, ventilation and air conditioning systems: management costs, fees, and expenses; salaries, wages, medical, surgical, and general welfare benefits (including group insurance and pension plans for the employees), payroll taxes, workmen’s compensation insurance, and unemployment insurance contributions on behalf of the employees of the LESSOR (including the Building

Manager but excluding all executive personal) engaged in the operation, maintenance, repairs or replacement of the Land and Building; security personal and the security systems; electricity (except as charged to tenants), fuel, water (including sewer rental) and other utilities, taxes, charges and expenses; all insurance costs, premiums and the deductibles, for fire, casualty, liability, property damage, boiler, loss or rental, and such other form or forms of insurance relating to the Land and Building from time to time secured by the LESSOR; all of the costs, charges and expenses relating to the cleaning, maintenance, supervision, operations, repairs and replacement of the Land and Building including, without limiting the generality of the foregoing, the Building itself, the garage, the parking facilities, the elevators as well as the common areas and facilities; building and cleaning supplies, cleaning of windows and exterior walls; cleaning, repair and maintenance of the land (including snow removal) and the maintenance of landscape improvements; service contracts with independant contractors for maintenance, elevators, cleaning, garbage removal, security operations and repairs; telephone, telegraph and stationery; audit and accounting fees and legal costs and expenses; water and business taxes (except those charges to the LESSEE), licenses costs and fees, interest expense and finance charges (excluding interest on any hypothec or trust deed affecting the Land and Building); general overhead and administrative expenses.

The operating expenses shall exclude:

- Any expense covered by an input tax credit or other credit or reimbursement contemplated by any law, regulation, decree, order or other legal measure in force, which benefits the LESSOR in respect of any tax on goods and services;
- The costs of any replacement of or repair of a non-recurring nature to the structure of the Building (provided however that the said repairs were not required by virtue of LESSEE's negligence or any person for whom he is responsible);
- The costs attributable to any modification of the structure of the Building;
- Any expense covered by proceeds of insurance received by the LESSOR or which the LESSOR would have received if it had diligently processed its claim for insurance on the occurrence of an insurable loss in virtue of insurance policies then in force or which would have been in force if it had paid its premiums therefor or otherwise complied with the provisions of such policies. Moreover, same shall apply if the LESSOR failed to carry insurance which is appropriate for an owner such as the LESSOR to carry on a property such as the Building subject to the usual deductibles;
- Any amount recoverable in accordance with a legal or contractual warranty;
- Depreciation of the Building and its original components;
- Costs which are properly the responsibility of another tenant if it were not for an exemption granted by the LESSOR;
- Any cost incurred for the benefit of or as a consequence of an obligation attributable to another tenant, the LESSOR or a third party, however arising;
- Costs incurred when LESSEE was not a tenant of the Building, such as original construction costs of the Building;
- Fees associated with marketing, brokerage, space planning, tenant allowances, market studies, publicity and other expenses of a similar nature;
- Any capital payments, interest charges, legal costs or other costs resulting from financings or refinancings of the Building;
- Any loss attributable to a bad debt, loss of rentals or similar charges;
- Costs or penalties incurred as a consequence of a default by the LESSOR to respect its, obligations to its hypothecary creditors or to any other party having secured financing affecting the Building or the Land;
- Any damage, penalty or fine imposed as a result of damage to the environment for which LESSEE is not responsible;

- Any risk which, according to the terms and conditions of the Lease, is not LESSEE's responsibility;
- Any expense, interest, penalty or fine or other damage attributable to the negligence of the LESSOR, another tenant or any third party; and

d) "LESSEE's proportionate share" means **one point twenty-one per cent (1.21%)**.

5.02 Throughout the term of the present Lease, any renewal thereof and/or holding over thereunder, LESSEE shall pay, as an additional annual rental LESSEE's proportionate share of the Real estate taxes. During the first and last years of the term of the present Lease (provided that such year or years represents less than one complete fiscal year), the amount that LESSEE shall be required to pay in virtue of this Section shall be subject to a daily adjustment.

Notwithstanding the foregoing, the share payable by the LESSEE for the surtax on non-residential property will be whether the proportionate share as established hereabove or the share of the said surtax attributable to the Premises by the municipality, at the sole discretion of the LESSOR. This surtax is payable in whole in the next thirty (30) days following reception by the LESSEE of an invoice transmitted by the LESSOR.

5.03 On or before the commencement of the term of this Lease, LESSOR shall invoice LESSEE for LESSEE's proportionate share of the Real estate taxes for the then current taxe year(s) which LESSEE shall pay within thirty (30) days of receipt of such invoice or, should LESSOR not know the amount of the Real estate taxes for such taxation year(s), LESSOR shall estimate the amount of LESSEE's proportionate share of Real estate taxes for the then current taxation year and shall invoice LESSEE therefor which LESSEE shall pay to LESSOR advance on the first day of each calendar month by way of equal consecutive monthly installments. When actual bills for all or any portion of the Real estate taxes are received, LESSOR shall invoice LESSEE for LESSEE's proportionate share of same less all amounts previously paid by LESSEE on the basis of its estimated proportionate share by way of the installments herebefore mentioned and LESSEE shall pay to LESSOR such amount within thirty (30) days of receipt of said invoice.

5.04 In addition to LESSEE's obligation to pay LESSOR's invoice for Real estate taxes when the actual bills are received LESSEE shall continue to make the aforementioned monthly installments on account of estimated future Real estate taxes on the same basis or on the basis of LESSOR's new estimate, as the case may be, and so on from time to time.

5.05 Any expenses incurred by the LESSOR in obtaining or attempting to obtain a reduction of Real estate taxes shall be added to and included in Real estate taxes. In the event that LESSEE shall have paid any amount of Real estate taxes pursuant to this Section V and LESSOR shall thereafter receive a refund of any portion or the Real estate taxes on which such payment shall have been based, LESSOR shall pay to LESSEE LESSEE's proportionate share of such refund.

5.06 LESSOR shall have no obligation to contest, object to or litigate the levying or imposition or Real estate taxes and/or any valuation imposed with respect thereto and may settle, compromise, consent to, waive or otherwise determine in its sole discretion all matters and things relating thereto. LESSEE waives and renounces to its right to contest, object to or litigate the levying or imposition of Real estate taxes and/or any valuation imposed with respect thereto.

5.07 Should, at any time, the taxation authorities directly attribute any part of the Real estate taxes to the Premises or the improvements therein, LESSEE shall pay for same in addition to LESSEE's proportionate share of the Real estate taxes (to be deducted from the said Real estate taxes the amount, if any, directly attributed by the taxation authorities to other Premises or improvements in the building), the whole in the manner and subject to the conditions hereinabove set forth.

5.08 Throughout the term of the present Lease, any renewal thereof and/or holding over thereunder, LESSEE shall pay as an additional annual rental LESSEE's proportionate share of the operating expenses.

During the first and last years of the term of this Lease (provided that such year or years represents less than one complete Lease year) the amount that LESSEE must pay in accordance with this Section shall be subject to a daily adjustment.

5.09 On or before the commencement of the term of this Lease, LESSOR shall estimate the amount of LESSEE's proportionate share or operating expenses for the then current Lease year and shall invoice LESSEE therefor which LESSEE shall pay to LESSOR in advance, on the first day of each calendar month, in equal consecutive monthly installments. At the end or each Lease year, LESSOR shall furnish LESSEE with a statement prepared by an independent firm of chartered accountants establishing the actual

operating expenses for such year and the amount thereof payable by LESSEE pursuant to this Section V, said statement to show in reasonable detail the information relevant to the calculation and determination thereof. If such amount is greater or less than the payments on account thereof made by LESSEE according to LESSEE's proportionate share, made pursuant to this Section V, appropriate adjustments shall be made. Thereafter, LESSEE shall continue to make the aforementioned monthly installments on account of the estimated operating expenses for the ensuing Lease year on the same basis or on the basis of LESSOR's new estimate of same which shall have been furnished to the LESSEE' as the case may be, and so on from time to time.

5.10 Failure or delay on the part of the LESSOR to avail itself of the provisions of this Section V shall not in any way be interpreted so as to constitute any waiver or renunciation of its rights provided herein.

SECTION VI - USE OF PREMISES

6.01 The LESSEE shall not use the Premises for any other purpose than the following and shall maintain such use: licensing department office, sale of financial products and related activities.

SECTION VII - READINESS FOR OCCUPATION

7.01 The LESSOR shall not be liable for any damages which the LESSEE could suffer in the event that the Premises are not ready for occupation on the date herein specified, it being understook that, in such a case, this Lease shall remain in full force and effect except that the rental shall be calculated as of the date that the LESSOR's work has been substantially completed or as of the date they would have been substantially completed had the LESSEE not delayed the LESSOR in the completion of the LESSOR's work.

SECTION VIII - SERVICES

8.01 a) **Business hours.** The LESSOR shall keep the Building between the hours of 8:30 a.m. and 6:00 p.m. during every general business day of the year excepting Saturdays, Sundays, national, legal and recognized holidays or such other days that are proclaimed as holidays by the federal, provincial or municipal authorities. The LESSOR shall make reasonable provision to allow access by the LESSEE to the Premises at any other times;

b) The Premises are adequately cleaned after each general business day excepting Saturdays; on Saturdays and legal holidays, the cleaning is done at the discretion of the LESSOR; the latter may do the cleaning between 6:00 p.m. and 6:00 a.m. every day, as of 1:00 p.m. on Saturdays and at any time on Sundays and legal holidays. The LESSEE must have the Premises sufficiently orderly in order that the cleaning may be done. Should the LESSEE wish that a special cleaning be made, in addition to that which is assured by the LESSOR, LESSEE must itself and at its own costs take the necessary measures after having obtained the written authorization from the LESSOR;

c) **Heating.** The LESSOR shall keep the Premises reasonably heated;

d) **Air conditioning.** The LESSOR shall provided a reasonable air conditioning system. Any special requirements or equipments which do not conform with the normal standards if the Building shall be at LESSEE's sole expenses;

e) **Elevators.** The LESSOR shall assure the operation of the elevators for passengers situated in the Building;

f) **Lighting.** The LESSOR shall supply the standard Building lighting fixtures as well as lamps, bulbs, starters and ballasts at its cost at the commencement of this Lease Replacement of lamps, bulbs, starters and ballasts shall thereafter be at the responsibility and cost of the LESSEE;

g) **Public Areas.** The LESSOR must maintain toilet facilities in accordance with the Building Code standards.

8.02 The cost of the hereabove-mentioned services shall constitute a part of the Operating expenses excepting the extra heating and air conditioning required for the special needs of the LESSEE which shall then be assumed by the LESSEE at its own expenses.

SECTION IX - BUSINESS AND WATER TAXES

9.01 The LESSEE shall pay, as and when due, all water taxes business taxes or other similar rates and taxes which may be levied or imposed upon the Premises or upon the business carried on therein and also all other rates and taxes which are or may be payable by the LESSEE as tenant or occupant thereof. If the mode of collecting such taxes be so altered as to make the LESSOR and/or the proprietor liable therefore instead of the LESSEE, or if by law, regulation or otherwise such taxes are made payable by landlords or proprietors or if one account is rendered for such taxes covering the entire Building or a portion thereof greater than that occupied by the LESSEE, the LESSOR will pay such accounts and the LESSEE will repay the LESSOR, as additional rent, on demand, the amount of the benefit derived by the LESSEE from such change or the LESSEE's proportionate share of the total account rendered, as the case may be.

SECTION X - SECURITY

10.01 The LESSEE shall garnish the Premises and keep furniture, fixtures and other equipment therein in sufficient quantity and value to guarantee the payment of twelve (12) months' rent.

10.02 The LESSEE warrants that all of the furniture, fixtures and other equipment garnishing the Premises are free and clear of all hypothecs, prior claims or other charges. The LESSEE also warrants that they are not subject to any instalment sale, sale with right of redemption of leasing contract. To guarantee the performance of its obligations under this Lease, the LESSEE hypothecates to and in favour of the LESSOR up to the extent of thirty-seven thousand nine hundred and twelve dollars and fifty cents (37,912.50$) the universality of furnitures, fixtures and equipment, present and future, garnishing the Premises.

10.03 The LESSEE shall deposit with the LESSOR, as a pledge, an amount equal to that provided in Section 10.02 to guarantee the same items if:

10.03.1 at any time the value of the movables, fixtures or other equipment garnishing the Premises is insufficient to guarantee the payment of twelve (12) months' rent; or

10.03.2 upon the LESSEE's demand, the LESSOR agrees, without being obliged, to grant priority of rank of its hypothec to a creditor which is a financial institution dealing at arm's length with the LESSEE, in order to permit the LESSEE to obtain financing for its operations or its capital assets.

SECTION XI - ASSIGNMENT AND SUBLETTING

11.01 The LESSEE shall not assign this Lease nor sublet the Premises or any part thereof or allow the Premises or any part thereof to be used by another without the prior written consent of the LESSOR, which consent shall not be unreasonably withheld. LESSOR's refusal of consent shall be deemed reasonable (without in any way restricting LESSOR's right to refuse its consent on other reasonable grounds) where the assignee or sub-tenant proposed by the LESSEE is then a tenant of the Building and the LESSOR has or will have during the next ensuing six (6) months suitable space for rent in the Building, where the intented use of the Premises by the proposed assignee or sub-tenant conflicts with exclusive rights granted other tenants or occupants of the Building, where the proposed use does not conform with the use described in Section 6.01, where the proposed assignee or sub-tenant does not intend to bona fide physically occupy and carry on business from the Premises, or if the proposed assignment or subletting must intervene before the LESSEE has even bona fide physically occupied the Premises and carried on business from the Premises. The consent of the LESSOR to any such assignment, sublease or use of the Premises by a third party must not be deemed to constitute a waiver or this clause and shall not be deemed as a permission by the LESSOR for any further assignment, sublease or use by a third party. Alternatively (and without being obliged or affecting its other rights), the LESSOR shall have the right at its option to cancel this Lease, as, of, and from the date upon which the LESSEE wishes to assign this Lease or sublet the Premises or permit their use by a third party.

11.02 Notwithstanding any such assignment, subletting or use by a third party, the LESSEE shall remain jointly and severally responsible with the assignee, sublessee or user of the Premises, without benefit of division or discussion, for the payment of the rent and the performance of all other obligations of the LESSEE under this Lease.

11.03 LESSEE agrees to provide LESSOR with at least thirty (30) days' prior written notice with the name, address, nature of business and credit references of the proposed assignee or sublessee as well as all details relating to the proposed assignment or sublease. Should LESSOR consent to same, LESSOR's attorneys shall prepare, at LESSEE's expense, the assignment or sublease documents to be signed by the LESSEE and the assignee or sub-tenant.

11.04 If in any time, the actuel control of the LESSEE is acquired or exercised by a person or persons who did not have the actual control at the date of the execution of this Lease, such event shall be deemed to be subletting and shall be subject to each and every provision of this Section.

11.05 The LESSEE shall not attempt to sublet or to assign the Premises without having first obtained the written approval of the LESSOR concerning the phraseology of all advertising, such approval not to be unreasonably withheld. The advertising must not, at any time, specify the rent.

SECTION XII - TENANT CARE

12.01 Throughout the term of this Lease, the LESSEE shall maintain and keep the Premises, including all replacements, alterations, additions and improvements thereto, in good order and condition and shall perform all tenant repairs required thereto. At the expiration of this Lease, the LESSEE shall deliver the Premises to the LESSOR in as good order and condition as they were at the commencement of the Lease, reasonable wear and tear excepted. In the event that LESSEE fails to comply with the obligation to maintain and repair imposed hereunder, the LESSOR, after giving written notice of five (5) days to the LESSEE, shall have the right to carry out such maintenance and repair and any and all costs so incurred by the LESSOR shall be payable by the LESSEE on demand.

12.02 The LESSEE must advise the LESSOR without delay and in writing, of all defects or all damages to the Premises or part thereof, no matter how such defects or damages arose.

SECTION XIII - REPAIRS, ALTERATIONS, ADDITIONS AND IMPROVEMENTS

13.01 The LESSOR must make, at his own expense, the improvements more fully described in Schedule “B” hereto. All improvements in and on the Premises other than those described in said Schedule “B” shall be the responsibility if the LESSEE and shall be made by LESSEE at its own expense, the whole subject to the terms and conditions hereafter set out.

13.02 All improvements, alterations, additions or repairs required or requested by the LESSEE may, at the option of LESSOR be carried out by the LESSOR or under the latter’s coordination in which event the LESSEE shall pay for the cost of same and shall furthermore pay to the LESSOR, on demand and as additional rental, an administration and coordination fee equal to fifteen per cent (15%) of the cost thereof. In addition, LESSEE shall pay for the cost of all architectural, engineering and/or working drawings and specifications prepared to comply with the LESSEE’s requirements, as well as a fee equal to fifteen per cent (15%) of such cost for LESSOR’s administrative and overhead costs. In any event, LESSEE shall be required to use LESSOR’s mechanical, electrical and plumbing trades for LESSEE’s mechanical, electrical and plumbing requirements which shall be coordinated by the LESSOR at LESSEE’s cost. **The cost of such trades must be competitive and the trades should be at arm’s length from the LESSOR.** The payments shall be made by means of a cash deposit and the occasional withdrawals therefrom, during the course of the work, shall be determined in a reasonable manner, from time to time, by the LESSOR.

13.03 Should the LESSOR decide not to do the repairs, alterations, additions or improvements necessary or requested by the LESSEE, the latter may not make itself the said repairs, alterations, additions, or improvements to the Premises without having obtained all of the necessary permits from the appropriate public authorities and without having obtained the prior written consent of the LESSOR, which consent shall not be unreasonably withheld.

The LESSEE shall be required to submit to the LESSOR accurate working drawings and specifications for all such improvements, alterations, additions or repairs. All such work shall be done by contractors approved by the LESSOR, which approval shall not be unreasonably withheld, but shall be conditional upon such contractors paying the cost of temporary services and coordination duing such construction, upon such contractors performing the work in accordance with such rules and regulations as the LESSOR may from time to time prescribe, upon such contractors carrying property damage and liability insurance satisfactory to the LESSOR for the operations in the Building and that the employees of such contractors do not contravene to nor cause any labor conflict by their presence in the Building. Furthermore, the LESSEE shall require that prior to entering the Premises or performing any work therein, the LESSEE contractors shall place in the hands of the LESSOR a waiver and release of any and all privileges or rights of privilege that may then or thereafter exist for work done, labour performed or to be performed or materials furnished under any contract and such contractors must agree to furnish to LESSOR a good and sufficient waiver of privilege for every sub-contractor and supplier furnishing labour and materials

under the contract. The LESSEE shall be responsible for any costs and expenses of the LESSOR occasioned directly or indirectly by such work on or in the Premises. The cost of such improvements, alterations, additions or repairs shall be the sole responsibility of the LESSEE and if any payment in respect thereof shall be made by the LESSOR, the LESSOR hereby reserving the right to do so in its sole discretion, the same shall be immediately payable by the LESSEE on demand.

13.04 Any improvements, alterations, additions or repairs to or in the Premises (including all wall-to-wall carpets installed) shall, upon their completion, become a part of the Premises and the property of the LESSOR and shall be surrendered with the Premises upon termination of this Lease without any compensation due therefor by the LESSOR, provided, however, that the LESSOR shall have the option, in its sole discretion, to require the LESSEE to remove at LESSEE's cost and under LESSOR's coordination and direction all or any of such improvements, alterations, additions or repairs including such as may have been made by LESSOR at LESSEE's request prior to or during the term of the Lease and to restore the Premises or any part thereof to their original condition, in which they were delivered to the LESSEE, reasonable wear and tear excepted.

SECTION XIV - MAJOR REPAIRS

14.01 Should any repairs, alterations, additions or improvements to the Premises and/or to the Building (which in accordance with this Lease are not LESSEE's responsibility), be made by the LESSOR, the LESSEE shall permit same to be performed without being entitled to any indemnity or reduction in rental or any damages or compensation therefor. All such work shall be completed by the LESSOR with reasonable dispatch and the cost of same shall be included in Operating expenses.

SECTION XV - ACCESS TO PREMISES

15.01 The LESSOR, its agents and representatives, may enter the Premises**with a 48 hours' prior notice to the LESSEE save in the case of an emergency**, to examine their condition to regulate the heating and air conditioning apparatus and for all other purposes which LESSOR may deem necessary for the proper functioning and maintenance of the Premises or of its equipement. The LESSEE shall allow the Premises to be exhibited on business days, during normal business hours, to persons interested in leasing the Premises and/or acquiring the Land and Building and/or advancing money upon the security of the Land and Building.

SECTION XVI - PROTECTION OF EQUIPMENT

16.01 The LESSEE shall protect all the heating and air conditioning apparatus, water, gas and drain pipes, water closets, sinks and accessories thereof in and about the Premises and keep same free from all obstructions that might prevent their free working and give to the LESSOR prompt written notice of any accident to or defects in same or any of their accessories. Any damage resulting from misuse or in the negligence of the LESSEE to protect same shall be the sole responsability of the LESSEE.

SECTION XVII - COMPLIANCE WITH LAWS AND INDEMNIFICATION

17.01 The LESSEE will not do nor permit anything to be done in, upon or about the Premises or the Building or bring or keep anything therein which will in any way conflits with the laws, rules, regulations, by-laws ordinances of the fire, police or health departments where are situated the Land and the Building, of the urban community (if such be the case) or of any other governmental authority having jurisdiction over the Premises, on the occupation of said Premises or over the business conducted therein by the LESSEE, all of which the LESSEE undertakes to abide by and conform to.

The LESSEE covenants and agrees that it will indemnify and hold harmless the LESSOR against any penalty imposed for or damage arising from the breach of any such rules, regulations, by-laws, or ordinances by the LESSEE or those for whom LESSEE may be held responsible.

17.02 The LESSEE shall pay to the LESSOR any extra premium of insurance that the company or companies insuring the Land and Building may exact in consequence of the business carried on by the LESSEE, of anything brought into or stored in the Premises by the LESSEE, or of the LESSEE's operations. The LESSEE also covenants and agrees that he will indemnify the LESSOR against any and all claims made by other tenants of the Building who would suffer an increase in their insurance premiums in consequence of the business carried on by the LESSEE of anything brought into or stored in the Premises by the LESSEE, or of the LESSEE's operations.

The LESSEE shall in no case bring into or store in the Premises anything which may make any insurance carried by the LESSOR or by any tenant in the Building liable to cancellation.

17.03 The LESSEE shall comply with the rules and requirements of the Canadian Underwriters Association or any successor body, and with the requirements of all insurance companies having policies of any kind whatsoever in effect covering the Land and Building including policies insuring against tort or delictual liability. In no event shall any inflammable materials or explosives be taken into or maintained within the Premises or Building.

17.04 The LESSEE shall indemnify and save harmless the LESSOR against all manner of liability, claims, damages or expenses in respect of any act or negligence of the LESSEE or its officers, representatives, employees, agents, guests or concessionnaires, in or about the Premises or due by reason of the non-respect of any of the provisions of this Lease by the LESSEE or its officers, representatives, employees, agents, guests or concessionnaires, including liability for personal injury or property damage of the officers, representatives, employees, agents, guests or concessionnaires of the LESSEE; notwithstanding any provision to the contrary contained in this Lease, any indemnification by reason of the non respect of any of the provisions of this Lease, of property damages, personnal injuries or death, which would arise during the term of this Lease, shall survive the termination of this Lease.

SECTION XVIII - SECURITY DEPOSIT

SECTION XIX - FIRE AND DESTRUCTION OF PREMISES

19.01 If the Building is damaged or destroyed by fire or by any other cause whatsoever or partially destroyed or damaged, and that the LESSOR decides not to restore or rebuild, whether the Premises be damaged or not, the LESSOR may, within ninety (90) days after such damages or destruction, give notice in writing to the LESSEE informing the latter of such decision, whereupon this Lease shall expire and the LESSEE shall immediately surrender the Premises and all interest therein to the LESSOR and shall pay rent up to the date that the Premises were damaged or destroyed or the date of surrender of the Premises, whichever shall first occur. Nevertheless, if the LESSOR shall decide to restore or rebuild the Building and/or the Premises, this Lease shall remain in full force and effect and the LESSOR agrees that the same shall be repaired with reasonable dispatch in which event the rent shall be diminished in proportion to the time and the part of the Premises of which the LESSEE has been deprived. In no case shall the LESSOR be liable to the LESSEE for any loss or damage occasioned by such fire or destruction.

19.02 If the LESSOR decides to restore or rebuild the Building or the Premises, it is expressly understood and agreed that the obligation of the LESSOR shall only extend to the rebuilding or the restoration in a manner substantially the same as that which is contained in Schedule “B” hereto as amended in order to conform with the plans, specifications and design chosen by the LESSOR at the moment of such rebuilding. All improvements which could be brought to the Premises other than those stated in Schedule “B” shall be the responsibility of the LESSEE who must repair and reequip the Premises on a level at least equivalent to that which existed before the date of the damages or of the destruction, the insurance proceeds received by the LESSEE for his property and improvements having to be held in trust by the LESSOR and the LESSEE, jointly, for the purpose of making such repairs and alterations.

SECTION XX - NON-RESPONSABILITY OF LESSOR

20.01 **Save if attributable to the LESSOR's gross negligence or the gross negligence of those for whom the LESSOR is responsible in law,** the LESSOR shall not in any way be liable for damages, loss or destruction, arising in or upon the Premises or the Building, to property or to persons, nor personal damages, injuries or others suffered by the LESSEE, its officers, employees, representatives, agents, guests or concessionnaires at any time whatsoever and for whatever reason, case or circumstances surrounding such event, the LESSEE agreeing to indemnify and save harmless the LESSOR against any losses, costs, claims or demands in virtue of such damages, losses, injuries or destruction. Without restricting the generality of the foregoing, the LESSOR shall in no way be liable for damages which could be caused by water, snow, steam or rain which could penetrate into the Building, issue or flow from the pipes or plumbing or automatic sprinklers or which could come from any other part of the Building or from any other place or manner.

SECTION XXI - ROBERRY, THEFT, ETC.

21.01 **Save if attributable to the LESSOR's gross negligence or the gross negligence of those for whom the LESSOR is responsible in law,** without restricting the generality of the foregoing Section, the LESSOR will not be liable for any damages of any kind or nature whatsoever to the Premises or to any goods, merchandise, securities, assets, fixtures, furniture, accessories or equipment belonging to the LESSEE or the LESSEE's officers, employees, agents, visitors or concessionnaires resulting from robbery, burglary, theft or acts of violence of any kind and the LESSEE agrees to and undertakes to indemnify and save harmless the LESSOR against any claim or loss resulting therefrom.

SECTION XXII - DEFAULT

22.01 In any of the following events, to wit:

a) if the LESSEE shall fail to pay the LESSOR any installment of rent or any additional rent after it shall have become due and payable as herein provided;

b) if the LESSEE shall be declared dissolved, bankrupt or wound-up or shall make any general assignment for the benefit of its creditors or take or attempt to take the benefit of any insolvency, winding-up, bankruptcy or reorganization legislation or if a petition in bankruptcy or in winding-up or for reorganization shall be filed by or against the LESSEE or if a receiver or trustee be appointed for or enter in physical possession of the property of the LESSEE, or any part thereof;

c) if the LESSEE shall assign, transfer, sublet or permit the use or occupation of the Premises by others except in a manner herein permitted;

d) if any execution be issued against the property of the LESSEE pursuant to a judgment rendered against the LESSEE;

e) if the LESSEE shall fail to take possession of the Premises or, if after having taken possession thereof, abandons them;

f) if any insurance carried by the LESSOR or by any tenant in the Building be cancelled in consequence of the business or activities carried on by the LESSEE or in consequence of any thing brought into or stored in the Premises by the LESSEE;

g) if the LESSEE shall default in the performance of any of its other obligations or does not conform to any conditions whatsoever under this Lease or shall violate any of the rules and regulations hereinafter set forth or hereafter to be established by the LESSOR.

This Lease shall be terminated forthwith, at the option of the LESSOR after written notice given by the LESSOR to the LESSEE. It is expressly agreed that such termination shall be in addition and without prejudice to all other rights as provided herein or as provided by law: the LESSOR may re-enter and re-let the Premises to whomsoever it may choose without further notice or demand being necessary and may recover from the LESSEE all amounts due hereunder at the date of such termination, expenses of such re-letting (including any repairs, decorating, alterations or improvements necessitated thereby) and rent for the three (3) months next succeeding the date of such termination or such longer period as may be allowed by law, all of which shall immediately become due and payable. Thereafter, the LESSEE shall pay to the LESSOR, as liquidated damages, until the end of the full term of this Lease, an amount equivalent to the rent at the rate provided in this Lease, less the sum of the net receipts (if any) derived by the LESSOR from the reletting of the Premises. For the purposes of this Section, "rent" means the rent payable in accordance with Section III hereof as well as all additional rent which may be due in accordance with this Lease.

SECTION XXIII - INSURANCE

23.01 Throughout the term of this Lease, the LESSEE must obtain and maintain:

a) an insurance against general liability covering the business carried out in or upon the Premises as well as their occupation or use, including a coverage for personal injuries and death as well as third party property damage, for an amount of not less than TWO MILLIONS DOLLARS (2,000,000.00$) for each isolated occurrence or for such higher amount that LESSOR may from time to time reasonably request;

b) an all risks insurance including fire with supplementary coverage, leakages from the automatic sprinklers and other fire protection equipment, earthquakes, land-slides and floods, covering furniture and moveable effects, equipment, inventory and securities, computers and all computer equipment, fixtures and leasehold improvements situated in the Premises as well as for all other property situated in or forming part of the Premises, including all mechanical or electrical systems (or any part of such systems) installed by the LESSEE in the Premises, the whole for the full amount of the replacement cost (without depreciation), resulting from each occurence;

c) boiler and machinery insurance, in the case where any boiler or pressurized machine whatsoever is utilized in the Premises;

d) an insurance against business interruption;

e) an insurance covering the breakage of windows, window panes and shop windows for the full amount of their replacement cost;

f) a LESSEE liability insurance;

g) any other insurance which the LESSOR may reasonably request from time to time.

23.02 All of the insurance policies must (i) be in a form acceptable to the LESSOR, (ii) be issued by insurers reasonably acceptable to the LESSOR, and (iii) foresee that they cannot be cancelled or cannot expire by the simple passing of time without the insurer advising the LESSOR by a thirty (30) day written notice from the date of such cancellation or expiry. Every such insurance policy shall name the LESSOR, and any other person that LESSOR may designate as additional insured, according to his interest. All insurance against general liability must contain a clause of separation of interests or of cross liability between the LESSOR and the LESSEE. All other policies to which reference is hereabove made must contain a clause of renunciation to subrogatory rights which the insurer of the LESSEE could have against the LESSOR, the insurers of the LESSOR and the persons under the control and responsibility of the LESSOR. The LESSEE hereby renounces to any and all claims against the LESSOR as well as against any and all persons of which the LESSOR is responsible by virtue of law, by reason of the occurence of events for which the LESSEE must be insured in accordance herewith. The LESSEE shall, from time to time, furnish to the LESSOR true copies of all insurance policies as well as the renewals thereto.

23.03 The LESSEE agrees, that, in the event that he fails to obtain or to maintain all such insurance, the LESSOR may then obtain and maintain such insurance and pay the premiums thereon and, in such a case, the LESSEE undertakes to reimburse the LESSOR, on demand, as additional rent, the premiums so paid by the LESSOR.

SECTION XXIV - ELECTRIC CURRENT

24.01 The LESSOR (subject to its ability to obtain the same from its principal supplier) will cause the Premises to be supplied with electric current for the lighting and power required therein for the operation of the LESSEE's reasonable needs, which current the LESSEE hereby agrees to take and receive from the LESSOR. The cost of such electric current are included in the operating expenses.

The obligation of the LESSOR hereunder shall be subject to all the rules or regulations of the Quebec Hydro Electric Commission or of any other municipal or governmental authority.

In the event that any special lighting (above the Building standards) or equipment (including but not limited to special heating, ventilating, air conditioning systems, printing presses computers etc.) is installed in the Premises or in any other event where LESSOR has reason to believe excess electricity is being consumed in the Premises, LESSOR shall have the right to survey or install a meter (at LESSEE's expense) in order to verify the additional electricity consumed in surplus and the LESSEE shall pay any additional amount representing the said surplus as so shown.

SECTION XXV - RELOCATION

25.01 The LESSOR shall have the right at all times, notwithstanding any clause hereof, to relocate the LESSEE in other premises situated in the Building, at the expense of the LESSOR, provided that the new premises be of comparable dimensions and location and that the rent for the new premises remain the same as that for the Premises. If the LESSOR gives written notice to the LESSEE of such a relocation of its Premises after LESSEE has started or completed the installation of its partitions or other improvements, the LESSOR shall furnish the LESSEE with similar partitions and improvements of the same quality. The relocation of the Premises shall not affect in any way the validity of the other clauses and conditions of this Lease.

25.02 Notwithstanding any provision of this Lease or of any schedule appended hereto to the contrary, LESSOR reserves the right at any time and from time to time to change, alter, amend or expand the Building as LESSOR in its sole and entire discretion deems expedient, and without limiting the generality of the foregoing, the LESSOR may add additional floors to the Building, expand the height or the width of the Building, and/or change, alter and amend the location, dimensions or specifications of the pipes, wires, docks, electrical conduits or others, facilities, mechanical systems, common areas and other services of the Building (including those that may be situated in the Premises). LESSEE hereby waives and renounces to any and all claims as a consequence of such changes, alterations or amendments providing that the dimensions of the Premises remain substantially the same as those provided for herein. In the event where changes, alterations or amendments should result in additional land being utilized, such additional land shall be deemed to be included in the definition or description of "Land" as provided for in this Lease. In the event that any such changes, alterations or amendments result in a change of the rentable area of the Building, LESSEE's proportionate share (as hereinabove described) shall be modified accordingly.

25.03 Notwithstanding anything else set forth in this Lease, the LESSOR's right to relocate the LESSEE shall only be exercised after the LESSOR shall have given the LESSEE 90 days'prior written notice. Moreover, exercise of the right by the LESSOR shall not result, either during or after completion of the relocation, in any disturbance to or interference with access of the LESSEE, its employees and invitees to the Building in which are situated the Premises and access to the new premises shall not be any more difficult than access to the Premises. Lastly, the LESSOR shall be responsible for all incidental costs incurred by the LESSEE in connection with the relocation, including, without limitation, moving expenses, disconnection and reconnection of special utilities and services, and replacement of business stationery and publicity material which contains the address of the LESSEE.

SECTION XXVI - ADDITIONAL PROVISIONS

26.01

a) **Lessor.** In the event of any sale or sales of the Land and Building or in the event of a lease of the Building or of the Land and Building, the LESSOR shall be and hereby is entirely released and relieved of all future covenants and obligations of the LESSOR hereunder, provided such purchaser or LESSEE agrees to assume and carry out any and all such covenants and obligations of the LESSOR under this Lease;

b) **Amendment of Lease.** No consent or assent, change or waiver to all or part of this Lease shall be considered as valid unless a written document be hereto attached and signed by the LESSOR. The LESSOR shall not be deemed to have waived any stipulation or condition on its behalf in this Lease except by express written consent of the LESSOR and any delay or abstention by the LESSOR to exercise the rights which he has by virtue of such a clause must not be constitued as a renunciation on its part of the accomplishment by the LEESEE of all the provisions or conditions of this Lesse; until the full accomplishment by the LESSEE of every such clause, provision or condition, the LESSOR may, at all times, invoke any remedies available under this Lease or by law, notwithstanding any such abstention, delay forebearance or indulgence on its part;

c) **Late payments.** The acceptance by the LESSOR of any postdated cheque or money owing for rent after its due date is to be considered as a mode of collection only, without novation of, nor derogation from, any of the LESSOR's rights, recourses and actions in virtue of this Lease which demands punctual payment of all obligations. All sums owing by the LESSEE under this Lease not paid when due will bear interest at a rate equivalent to the prime lending rate of the Bank of Montreal, from time to time in effect, plus five per cent (5%);

d) **Lessee.** All the covenants herein contained shall be deemed to have been made by and with the heirs, executors, administrators, successors and assigns of each of the parties hereto, and if there be more than one LESSEE, the covenants herein contained on the part of the LESSEE shall be construed as being several as well as joint and where necessary reference to the LESSEE as being of the masculine gender or in the singular number may be construed as being in the feminine or neuter gender or in the plural number;

e) **Broker's fees.** For and in consideration of the granting of this Lease, the LESSEE represent and warrants that no broker, agent or other intermediary has negotiated or has been at the origin of the execution and the negotiation of this Lease;

f) **Notices and demands.** Any notice or demand given by the LESSOR to the LESSEE shall be deemed to be duly given when served upon personnally to the LESSEE or when mailed to the LESSEE at the address of the Premises. **A true copy of any notice must be sent to the LESSEE's head office.**The LESSEE elects domicile in the Premises for the purpose of services of all notices, writs of summons or other legal documents in any suit at law, action or procedure which the LESSOR may take under this Lease;

g) **Costs and publication of the Lease.** The parties agree, that to the extent that the LESSEE wishes to publish its rights in the registry offices, that they shall sign the summary of lease attached hereto as Schedule "F". The publication costs shall be at the LESSEE's expense. The summary does not effect novation and the parties agree that this Lease shall have precedence in case of any discrepancy with the summary. The LESSEE shall, at the termination of the Lease, cause the registration of *such summary* to be cancelled at its expense.

h) **Additional rent.** All monies payable pursuant to this Lease by the LESSEE to the LESSOR shall be payable immediately when due and shall be considered as additional rent and collectible as such;

i) **Prior agreements.** The present Lease cancels and replaces and any all prior leases or agreements, written or otherwise, entered into between the LESSOR and the LESSEE regarding the Premises leased hereunder.

j) **Nullity of any clause.** If any clause or provision of this Lease is adjudged invalid, the same shall not affect the validity or any other clause or provision of this Lease or constitute any other cause of action in favour of either party against the other.

SECTION XXVII - RULES AND REGULATIONS

27.01 The rules and regulations more fully described in Schedule "C" of this Lease and concerning the Building shall, during the term of this Lease, be observed by the LESSEE, its officers, clerks, employees, agents, guests and concessionnaires, and the LESSOR shall have the right to make reasonable alterations to such rules and regulations and to make such other and further reasonable rules and regulations as may from time to time be needful for the safety, care and cleanliness of the Building and of the Premises and for the preservation of good order therein, and these additional rules and regulations shall be observed by the LESSEE, its officers, clerk, employees, agents, guests and concessionnaires. The LESSOR may renounce to the application of one or more of the rules and regulations towards one or more lessees, but such renunciation on the part of the LESSOR must at no time be considered as a renunciation to the application of all of the rules and regulations towards another lessee or other lessees, nor prevent the LESSOR to apply or have applied thereafter all such rules and regulations against one or more of the lessees of the Building. The LESSOR agrees to advise the LESSEE in writing of any changes in the rules and regulations.

SECTION XXVIII - MORTGAGES AND SUBORDINATION

28.01 This Lease and all rights of LESSEE hereunder shall be subject and subordinate at all times to any and all, underlying leases, mortgages, hypothecs or trust deeds affecting the Building and/or the Land which have been executed or which may at any time hereafter be executed, and any and all extensions and renewals thereof and substitutions therefor. LESSEE agrees to execute any instrument or instruments which LESSOR may deem necessary or desirable to evidence the subordination of this Lease to any or all such underlying leases, mortgages, hypothecs or trust deeds.

28.02 LESSEE covenants and agrees that if by reason of default upon the part of the LESSOR as lessee under any underlying lease in the performance of any of the terms or provisions of such underlying lease or by reason of a default under any mortgage, hypothec or trust deed to which this Lease is subject or

subordinate, LESSOR's title shall be terminated, and LESSEE shall recognize the rights of the new LESSOR under such underlying lease or the acquirer of the Building pursuant to any action taken under any such mortgage, hypothec or trust deed, and will recognize such LESSOR or such acquirer as LESSEE's LESSOR under this Lease.

28.03 LESSEE waives the provisions of any statute or rule or law now and hereafter in effect which may give or purport to give the LESSEE any right of election to terminate this Lease or to surrender possession of the Premises in the event any such procedure to terminate the underlying lease is brought by the lesson under any such underlying lease or any such action is taken under any such mortgage, hypothec or trust deed and agrees and accepts that this Lease shall not be affected in any way whatsoever by such procedures.

28.04 LESSEE agrees to execute and deliver, at any time and from time to time, upon the request of LESSOR or of the LESSOR under any such underlying lease, or of the holder of any such mortgage, hypothec or trust deed, any instrument which may be necessary or appropriate to evidence such recognition of the rights of the new owner or of the new LESSOR.

28.05 LESSEE will, upon request of LESSOR, furnish to the LESSOR under any underlying lease and/or to each creditor under a mortgage, hypothec or trust deed a written statement that this Lease is in full force and effect and that the LESSOR has complied with all its obligations under this Lease (or state those with which it has not complied) and any other reasonable written statement, document or certificate requested by any such creditor.

SECTION XXIX - SCHEDULES

29.01 Schedules "A", "B", "C", "D", "E" and "F" attached hereto and initialed for purposes of identification, are included in and form and integral part of this Lease.

IN WITNESS WHEREOF, the parties have executed signed as follows:

THE LESSOR at Sillery this 16th day of April 1996.

INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY

/s/ ILLEGIBLE
Witness

/s/ ILLEGIBLE

/s/ ILLEGIBLE
Witness

/s/ ILLEGIBLE

THE LESSEE at MISSISSAUGA this 22nd day of March 1996.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

Witness

/s/ ILLEGIBLE

Witness

/s/ ILLEGIBLE

ASSIGNMENT OF LEASE

BETWEEN: **INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY** in the form of a Mutual life insurance company constituted under an *Act respecting insurance (R. S. Q. chapter A-32)* having its head office at 1080 Saint-Louis Road, Sillery, Province of Quebec, G1K 7M3 and having its establishment directly concerned at the same address herein acting and represented by

declared duly authorized under a resolution passed at a meeting of the board of directors of the aforesaid company, held on , 199 .

(hereinafter referred to as the «Lessor»)

AND: **PRIMERICA LIFE INSURANCE COMPANY OF CANADA,** in the form of life insurance company incorporated under the *Insurance Companies Act of Canada,* having its head office at 350 Burnhamthorpe Road West, suite 301, Mississauga, Ontario, L5B 3Jl and having its establishment directly concerned at 1600 Saint-Martin Boulevard East, Laval, Province of Quebec herein acting and represented by **J. Garth Laurie, Vice-president, Finance**, declared duly authorized under a resolution passed at a meeting of the board of directors of the aforesaid company, held on May 8th, 1996.

(hereinafter referred to as the «Assignor»)

AND: **PRIMERICA FINANCIAL SERVICES LTD,** duly incorporated under *Canada Business Corporations Act,* having its head office at 350 Burnhamthorpe Road West, suite 301, Mississauga, Ontario, L5B 3Jl and having its establishment directly concerned at 1600 Saint-Martin Boulevard East, Laval, Province of Quebec herein acting and represented by **J. Garth Laurie, Vice-president, Finance**, declared duly authorized under a resolution passed at a meeting of the board of directors of the aforesaid company, held on August 28th, 1996.

(hereinafter referred to as the «Assignee»)

WHEREAS the Assignor and the Lessor have signed an agreement of lease respectively on March 22, 1996 and April 16, 1996 for a premises situated on the 7th floor of the building bearing civic number 1600 Saint-Martin Boulevard East, Laval, the whole as described in the agreement of lease (hereinafter referred to as the «Lease»);

WHEREAS the Assignor wishes to transfer and assign the Lease, its rights in and to the premises and its rights and options contained in the Lease, all as constituted on the effective date hereinafter referred to, to the Assignee and the Assignee wishes to accept such transfer and assignment under the terms and conditions hereinafter set forth, effective on the said effective date;

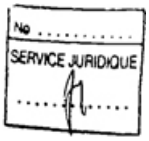
WHEREAS the Lessor is prepared to grant its consent to such transfer and assignment under the terms and conditions hereinafter set forth;

NOW THEREFORE IN CONSIDERATION OF THE FOREGOING, THE PARTIES HAVE AGREED AS FOLLOWS:

1. The preamble to the present agreement shall form part hereof as though recited out at length herein.

2. Except as hereinafter specifically modified, supplemented and amended, and as so modified, supplemented and amended, the Lease shall remain in full force and effect.

3. Effective on the 1st day of January, 1997 (in this agreement referred to as the «Effective Date») the Assignor transfers and assigns to the Assignee, hereto present accepting, all of the Assignor's rights in and to the Lease, the Premises and its rights and options contained in the Lease, all as constituted on the Effective Date, the whole at the Assignee's sole and absolute property. From the Effective Date, the Assignee assumes, to the Assignor's exoneration, all of the Assignor's obligations under the Lease, as constituted on the Effective Date, not required to have been paid, observed and performed by the Assignor prior to the Effective Date.



4. The Assignor and the Assignee hereby covenant and agree that as of and from the Effective Date, the Assignor shall remain bound solidarily with the Assignee for the due and prompt payment, performance and observance of all tenant obligations under the Lease, as constituted from time to time, required to be paid observed or performed after the Effective Date and that as of and from the Effective Date the Assignor is not released from the performance of any of the terms, covenants and conditions contained therein.

5. The Lessor confirms that it consents to the transfer and assignment contemplated herein.

IN WITNESS WHEREOF, THE PARTIES HAVE SIGNED AS FOLLOWS:

THE LESSOR AT SILLERY THIS 8th DAY OF OCTOBER 1997.

INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY

/s/ ILLEGIBLE
Witness

/s/ ILLEGIBLE

/s/ ILLEGIBLE
Witness

THE ASSIGNOR AT MISSISSAUGA THIS 22 DAY OF AUGUST 1997.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

/s/ Linda Caccaro
Witness

/s/ J. Garth Laurie

/s/ Linda Caccaro
Witness

/s/ ILLEGIBLE

THE ASSIGNEE AT MISSISSAUGA THIS 22 DAY OF AUGUST 1997.

PRIMERICA FINANCIAL SERVICES LTD

/s/ Linda Caccaro
Witness

/s/ J. Garth Laurie

/s/ Linda Caccaro
Witness

/s/ ILLEGIBLE

ADDENDUM OF LEASE
AGREEMENT OF RENEWAL

BETWEEN: **INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY** in the form of a Mutual life insurance company constituted under an *Act respecting insurance (R.S.Q. chapter A-32)* having its head office at 1080 Saint-Louis Road, Sillery, Province of Quebec, G1K 7M3 and having its establishment directly concerned at the same address herein acting and represented by

declared duly authorized under a resolution passed at a meeting of the board of directors of the aforesaid company, held on , 199 .

(hereinafter referred to as the «Lessor»)

AND: **PRIMERICA LIFE INSURANCE COMPANY OF CANADA** duly incorporated under *Canada Business Corporations Act,* having its head office at 2000 Argentia Road, Plaza V, suite 300, Mississauga, Ontario, L5N 2R7 and having its establishment directly concerned at 1600 Saint-Martin Boulevard East, Laval, Province of Quebec herein acting and represented by **J. Garth Laurie, Vice-president, Finance**, declared duly authorized under a resolution passed at a meeting of the board of directors of the aforesaid company, held on

(hereinafter referred to as the «Lessee»)

WHEREAS the Lessor and Primerica Life Insurance Company of Canada have signed an agreement of lease respectively on March 22, 1996 and April 16, which lease has been transfered and assigned to the Lessee on October 8, 1997, for a premises situated on the 7th floor of the building bearing civic number 1600 Saint-Martin Boulevard East, Laval, the whole as described in the agreement of lease and the assignment of lease (hereinafter collectively referred to as the « Lease »);

WHEREAS the Lessee has exercised its renewal option at the conditions agreed between the parties in a letter dated August 28, 1998 and the parties desire to modify the Lease consequently.

NOW THEREFORE IN CONSIDERATION OF THE FOREGOING, THE PARTIES HAVE AGREED AS FOLLOWS:

1. The preamble shall form part hereof as though recited out a length herein.

2. Except as hereinafter specifically modified, supplemented and amended, and as so modified. supplemented and amended, the Lease shall remain in full force and effect.

3. All modifications provided to the Lease by the present agreement are effective on January 1st, 1999.

4. The lease is renewed for the period commencing January 1st, 1999 and ending December 31. 2003: article 2.01 of the Lease being modified consequently.

5. Section III of the lease – Rental is replaced by the following:

   « This renewal is made in consideration of the payment of an annual rental of **six thousand five hundred and seventy-one dollars and fifty cents (6,571.50 $)** which the Lessee undertakes to pay to the Lessor in canadian currency at the principal place of business of the Lessor, without the latter having to make any demand for such rental, in monthly instalments of **five hundred forty-seven dollars and sixty-three cents (547.63 $)**; this rental is payable in advance on the first day of each month during all the term of this renewal. The amount of any instalment which corresponds to a leasing term of less than one (1) month shall be calculated according to the number of days in which the Premises were occupied.

   The rental payable in accordance with this section is based on a net-net rental of **six dollars and fifty cents per square foot (6.50 $ / sq.ft)** per annum, the Lessee and the Lessor agreeing that this Lease is a net-net type Lease. »

6. The Lessee hereby recognizes that it exercises his renewal option described at the Schedule-D of the Lease and in consequence the provisions of this Schedule are now null and void and of the further effect.

7. Schedule « E » of the Lease is modified to add article 3 – Indoor parking: « Lessor will provide one (1) indoor parking space to the Lessee at no cost for the renewal period. »

IN WITNESS WHEREOF, THE PARTIES HAVE SIGNED AS FOLLOWS:

THE LESSOR AT SILLERY THIS 12th DAY OF JANUARY 2000.

INDUSTRIAL ALLIANCE LIFE INSURANCE COMPANY

/s/ ILLEGIBLE
witness

/s/ ILLEGIBLE

witness

THE LESSEE AT MISSISSAUGA THIS 31st DAY OF DECEMBER 1999.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

/s/ Linda L. Caccaro
witness

/s/ J. Garth Laurie

witness

ASSIGNMENT OF LEASE

BETWEEN: **INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY** in the form of a Mutual life insurance company constituted under an *Act respecting insurance (R.S.Q. chapter A-32)* having its head office at 1080 Saint-Louis Road, Sillery, Province of Quebec, G1K 7M3 and having its establishment directly concerned at the same address herein acting and represented by

declared duly authorized under a resolution passed at a meeting of the board of directors of the aforesaid company, held on , 199 .

(hereinafter referred to as the «Lessor»)

AND: **PRIMERICA FINANCIAL SERVICES LTD,** duly incorporated under *Canada Business Corporations Act,* having its head office at 2000 Argentia Road, Plaza V, suite 300, Mississauga, Ontario, L5N 2R7 and having its establishment directly concerned at 1600 Saint-Martin Boulevard East, Laval, Province of Quebec herein acting and represented by **J. Garth Laurie, Vice-president, Finance**,

(hereinafter referred to as the «Assignor»)

AND: **PRIMERICA LIFE INSURANCE COMPANY OF CANADA,** in the form of life insurance company incorporated under the *Insurance Companies Act of Canada,* having its head office at 2000 Argentia Road, Plaza V, suite 300, Mississauga, Ontario, L5N 2R7 and having its establishment directly concerned at 1600 Saint-Martin Boulevard East, Laval, Province of Quebec herein acting and represented by **J. Garth Laurie, Vice-president, Finance**,

(hereinafter referred to as the «Assignee»)

WHEREAS the Assignee and the Lessor have signed an agreement of lease respectively on March 22, 1996 and April 16, 1996 for a premises situated on the 7th floor of the building bearing civic number 1600 Saint-Martin Boulevard East, Laval, the whole as described in the agreement of lease (hereinafter referred to as the «Lease»);

WHEREAS the Assignee has transfered and assigned the Lease, its rights in and to the premises and its rights and options contained in the Lease, all as constituted on the 1st day of January 1997 to the Assignor.

WHEREAS the Assignor and the Lessor have signed an agreement of renewal respectively on the 13th day of October, 1998, and August 28, 1998, for the same premises.

WHEREAS the Assignor wishes to transfer and assign the Lease, its rights in and to the premises and its rights and options contained in the Lease, all as constituted on the effective date hereinafter referred to, to the Assignee and the Assignee wishes to accept such transfer and assignment under the terms and conditions hereinafter set forth, effective on the said effective date;

WHEREAS the Lessor is prepared to grant its consent to such transfer and assignment under the terms and conditions hereinafter set forth;

NOW THEREFORE IN CONSIDERATION OF THE FOREGOING, THE PARTIES HAVE AGREED AS FOLLOWS:

1. The preamble to the present agreement shall form part hereof as though recited out at length herein.

2. Except as hereinafter specifically modified, supplemented and amended, and as so modified, supplemented and amended, the Lease shall remain in full force and effect.

3. Effective on the 16th day of December, 1999 (in this agreement referred to as the «Effective Date»), the Assignor transfers and assigns to the Assignee, hereto present accepting, all of the Assignor's rights in and to the Lease, the Premises and its rights and options contained in the Lease, all as constituted on the Effective Date, the whole at the Assignee's sole and absolute property. From the Effective Date, the Assignee assumes, to the Assignor's exoneration, all of the Assignor's obligations under the Lease, as constituted on the Effective Date, not required to have been paid, observed and performed by the Assignor prior to the Effective Date.

4. The Assignor and the Assignee hereby covenant and agree that as of and from the Effective Date, the Assignor shall remain bound solidarily with the Assignee for the due and prompt payment, performance and observance of all tenant obligations under the Lease, as constituted from time to time, required to be paid observed or performed after the Effective Date and that as of and from the Effective Date the Assignor is not released from the performance of any of the terms, covenants and conditions contained therein.

5. The Lessor confirms that it consents to the transfer and assignment contemplated herein.

IN WITNESS WHEREOF, THE PARTIES HAVE SIGNED AS FOLLOWS :

THE LESSOR AT SILLERY THIS 22nd DAY OF DECEMBER 1999.

INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY

/s/ ILLEGIBLE
witness

/s/ ILLEGIBLE

witness

THE ASSIGNOR AT MISSISSAUGA THIS 20th DAY OF DECEMBER 1999.

PRIMERICA FINANCIAL SERVICES LTD

/s/ ILLEGIBLE
witness

/s/ J. Garth Laurie

witness

THE ASSIGNEE AT MISSISSAUGA THIS 20th DAY OF DECEMBER 1999.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

/s/ ILLEGIBLE
witness

/s/ J. Garth Laurie

witness

ADDENDUM OF LEASE (NO 2)

BETWEEN: **INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY** having its head office at 1080 St. Louis Road, Sillery, Province of Quebec, G1K 7M3 herein acting through its representatives duly authorized for the purposes hereof by a resolution of the board of directors adopted at a meeting held on N/A

(hereinafter referred to as the « Lessor »)

AND: **PRIMERICA LIFE INSURANCE COMPANY OF CANADA,** duly incorporated under *The Insurance Companies Act (Canada)*, having its head office at 2000 Argentia Road, Plaza 5, Suite 300, Mississauga, Ontario, L5N 2R7 and having its establishment directly concerned at 1600 Saint-Martin Boulevard East, Laval, Province of Quebec herein acting and represented by John Adams declared duly authorized under a by-law for the aforesaid company.

(hereinafter referred to as the « Lessee »)

WHEREAS the Lessee and the Lessor have signed an agreement of lease respectively on March 22, 1996 and on April 16, 1996, as amended by a first addendum of lease signed on December 31, 1999 and on January 12, 2000, for a premises situated on the 7th floor of the building bearing civic number 1600 Saint-Martin Boulevard East, Laval, the whole as described in the agreement of lease and the first addendum of lease (hereinafter collectively referred to as the « Lease »);

WHEREAS the term of the Lease expires on the 31st day of December, 2003;

WHEREAS the Lessor and the Lessee agree to extend the term of the Lease for an additional period of five (5) years at the following conditions;

NOW THEREFORE IN CONSIDERATION OF THE FOREGOING, THE PARTIES HAVE AGREED AS FOLLOWS:

1. The preamble shall form part hereof as though recited out at length herein.

2. The term of the Lease is hereby extended for an additional period of five (5) years commencing January 1st, 2004 and ending December 31, 2008. Section II - TERM of the Lease being modified consequently.

3. Section III - RENTAL is modified by adding the following:

   « This extension term is made in consideration of the payment of an annual rental of SEVEN THOUSAND FOUR HUNDRED DOLLARS AND FIFTY-TWO CENTS (7,400.52$) which the Lessee undertakes to pay to the Lessor in canadian currency at the principal place of business of the Lessor, without the latter having to make any demand for such rental, in monthly instalments of SIX HUNDRED AND SIXTEEN DOLLARS AND SEVENTY-ONE CENTS (616.71$); this rental is payable in advance on the first day of each month during all the term of this extension. The amount of any instalment which corresponds to a leasing term of less than one (1) month shall be calculated according to the number of days in which the Premises were occupied.

   The rental payable in accordance with this section is based on a net-net rental of SEVEN DOLLARS AND THIRTY-TWO CENTS (7.32$) per square foot per annum, the Lessee and the Lessor agreeing that this Lease is a net-net type Lease. »

4. The Schedule « B » - LEASEHOLD IMPROVEMENTS is modified by adding the following terms:

   « On January 1st, 2004, the Lessor shall spend a maximum of ONE DOLLAR AND FIFTY CENTS (1.50$) per square foot of rentable area for the painting of the Premises. Any excess shall be paid by the Lessee. This work shall be made under the terms and conditions of Section XIII of the lease. »

5. Except as hereinafter specifically modified, supplemented and amended, and as so modified, supplemented and amended, the Lease shall remain in full force and effect for this extension term.

6. This addendum of lease (no 2) is open for acceptance until 4:00 p.m. on_____, 2003 after which date and time it will become null and void and of no further effect. Acceptance of this addendum of lease (no 2) may be made only by its signature by the Lessee and by the return of the original to Lessor within the delay referred to above.

7. Schedule "E" of the Lease is modified to add article 3 – Indoor parking: "Lessor will provide one (1) indoor parking space to the Lessee at no cost for the renewal period."

IN WITNESS WHEREOF, THE PARTIES HAVE SIGNED AS FOLLOWS :

THE LESSEE AT MISSISSAUGA, ONTARIO, THIS 27th DAY OF JUNE 2003.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

/s/ ILLEGIBLE
witness

/s/ ILLEGIBLE

/s/ ILLEGIBLE
witness

/s/ ILLEGIBLE

THE LESSOR AT QUEBEC, THIS 10 DAY OF JULY 2003.

INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY

/s/ ILLEGIBLE
witness

/s/ ILLEGIBLE

witness

ADDENDUM OF LEASE (NO 3)

BETWEEN: **INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.** (FORMERLY KNOWN INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY) having its head office at 1080 Grande Allee West, Quebec, Province of Quebec, G1K 7M3 herein acting through its representatives duly authorized for the purposes hereof by a resolution of the board of directors adopted at a meeting held on _____.

(hereinafter referred to as the « Lessor »)

AND: **PRIMERICA LIFE INSURANCE COMPANY OF CANADA,** duly incorporated under *The Insurance Companies Act (Canada)*, having its head office at 2000 Argentia Road, Plaza 5, Suite 300, Mississauga, Ontario, L5N 2R7 and having its establishment directly concerned at 1600 Saint-Martin Boulevard East, Laval, Province of Quebec herein acting and represented by John Adams declared duly authorized by-law for the aforesaid company.

(hereinafter referred to as the « Lessee »)

WHEREAS the Lessee and the Lessor have signed an agreement of lease respectively on March 22, 1996 and on April 16, 1996, as amended by a first addendum of lease signed on December 31, 1999 and on January 12, 2000 and a second addendum of lease signed on June 27th, 2003 and on July 10, 2003, for a premises situated on the 7th floor of the building bearing civic number 1600 Saint-Martin Boulevard East, Laval, the whole as described in the agreement of lease, the first addendum of lease and the second addendum of lease (hereinafter collectively referred to as the « Lease »);

WHEREAS the term of the Lease expires on the 31st day of December, 2008;

WHEREAS the Lessor and the Lessee agree to extend the term of the Lease for an additional period of five (5) years at the following conditions;

NOW THEREFORE IN CONSIDERATION OF THE FOREGOING, THE PARTIES HAVE AGREED AS FOLLOWS:

1. The preamble shall form part hereof as though recited out at length herein.

2. The term of the Lease is hereby extended for an additional period of five (5) years commencing January 1st, 2009 and ending December 31, 2013. Section II - TERM of the Lease being modified consequently.

3. Section III - RENTAL is modified by adding the following:

   « This extension term is made in consideration of the payment of an annual rental of EIGHT THOUSAND TWO HUNDRED NINETY DOLLARS AND TWENTY CENTS ($8 290.20) which the Lessee undertakes to pay to the Lessor in canadian currency at the principal place of business of the Lessor, without the latter having to make any demand for such rental, in monthly instalments of SIX HUNDRED NINETY DOLLARS AND EIGHTY-FIVE CENTS ($690.85); this rental is payable in advance on the first day of each month during all the term of this extension. The amount of any instalment which corresponds to a leasing term of less than one (1) month shall be calculated according to the number of days in which the Premises were occupied.

   The rental payable in accordance with this section is based on a net-net rental of EIGHT DOLLARS AND TWENTY CENTS ($8.20) per square foot per annum, the Lessee and the Lessor agreeing that this Lease is a net-net type Lease. »

4. The Schedule « B » - LEASEHOLD IMPROVEMENTS is modified by adding the following terms:

   « The Lessor shall make in the Leased Premises, at its expense, the cleaning of carpets. »

5. Except as hereinafter specifically modified, supplemented and amended, and as so modified, supplemented and amended, the Lease shall remain in full force and effect for this extension term.

6. This addendum of lease (no 3) is open for acceptance until 4:00 p.m. on October 3rd, 2008 after which date and time it will become null and void and of no further effect. Acceptance of this addendum of lease (no 3) may be made only by its signature by the Lessee and by the return of the original to Lessor within the delay referred to above.

7. Schedule "E" of the Lease is modified to add article 3 – Indoor parking: "Lessor will provide one (1) indoor parking space to the Lessee at no cost for the renewal period."

IN WITNESS WHEREOF, THE PARTIES HAVE SIGNED AS FOLLOWS:

THE LESSEE AT MISSISSAUGA, THIS 2nd DAY OF OCTOBER 2008.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

/s/ ILLEGIBLE
witness

/s/ John A. Adams

/s/ ILLEGIBLE
witness

/s/ ILLEGIBLE

THE LESSOR AT QUEBEC, THIS 8 DAY OF OCTOBER 2008.

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

/s/ ILLEGIBLE
witness

/s/ ILLEGIBLE

witness

Exhibit 10.26

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

PFS INVESTMENTS INC.

MUTUAL FUND DEALER AGREEMENT

Ladies and Gentlemen:

We understand that you are principal underwriter of shares (the "Shares") of certain mutual funds listed on Schedule A attached hereto (the "Funds") registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended ("1940 Act"). Legg Mason Investor Services, LLC ("LMIS" or "You") desires that PFS Investments Inc. ("Dealer" or "PFSI") act as a dealer with respect to the sale of Shares to its customers. In consideration of the mutual covenants stated below, you and Dealer agree as follows:

1. Purchase of Shares at Public Offering Price. You authorize Dealer, among other things, to receive purchase orders for Shares on your behalf. Dealer will use such efforts to sell Shares as it in its sole discretion determines in accordance with applicable federal and state laws and rules and regulations, including rules and regulations of relevant self-regulatory organizations (collectively, "Applicable Law"). Sales of Shares through Dealer will be at the public offering price of such Shares (the net asset value of Shares plus any applicable sales charge), as determined in accordance with the then effective prospectus(es) and statement(s) of additional information, as such may be amended and supplemented from time-to-time, used in connection with the offer and sale of the Shares (collectively, the "Prospectus"). The public offering price will reflect scheduled variations in or the elimination of sales charges on sales of Shares either generally to the public or in connection with special purchase plans, as described in the Prospectus. Dealer agrees to apply any scheduled variation in or waivers of sales charges uniformly to all customers meeting the qualifications therefor as specified in the Prospectus. Purchases of Shares by PFSI will be effected in the manner and upon the terms described in the Prospectus (including restrictions on frequent trading, imposition of redemption fees and restrictions on small account balances.) All orders are subject to acceptance or rejection by the applicable Fund or you in the sole discretion of either for any reason. The minimum initial purchase and the minimum subsequent purchase of any Shares shall be as set forth in the applicable Prospectus. Dealer agrees to comply with provisions of Rule 22c-2 under the 1940 Act as applicable to each Fund (including reporting procedures adopted to comply with the Rule).

2. Rights of Accumulation and Letters of Intent. With respect to Funds sold with an initial sales charge, Dealer's customers will be entitled to reduce sales charges on purchases made under any letter of intent or right of accumulation as described in the Prospectus. In such case, the concession from the public offering price retained by Dealer will be based upon such reduced sales charge; however, if a Dealer customer fails to fulfill a letter of intent, thereafter you will pay Dealer the amount required to reflect the appropriate concession based on the actual purchases made by the customer. When placing wire trades, Dealer agrees to advise you of any letter of intent executed by its customer or any available right of accumulation.

3. Exchanges and Redemptions. You further authorize Dealer to receive exchange or redemption orders for Shares on your behalf. Exchanges of Shares between Funds and redemptions of Shares by a Fund or repurchases of Shares by Dealer will be effected in the manner and subject to or consistent with the terms described in the Prospectus and in accordance with Applicable Law. Exchanges will be subject to such restrictions and charges as are provided for in the Prospectus. Redemptions and repurchases will be subject to any applicable contingent deferred sales charges, redemption fees or other charges as are provided for in the Prospectus. Any order placed by Dealer for the repurchase or redemption of Shares is subject to the timely receipt by you or the pertinent Fund's transfer agent of all required documents in good order.

4. Handling and Receipt of Orders. The handling and settlement of purchase, exchange and redemption orders will be subject to the provisions of the Prospectus and such further procedures as you and Dealer may determine to be appropriate from time-to-time, consistent with this Agreement. You acknowledge and understand that Dealer operates as an introducing broker-dealer that does not hold customer funds or securities and that Dealer will transmit orders direct to your transfer agent via check and application. You will provide such assistance to Dealer in processing orders as Dealer reasonably requests. You shall notify Dealer of the states or jurisdictions in which each Fund's shares are currently available for sale to the public. You shall have no obligation to register or make available Fund shares in any state or jurisdiction. With each order, Dealer will notify you of the state of residence of the customer to whom the order pertains. Dealer will be responsible for the accuracy, timeliness and completeness of purchase, redemption or exchange orders it transmits to you by wire or telephone. All orders shall be subject to your confirmation.

5. Settlement and Delivery.

   A. Certificates evidencing Shares will not be available. Upon payment for Shares, the Transfer Agent will issue and transmit to Dealer or its customer a confirmation statement evidencing the purchase of such Shares. Any transaction in uncertificated Shares, including purchases, transfers, redemptions and repurchases, shall be effected and evidenced by book-entry on the records of the Transfer Agent.

   B. Dealer will transmit orders (new account applications) direct to your Transfer Agent on a fully disclosed basis, and shares of Funds owned by customers of Dealer will be held at your Transfer Agent.

6. Shareholder Servicing. For the compensation described in Paragraph 7, on an ongoing basis Dealer will provide shareholder servicing to its customers who maintain investments in Shares. In so doing, Dealer and its employees and representatives may provide the following services, among others: (a) answer customer inquiries regarding the Funds and customer investments therein; (b) assist customers in changing dividend options; (c) answer questions about special investment and

withdrawal plans, and assist customers in enrolling in such plans; (d) distribute reports and materials relating to the Funds to customers; (e) assist in the establishment and maintenance of accurate customer accounts and records, including assisting in processing changes in addresses and other customer information; and (f) assist in processing purchase, exchange and redemption orders.

7. Compensation and Expenses.

A. With respect to Class A Shares that are sold with an initial sales charge, LMIS shall pay to Dealer the sales charge imposed on the purchases of such shares less any concession from the public offering price as specified in the applicable fund prospectus (the "dealer reallowance"). LMIS shall pay to Dealer the shareholder services fee beginning in the first month after purchase. LMIS shall cause the dealer reallowance and shareholder service fees due Dealer to be paid in accordance with current payment practices that exist between Dealer and Transfer Agent.

B. With respect to purchases of Class A shares that are sold without an initial sales charge at the net asset value breakpoint level (other than money market funds), LMIS will pay a commission to Dealer of up to 1.00% of the purchase price of the shares and LMIS will retain the amount of any contingent deferred sales charge paid on redemption of such shares. LMIS will pay to Dealer the shareholder services fee on such shares beginning in the thirteenth month after purchase. With respect to purchases of Class A shares of money market funds, LMIS shall pay to Dealer the shareholder services fee beginning in the first month after purchase. LMIS shall cause the foregoing payments due Dealer to be made in accordance with current payment practices that exist between Dealer and Transfer Agent. LMIS shall pay to Dealer any contingent deferred sales charge received on redemption of Class A shares that were sold by Dealer prior to December 1, 2007, and such payments shall be made by LMIS on a monthly basis, by wire transfer within ten (10) business days of the end of each month.

C. With respect to Class B shares, Dealer will pay a commission to its representatives of up to 4.00% of the purchase price of the shares and LMIS shall pay to Dealer the following: (i) any contingent deferred sales charges received upon redemption of Class B shares held in accounts on which Dealer is the broker-dealer of record, and (ii) the service and distribution fee, as disclosed in the then current prospectus, received on all shares held in accounts on which Dealer is the broker-dealer of record. LMIS shall cause Transfer Agent to pay amounts due Dealer under this subparagraph in accordance with current payment practices that exist between Dealer and Transfer Agent.

D. The shareholder services fees paid to Dealer under Subparagraphs 7.A. B. and C. above shall survive any termination of this Agreement, and shall continue so long as (i) Dealer provides shareholder services described in Paragraph 6 of this agreement to its customers who hold Shares and (ii) you or a Legg Mason, Inc. affiliate or one of your or their respective successors or assigns is the principal underwriter for the Funds, unless the continued receipt of each payment would violate Applicable Law.

E. You will pay Dealer ongoing trail commission compensation with respect to holdings by customers of Dealer of Shares of Funds with respect to which you pay such compensation generally to dealers as described in the Prospectus and at such rates as you and Dealer may determine from time to time. Payments under this Subparagraph 7.E. may be in addition to the payment of service fees as described in Subparagraph 7.D. of this Agreement, and are subject to Applicable Law and this Agreement. Your obligation to make payments to Dealer under this Subparagraph 7.E. shall survive any termination of this Agreement, and shall continue so long as (i) Dealer's customers maintain their investments in Shares and (ii) you or a Legg Mason, Inc. affiliate or one of your or their respective successors or assigns is the principal underwriter for the Funds, unless the continued receipt of each payment would violate Applicable Law.

F. With respect to expenses not specifically addressed elsewhere in this Agreement, each party hereto will be responsible for the expenses it incurs in acting hereunder. Consistent with the Prospectus and Applicable Law, from time to time you and Dealer may determine that you will pay or reimburse Dealer for expenses it incurs in connection with selling Shares.

G. If your payments to Dealer under Subparagraphs 7.E and/or 7.D hereunder in whole or in part are financed by a Fund in accordance with a Fund's plan of distribution adopted pursuant to Rule 12b-1 under the 1940 Act, then in the event of the termination, cancellation or modification of such 12b-1 plan by a Fund's board of directors or trustees or shareholders, Dealer agrees upon notification to waive its right to receive Rule 12b-1 compensation pursuant to Subparagraphs 7.B. and/or 7.C. until such time, if ever, as you receive payment.

H. With respect to shares subject to a contingent deferred sales load where Dealer has paid a commission to its representatives from its own resources, the parties agree to cooperate in the transfer of shares held by customers of PFSI. The remaining contingent deferred sales charge on any such transferred shares will be tracked by PFPC, and, on a monthly basis, LMIS and PFSI shall net settle transferred contingent deferred sales charges. Such payment shall be paid by wire transfer within ten (10) business days following month end.

I. Mutual Fund Support Fee. LMIS hereby agrees to pay PFSI, in consideration of the Funds' participation in PFSI's retail distribution channel and related mutual fund sales infrastructure, a Mutual Fund Support Fee ("Fee") at the rates set forth in the attached Schedule B. LMIS understands and agrees that "participation" as used in the preceding sentence does not in any way mean exclusive or preferential offering, access or participation, inclusion on any "recommended" list, or preferential consideration in investment recommendations to customers. LMIS shall pay the fee within 30 days of its receipt from PFSI of a monthly invoice, beginning with the month ending December 31, 2007. LMIS confirms that it will pay the Fee from its own revenues, profits, or retained earnings and not from the assets of the Funds. Both parties will disclose the Fee as may be required by applicable law and otherwise will comply with all applicable law with respect to the payment or receipt of the Fee

8. Broker-Dealer Regulation. Each party to this Agreement represents that it is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and a member of Financial Industry Regulatory Authority ("FINRA") and each party agrees to notify the other should it cease to be such a member through expulsion or otherwise or if its membership is suspended.

With respect to the sale of Shares hereunder, you and Dealer agree to abide by the Conduct Rules of FINRA, including but not limited to the following:

A. Dealer shall not withhold placing customers' orders for Shares so as to profit itself as a result of such withholding. Dealer shall not purchase any Shares from you other than for its own investment or to cover purchase orders already received by it from its customers.

B. If any Shares purchased by Dealer are repurchased by the Fund which issued such Shares or by you for the account of that Fund, or are tendered for redemption, within seven (7) business days after confirmation by you of the original purchase order for such Shares, no compensation as set forth in paragraph 7 above will be payable to Dealer with respect to such Shares, and with respect to Shares which are not sold with an initial sales charge, Dealer will refund to you the full amount of any such compensation paid or allowed to it on the original sale. You agree to notify Dealer in writing of any such repurchase or redemption within fifteen (15) business days of the date on which the redemption is requested or Share certificates are tendered to you, the pertinent Fund or its Transfer Agent. Termination or cancellation of this Agreement will not relieve the parties from the requirements of this Subparagraph 8.B.

C. Neither party to this Agreement will, as principal, purchase any Shares from a customer at a price lower than the net asset value next determined by or for the Fund that issued such Shares. Nothing in this subparagraph shall prevent Dealer from selling Shares for a customer to you or to the Fund which issued such Shares at the net asset value then quoted by or for such Fund (less any applicable contingent deferred sales charge or other charges) and charging a fair commission or service fee for handling the transaction.

9. Provision of Materials and Fund Information.

A. You will furnish Dealer with each Fund's current Prospectuses, periodic reports to Fund shareholders, marketing and other materials you have prepared relating to the Funds, in such quantities as Dealer reasonably requests

B. You shall use reasonable efforts to notify Dealer of any departure by a Fund portfolio manager promptly upon your receipt of such notice of an intended departure.

C. You shall make reasonable efforts to provide access to the portfolio manager(s) (or their representatives) of each Fund to the employees and representatives of Dealer, as designated by Dealer from time-to-time, which access shall be for the limited purpose of conducting due diligence and discussing other significant issues.

D. Subject to all Applicable Law, you will promptly notify Dealer (upon your receipt of notice) of all material changes regarding:

(a) Proposed or actual mergers, name changes and liquidations

(b) Investment objective/strategy changes

(c) Proxy statements

(d) Changes to Fund's Prospectus or statement of additional information, and

(e) Proposed or actual pricing changes

10. Representations by Dealer Concerning the Funds. Dealer and its agents and employees are not authorized to make any representations concerning the Funds or their Shares except those contained in or consistent with the Prospectus and such other written materials you may provide to Dealer regarding the Funds.

11. Prospectus and Materials Delivery to Clients. Dealer will provide each of its customers purchasing Shares with the pertinent prospectus(es) prior to or at the time of initial purchase. Dealer will provide any customer who so requests with the pertinent statement(s) of additional information. You are responsible for providing to shareholders, at your expense, all shareholder proxy materials, all annual or interim reports, all prospectuses and prospectus amendments (other than that provided at the time of initial purchase by Dealer), and any other materials required by law, rule or regulation.

12. Liability and Indemnification.

A. You agree to be liable for, to hold Dealer, its officers, directors and employees harmless from and to indemnify each of them for any losses and costs arising from: (i) any breach by you, your affiliates or their respective officers, directors, employees or agents of any material provision of this Agreement; (ii) any material misstatement in or omission of a material fact from a Fund's Prospectus necessary to make the statements in the Prospectus thereof not misleading, or any other sales material you have provided or any other written statements or representations, you or your affiliates and each of your and their respective officers, directors, employees or agents have made to Dealer relating to the Funds; and (iii) any of your actions, or the actions of your affiliates, relating to the processing of purchase, exchange and redemption orders and the servicing of shareholder accounts. This indemnity shall not apply to any claims, demands, liabilities, or expenses that arise out of or are based upon any such untrue statement or omission made in reliance upon and in conformity with information furnished by or on behalf of Dealer to you, any Fund or the Funds' counsel; and further provided, that in no event shall anything contained herein be so construed as to protect Dealer against any liability to you, any Fund or the shareholders of any Fund to which Dealer would otherwise be subject by reason of willful misfeasance, recklessness, or gross negligence in the performance of its duties under this Agreement. You shall not be liable for any consequential or punitive damages.

B. Dealer agrees to be liable for, to hold you, your officers, directors and employees harmless from and to indemnify them from any losses and costs arising from: (i) any breach by Dealer, its affiliates or their respective officers, directors, employees or agents of any material provision of this Agreement; (ii) any statements or representations that Dealer or its officers, directors, agents or employees make concerning the Funds that are inconsistent with either the pertinent Funds' then-current Prospectus or any other material you have provided or any other written statements or written representations you, your employees and your affiliates have made to Dealer relating to the Funds; and (iii) any of Dealer's actions, or the actions of Dealer's affiliates, relating to the processing of purchase, exchange and redemption orders and the servicing of shareholder accounts. This indemnity shall not apply to any claims, demands, liabilities, or expenses that arise out of or are based upon any untrue statement or omission made in reliance upon and in conformity with information furnished by or on behalf of you, any Fund or the Funds' counsel to Dealer, and further provided, that in no event shall anything contained herein be so construed as to protect you against any liability to Dealer, any Fund or the shareholders of any Fund to which you would otherwise be subject by reason of willful misfeasance, recklessness, or gross negligence in the performance of your duties under this Agreement. Dealer shall not be liable for any consequential or punitive damages.

C. The provisions of this Paragraph 12 shall survive the termination of this Agreement.

13. Arbitration. If a dispute arises between you and Dealer with respect to this Agreement which the parties are unable to resolve themselves, it shall be settled by arbitration in accordance with the then-existing FINRA Code of Arbitration Procedure ("FINRA Code"). The parties agree, that to the extent permitted by the FINRA Code, the arbitrator(s) shall be selected from the securities industry.

14. Anti-Money Laundering. Dealer represents and warrants that it has anti-money laundering policies in place reasonably designed to comply with the applicable provisions of the Bank Secrecy Act and the USA PATRIOT Act and the regulations thereunder, including, without limitation, Section 352 of the USA Patriot Act, FINRA Rule 3011, and NYSE Rule 445 which include: Anti-Money Laundering/ "Know Your Customer" policies and procedures; a Customer Identification Program in accordance with Section 326 of the USA Patriot Act; reporting of suspicious activity to government authorities in accordance with applicable law, including Section 356 of the USA Patriot Act; anti-money laundering training; and an independent testing for compliance. You agree to determine, within a reasonable time after a customer of Dealer opens an account in any of the Funds, whether such customer appears on any lists of known or suspected terrorists or terrorist organizations ("OFAC list"). Upon discovering that any such customer is identified on an OFAC list, you will, within a reasonable time after making such discovery and as permitted by applicable law, notify Dealer. Also, you agree to establish (or cause your Transfer Agent to establish) reasonable procedures to monitor the accounts for suspicious activity, and, as permitted by Law, to (i) advise Dealer when any customer activity is identified for heightened review and upon the filing of a suspicious activity report and (ii) to share information with Dealer about any such account.

15. Confidentiality and Privacy. The parties represent and warrant that they have adopted and implemented procedures to safeguard customer information and records that are reasonably designed to ensure the security and confidentiality of customer records and information and to ensure compliance with the SEC's Regulation S-P or other applicable privacy law. Both of us agree on behalf of ourselves, our affiliates and employees, that the terms of the Agreement, information exchanged thereunder and information about our respective customers and potential customers is confidential and as such shall not be disclosed, sold or used in any way except to carry out the terms of the Agreement. Notwithstanding the foregoing, such confidential information may be disclosed on a "need to know" basis as set forth in applicable privacy rules and regulations. The obligations regarding confidentiality hereunder shall not apply to any information which is (i) otherwise publicly available, (ii) already possessed by the entity to whom the information was disclosed prior to disclosure hereunder, (iii) independently developed by the entity, or (iv) disclosed pursuant to law, rule, regulation or court or administrative order. The provisions of this paragraph shall survive termination of the Agreement. The parties further represent and warrant that the security of their respective computer system is commercially reasonable and reasonably designed to prevent any illegal or injurious activities of persons (including persons outside of the parties) attempting to access a computer system maintained or operated by or on behalf of one party through the other party's computer system.

16. Duration and Termination.

A. This Agreement is effective on June 1, 2008.

B. This Agreement will terminate automatically in the event of its assignment unless both parties consent to such assignment. Notwithstanding anything to contrary in this Agreement, both parties hereby consent to the assignment of your rights, obligations and responsibilities under this Agreement to Legg Mason Investor Services, LLC.

C. This Agreement may be terminated at any time in its entirety or with respect to any Fund, without payment of any penalty, by either party, upon giving 30 days written notice to the other party.

17. Miscellaneous.

A. This Agreement shall be governed by the laws of the State of New York. This Agreement may be amended only upon the written agreement of both parties hereto.

B. This Agreement and the Amended and Restated Global Distribution Agreement ("GDA") by and among Legg Mason, Inc. and Citigroup, Inc., dated as of October 3, 2005 (collectively, the "Covered Agreements") constitute the entire agreement between you and Dealer in relation to this Agreement and supersede all

prior oral or written agreements between you and Dealer and its predecessors relating to the sale of Shares with respect to the subject matter of this Agreement. Each of you and Dealer acknowledges and agrees that (i) nothing contained in this agreement is intended to amend or otherwise modify the terms of the GDA applicable to you and Dealer and (ii) in the event that the terms of this Agreement conflict with the terms of the GDA, the terms of the GDA will control for purposes of this Agreement.

C. The headings and captions in the Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect.

D. If any provision of the Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Agreement shall not be affected thereby.

E. The Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors.

F. As used in the Agreement, the terms "majority of the outstanding voting securities," "interested person" and "assignment" shall have the same meaning as such terms have in the 1940 Act. Any terms defined in the Agreement shall have the meaning provided in the Agreement.

G. Scheduled A attached to this agreement may be amended from time to time by mutual agreement of the parties pursuant to letter agreement or such other means as mutually agreed to by the parties.

18. Use of Names. Neither party shall use the name of the other party in any manner without the other party's written consent, except as required by any applicable federal or state law, rule or regulation, and except pursuant to any mutually agreed upon promotional programs.

19. Notice. Notice under this Agreement shall be deemed to have been given on the date it is received in writing by the other party.

20. Parties Not Partners. This Agreement shall not be construed to constitute a partnership, joint venture, or agency between you and Dealer and you or any Fund, nor to create an employer-employee relationship between you and Dealer. Dealer acknowledges that it is an independent contractor, that its business is its own and entirely separate from that of you and the Funds, and that it will not deal with or represent itself to the public in any other way.

21. Services Not Exclusive. Except as otherwise agreed to by the parties or as provided in a Covered Agreement, the services furnished by Dealer hereunder are not to be deemed exclusive, and Dealer shall be free to furnish similar services to others so long as its services under this Agreement are not impaired thereby. Except as otherwise provided for in a Covered Agreement, this Agreement also does not preclude any other sales of Share by or through you or any other party.

22. Advertising. You agree to make available sales and advertising materials relating to the Shares as you in your discretion determine appropriate. You represent and warrant that all such materials comply with Applicable Law. You agree not to distribute sales and advertising materials relating to the Shares at Dealer unless and until they have been reviewed and approved by Dealer's Marketing Advisory Unit. Dealer shall have the right to prepare its own marketing memorandums, bulletins, and/or information or related materials ("Marketing Pieces") relating to any of the Funds or Fund Shares represented by this Agreement; provided, however, that any information or descriptions regarding the Funds complies with the Fund's Prospectus and Dealer is responsible for complying with all applicable requirements of law and regulation including, without limitation, any requirements of filing with the SEC, FINRA, or other entity. Dealer agrees to submit Marketing Pieces intended for public distribution to you prior to distribution or publication. Dealer agrees not to publish or distribute Marketing Pieces without first receiving any regulatory approval that may be required.

23. Records. Each party agrees to maintain all records required of such party by Applicable Law related to the offer and sale of Shares. Upon reasonable request by one party, the other party will provide access to or make copies of such records the requesting party does not possess in order to: (a) comply with a request from a government body or self-regulatory organization; (b) verify compliance by the other party of the terms of this Agreement; or (c) make required regulatory reports.

Sincerely,

PFS INVESTMENTS INC

By: /s/ William A. Kelly

Name: William A. Kelly

Title: President and CEO

Dated: _____

AGREED AND ACCEPTED

LEGG MASON INVESTOR SERVICES, LLC

By: /s/ Joel Sauber

Name: Joel Sauber

Title: Managing Director

Dated: 6/4/08

Schedule A

LEGG MASON PARTNERS FUNDS

Investment Category	A Shares Fund # / NASDAQ	B Shares Fund # / NASDAQ	Max $
Money Market Funds			
Western Asset Money Market Fund[1]	01740 / SBCXX	944/52470R870/SBOXX	N/A

Investment Category Non-Money Market Funds[2]	A Shares Fund # / NASDAQ	B Shares Fund # / NASDAQ	Max $
Taxable Bond / Income Funds			
LMP Diversified Strategic Income Fund	01830 / SDSAX	01831 / SLDSX	$ 99,999
LMP Global High Yield Bond Fund	SAHYX		$ 99,999
LMP Government Securities Fund	01635 / SGVAX	01636 / HGVSX	$ 99,999
LMP High Income Fund	SHIAX		$ 99,999
LMP Inflation Management Fund	SBGLX		$ 99,999
LMP Investment Grade Bond Fund	01730 / SIGAX	01731 / HBDIX	$ 99,999
LMP Lifestyle Allocation 30%	01760 / SBCPX	01761 / SBCBX	$ 99,999
LMP Lifestyle Income Fund	01750 / SCAAX	01751 / SCIAX	$ 99,999
LMP Core Bond Fund	598 / TRBAX	599 / TRBBX	$ 99,999
LMP Core Plus Bond Fund	016 / SHMGX	184 / MGVBX	$ 99,999
Tax Exempt Bond Funds*			
LMP California Municipals Fund	01840 / SHRCX	01841 / SCABX	$ 99,999
LMP Managed Municipals Fund	01655 / SHMMX	01656 / SMMBX	$ 99,999
LMP Massachusetts Municipals Fund	SLMMX		$ 99,999
LMP New Jersey Municipals Fund	SHNJX		$ 99,999
LMP New York Municipals Fund	01850 / SBNYX	01851 / SMNBX	$ 99,999
LMP Pennsylvania Municipals Fund	SBPAX		$ 99,999
Balanced Funds			
LMP Lifestyle Allocation 50%	01720 / SBBAX	01721 / SCBBX	$ 99,999
LMP Lifestyle Allocation 70%	01790 / SCGRX	01791 / SGRBX	$ 99,999
Large Cap Equity / Fund of Funds			
LMP Aggressive Growth Fund	01800 / SHRAX	01801 / SAGBX	$ 99,999
LMP Appreciation Fund	01710 / SHAPX	01711 / SAPBX	$ 99,999
LMP Capital Fund	SCCAX		$ 99,999
LMP Capital & Income Fund	01178 / SOPAX	01017 / SOPTX	$ 99,999
LMP Convertible Bond Fund	SCRAX		$ 99,999
LMP Dividend Strategy Fund	01610 / GROAX	01611 / GROBX	$ 99,999
LMP Fundamental Value Fund	01820 / SHFVX	01821 / SFVBX	$ 99,999
LMP Investors Value Fund	SINAX		$ 99,999
LMP Large Cap Growth Fund	01860 / SBLGX	01861 / SBLBX	$ 99,999
LMP Lifestyle Allocation 85%	01780 / SCHAX	01781 / SCHBX	$ 99,999
LMP Lifestyle Allocation 100%	01927 / LMLAX	01928 / LMLBX	$ 99,999

LMP All Cap Fund	01550 / SPAAX	01551 / SPBBX	$ 99,999
LMP Social Awareness Fund	01770 / SSIAX	01771 / SESIX	$ 99,999
Aggressive Bond Funds			
None Approved / Offered	N/A	N/A	N/A
Aggressive Equity Funds			
LMP 130/30 US Large Cap Equity Fund	LMUAX		$ 99,999
LMP Global Equity Fund	01408 / CFIPX	01410 / SILCX	$ 99,999
LMP Mid Cap Core Fund	01675 / SBMAX	01676 / SBMDX	$ 99,999
LMP Small Cap Growth Fund	01117 / SASMX	01217 / SBSMX	$ 99,999
LMP Small Cap Value Fund	01647 / SBVAX	01648 / SBVBX	$ 99,999
Sector Funds			
LMP Financial Services Fund	01520 / SBFAX	01521 / SBFBX	$ 99,999
International Equity Funds			
LMP Emerging Markets Equity Fund	SMKAX		$ 99,999
LMP International All Cap Opportunity Fund	01320 / SBIEX	01321 / SBIBX	$ 99,999

* Municipal Bond Funds are not an allowable choice for Retirement Plan accounts.

Schedule B

MUTUAL FUND SUPPORT FEE SCHEDULE

The Fee shall be determined based on purchases by PFSI customers of the Funds offered pursuant to the Agreement, and/or assets of such Funds held by PFSI customers, as more specifically described below.

A. Non- Money Market Funds

The fee shall be an annual amount equal to [**] basis points ([**]%) on sales and [**] basis points ([**]%) on the average daily assets held by PFSI customers in the Funds (excluding assets held in tuition savings programs qualifying under Section 529 of the I.R.C.)

B. Money Market Funds

For the Western Asset Money Market Fund the fee shall be an annual amount equal to a percentage of the average daily assets held by PFSI customers in the fund. The percentage shall be equal to [**]% of the following sum: (x) the fund's current net management fee, minus (y) [**] basis points. An example of the calculation is as follows: net management fee (currently 37 basis points) less [**] basis points, multiplied by [**]% equals a percentage of .135% or 13.5 basis points.

FIRST AMENDMENT TO
MUTUAL FUND DEALER AGREEMENT

This First Amendment to Mutual Fund Dealer Agreement ("Amendment") is entered into by and among **Legg Mason Investor Services, LLC,** ("LMIS") and **PFS Investments Inc.,** ("PFSI").

WHEREAS, the parties entered into a Mutual Fund Dealer Agreement effective as of June 1, 2008, (the "Agreement").

WHEREAS, the parties desire to amend the Agreement;

NOW, THEREFORE, in consideration of these premises and the terms and conditions set forth herein, the parties agree as follows:

1. **New Schedules**. Schedule A and Schedule B of this Amendment, attached hereto, supersede and replace in their entirety the Schedule A and Schedule B of the Mutual Fund Dealer Agreement dated June 1, 2008.

2. **Other Terms**. Other than the foregoing, all other terms and conditions of the Agreement shall remain unchanged and in full force and effect and are ratified and confirmed in all respects by the parties to this Amendment. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement.

IN WITNESS WHEREOF, LMIS and PFSI have entered into this First Amendment to Mutual Fund Dealer Agreement on this *1st* day of December, 2008.

Legg Mason Investor Services, LLC		**PFS Investment Inc.**	
By:	/s/ Mark E. Freemyer	By:	/s/ William A. Kelly
Name:	Mark E. Freemyer	Name:	William A. Kelly
Title:	Managing Director	Title:	President and CEO
Date:	12/1/08	Date:	11/19/08

Schedule A

LEGG MASON PARTNERS FUNDS

Investment Category	A Shares Fund # / NASDAQ	B Shares Fund # / NASDAQ	Max $
Money Market Funds			
Western Asset Money Market Fund ~	01740 / LMTXX	944/52470R870/SBOXX	N/A
Western Asset Municipal Money Market Fund Exchange A*	LMUXX		

Investment Category Non-Money Market Funds	A Shares Fund # / NASDAQ	B Shares Fund # / NASDAQ	Max $
Taxable Bond / Income Funds			
LMP Strategic Income Fund	01830 / SDSAX	01831 / SLDSX	$ 99,999
LMP Government Securities Fund	01635 / SGVAX	01636 / HGVSX	$ 99,999
LMP Corporate Bond Fund	01730 / SIGAX	01731 / HBDIX	$ 99,999
LMP Lifestyle Allocation 30%	01760 / SBCPX	01761 / SBCBX	$ 99,999
LMP Lifestyle Income Fund	01750 / SCAAX	01751 / SCIAX	$ 99,999
LMP Core Bond Fund	598 / TRBAX	599 / TRBBX	$ 99,999
LMP Core Plus Bond Fund	016 / SHMGX	184 / MGVBX	$ 99,999
Tax Exempt Bond Funds*			
LMP California Municipals Fund	01840 / SHRCX	01841 / SCABX	$ 99,999
LMP Managed Municipals Fund	01655 / SHMMX	01656 / SMMBX	$ 99,999
LMP Massachusetts Municipals Fund	SLMMX		$ 99,999
LMP New Jersey Municipals Fund	SHNJX		$ 99,999
LMP New York Municipals Fund	01850 / SBNYX	01851 / SMNBX	$ 99,999
LMP Pennsylvania Municipals Fund	SBPAX		$ 99,999
LMP Intermediate Maturity California Municipals Fund	ITCAX		
LMP Intermediate Maturity New York Municipals Fund	IMNYX		
LMP Intermediate – Term Municipals	SBLTX		
Balanced Funds			
LMP Lifestyle Allocation 50%	01720 / SBBAX	01721 / SCBBX	$ 99,999
LMP Lifestyle Allocation 70%	01790 / SCGRX	01791 / SGRBX	$ 99,999
LMP Convertible Bond Fund	SCRAX		$ 99,999
Large Cap Equity / Fund of Funds			
LMP Aggressive Growth Fund	01800 / SHRAX	01801 / SAGBX	$ 99,999
LMP Appreciation Fund	01710 / SHAPX	01711 / SAPBX	$ 99,999
LMP Capital Fund	SCCAX		$ 99,999
LMP Capital & Income Fund	01178 / SOPAX	01017 / SOPTX	$ 99,999
LMP Dividend Strategy Fund	01610 / GROAX	01611 / GROBX	$ 99,999
LMP Equity Income Builder Fund	LMOAX		
LMP Fundamental Value Fund	01820 / SHFVX	01821 / SFVBX	$ 99,999
LMP Investors Value Fund	SINAX		$ 99,999
LMP Large Cap Growth Fund	01860 / SBLGX	01861 / SBLBX	$ 99,999
LMP Lifestyle Allocation 85%	01780 / SCHAX	01781 / SCHBX	$ 99,999
LMP Lifestyle Allocation 100%	01927 / LMLAX	01928 / LMLBX	$ 99,999
LMP All Cap Fund	01550 / SPAAX	01551 / SPBBX	$ 99,999

LMP Social Awareness Fund	01770 / SSIAX	01771 / SESIX	$ 99,999
Aggressive Bond Funds			
LMP Global High Yield Bond Fund	SAHYX		$ 99,999
LMP High Income Fund	SHIAX		$ 99,999
LMP Municipal High Income Fund*	01187 / STXAX	01287 / AXMTX	$ 99,999
Aggressive Equity Funds			
LMP 130/30 US Large Cap Equity Fund	LMUAX		$ 99,999
LMP Global Equity Fund	01408 / CFIPX	01410 / SILCX	$ 99,999
LMP Mid Cap Core Fund	01675 / SBMAX	01676 / SBMDX	$ 99,999
LMP Small Cap Growth Fund	01117 / SASMX	01217 / SBSMX	$ 99,999
LMP Small Cap Value Fund	01647 / SBVAX	01648 / SBVBX	$ 99,999
Sector Funds			
LMP Financial Services Fund	01520 / SBFAX	01521 / SBFBX	$ 99,999
International Equity Funds			
LMP Emerging Markets Equity Fund	SMKAX		$ 99,999
LMP International All Cap Opportunity Fund	01320 / SBIEX	01321 / SBIBX	$ 99,999

* Municipal Bond Funds are not an allowable choice for Retirement Plan accounts
~ B Shares are available for exchanges only

Schedule B

MUTUAL FUND SUPPORT FEE SCHEDULE

The Fee shall be determined based on purchases by PFSI customers of the Funds offered pursuant to the Agreement, and/or assets of such Funds held by PFSI customers, as more specifically described below.

A. Non- Money Market Funds

The fee shall be an annual amount equal to [**] basis points ([**]%) on sales and [**] basis points ([**]%) on the average daily assets held by PFSI customers in the Funds (excluding assets held in tuition savings programs qualifying under Section 529 of the I.R.C.)

B. Money Market Funds

The fee shall be an annual amount equal to a percentage of the average daily assets held by PFSI customers in the Funds. The percentage shall be equal to [**]% of the following sum: (x) the Fund's current net management fee, minus (y) [**] basis points. An example of the calculation is as follows: net management fee (currently 37 basis points) less [**] basis points, multiplied by [**]% equals a percentage of .135% or 13.5 basis points.

Exhibit 10.27

Selling Group Agreement (Without Commitment)

THIS AGREEMENT, made this 22 day of June, 1992 between AMERICAN CAPITAL MARKETING, INC., (the "Distributor"), principal distributor for shares of capital stock (the "Shares") of certain mutual funds managed by American Capital Asset Management, Inc. and publicly distributed by the Distributor (the "Funds") and PFS Investments Inc., a securities dealer. The Dealer is a member of the National Association of Securities Dealers, Inc. or, if a foreign dealer, agrees to abide by all of the rules and regulations of the National Association of Securities Dealers, Inc. for purposes of this Agreement. In consideration of the mutual covenants stated below, the parties hereto agree as follows:

1 Sales of Shares shall be made only at their public offering price then in effect (the net asset value plus the applicable sales commission, except shares of certain of the Funds which are sold at net asset value) as defined in the Funds' Prospectuses.

2 Purchases of Shares shall be made solely through the Distributor and only for the purpose of covering purchase orders already received from customers or for Dealer's own bona fide investment. The Dealer agrees not to purchase for any other securities dealer or broker unless Dealer has an agreement with such other dealer or broker to handle clearing arrangements and then only in the ordinary course of business for such purpose and only if such other dealer has executed a Selling Group Agreement with the Distributor. The Dealer agrees not to withhold any customer order so as to profit therefrom.

3 All purchase orders received by the Distributor will be subject to receipt of Shares by the Distributor from the Funds concerned. The Distributor reserves the right in its discretion, without notice to Dealer, to suspend sales or withdraw the offering of the Shares entirely or in part or to change the offering price as provided in the respective prospectuses.

4 Applicable selling commissions and concessions to the Dealer are based on the amount of the sale, as provided in the current prospectuses of the Funds as amended from time to time. All commissions and concessions are subject to change without notice by the Distributor and will comply with any changes in regulatory requirements. The Dealer agrees that it will not combine customer orders to reach breakpoints in commissions for any purpose whatsoever unless authorized by the then current prospectuses of the Funds or by the Distributor in writing.

The Dealer agrees to advise the Distributor of any letter of intent signed by the customer when placing wire trades. If Dealer fails to do so, it will be liable to the Distributor for return of commissions plus interest thereon.

5 Sales of Shares shall not be made unless such Shares are registered or qualified for sale in the state or jurisdiction where they are to be sold, and, if sold, the Dealer agrees to indemnify the Distributor and or the Funds for any claim, liability, expense or loss in any way arising out of such sale.

6 The Dealer's orders shall be transmitted to the Distributor and are deemed placed when received by the Distributor. (The Distributor will not accept purchase orders by telephone or wire for shares of American Capital Reserve Fund unless federal funds are previously on deposit with the Funds' custodian.) Orders received by the Dealer prior to the close of business for pricing as defined in the current prospectuses of the Funds, and placed within one hour after the close of business as listed in such prospectuses are priced at the offering price next computed. The Distributor will not accept from you a conditional order on any basis. Orders shall be subject to confirmation by the Distributor. The Dealer shall provide a comparison to the Distributor on all wire trades.

7 Settlement shall be made within five (5) business days at the offices of the Funds' transfer agent unless otherwise agreed. Against payment of the public offering price less any dealer concession, the Distributor will transfer such shares to the name of the Dealer's customer upon receipt from the Dealer of appropriate instructions. If payment is not received within ten (10) business days, the Distributor reserves the right to cancel the sale forthwith or, at its option, to sell the Shares on behalf of the Dealer to the Fund at the then prevailing repurchase price. In this event, or in the event the Dealer cancels the trade for any reason, the Dealer agrees to be responsible for any loss resulting to the Fund or to the Distributor from the Dealer's failure to make payment as aforesaid. Any gains generated thereby will remain gains for the applicable Fund. The Dealer shall refund to the Distributor the full concession allowed, for transmittal to the Fund, on any shares which are tendered for redemption within seven (7) business days after confirmation to the Dealer of the original sale.

8 Distributions of net investment income and/or capital gains in Shares are made at net asset value and the Dealer is not entitled to any concession on such distributions.

9 In every transaction, the Distributor will act as agent for the Funds and the Dealer will act as principal for its own account. The Dealer shall have no authority whatsoever to act as agent for any of the Funds, for the Distributor or for any member of the Selling Group and nothing in this agreement shall serve to appoint any of the Funds or the Distributor as your agent.

However, the Dealer is authorized to repurchase Shares from its customers on behalf of the Funds at the price currently being quoted by the Distributor. Shares thus sold to the Distributor shall be delivered to the Fund's transfer agent. Shares not delivered within ten (10) days following such sale may be bought in at the option of the Distributor. Any loss incurred will be paid by Dealer to the Fund. Any gains will be refined by the Fund.

To facilitate prompt payment following resale of shares the owner's signature shall appear as registered on the Fund's records or certificate, if applicable, and shall be guaranteed by a commercial bank, trust company or a member of a national securities exchange.

10 No person is authorized to make any representations concerning the Funds or their Shares except those contained in the effective prospectus of the Fund concerned and any such information as may be released by the Distributor as Principal Distributor for the Funds as information supplemental to the respective prospectuses. If made, the Dealer agrees to indemnify the Funds and/or the Distributor from and against any and all claims, liability, expense or loss in any way arising out of or in any way connected with such representations.

11 The Dealer will provide all customers with a current prospectus prior to or at the time such customer purchases one of the Funds. The Dealer will provide any customer whose requests a copy of the Statement of Additional Information (Part B) on file with the U.S. Securities and Exchange Commission.

12 No advertising as such term is defined by the NASD, of any kind whatsoever will be used by the Dealer regarding the Funds or the Distributor unless provided to the Dealer by the Distributor or unless the Dealer has obtained the prior written approval of the Distributor.

13 This agreement shall not be assignable by the Dealer.

14 Either party shall have the right to cancel this agreement at any time upon written notice given to the other party. Any notice to the Dealer shall be duly given if mailed to the Dealer at its address below.

15 Both parties agree to abide by all of the rules and regulations of the National Association of Securities Dealers, Inc., (NASD), including its Rules of Fair Practice as well as by all state or federal laws, rules or regulations that are now or may hereafter become applicable to transactions hereunder. The Dealer certifies that it is a member of the NASD, or that, if it is a foreign dealer, it agrees for purposes of purchasing shares of the Funds that it will be bound by the rules of the NASD, including the Rules of Fair Practice and advertising interpretations. The Dealer will provide immediate notice for the Distributor if Dealer becomes the subject of an order of expulsion or suspension. Notwithstanding Paragraph 10 above, expulsion from the NASD will automatically terminate this agreement. In the event of expulsion or suspension, no commissions will be paid to Dealer.

16 This Agreement shall be construed in accordance with the laws of the Great State of Texas.

Dated June 30, 1992

AMERICAN CAPITAL MARKETING, INC.

By: /s/ Fred Shepherd
Vice President
Fred Shepherd

The undersigned accepts your invitation to become a member of the selling group and agrees to abide by the foregoing terms and conditions. The undersigned acknowledges receipt of prospectuses for use in connection with this offering.

Date June 30, 1992

By: /s/ Gregory C. Pitts
Signature
Gregory C Pitts - Senior Vice President
Name
PFS Investments Inc.
Dealer Name
3120 Breckinridge Blvd
Address
Duluth, GA 30199-0001
City State Zip

Please sign both copies and return both to:
American Capital Marketing, Inc.
P.O. Box 1411
Houston, Texas 77251-1411

ADDENDUM TO

VAN KAMPEN AMERICAN CAPITAL DISTRIBUTORS, INC.

SELLING GROUP AGREEMENTS

FOR VAN KAMPEN AMERICAN CAPITAL SENIOR FLOATING RATE FUND

Ladies and Gentlemen:

Your firm is presently a party to a Dealer Agreement, Broker Fully-Disclosed Clearing Agreement or Bank-Fully Disclosed Clearing Agreement with Van Kampen American Capital Distributors, Inc. (the "Company") regarding Van Kampen American Capital Open-End and Closed-End Investment Companies. Pursuant to Section 18 of the Dealer Agreement or Section 21 of the Broker Fully-Disclosed Clearing Agreement and the Bank Fully-Disclosed Clearing Agreement, the terms and conditions set forth herein hereby amend the terms and conditions of the Selling Group Agreement between your firm (the "Intermediary") and the Company with respect to the Van Kampen American Capital Senior Floating Rate Fund:

WHEREAS, the Company is the principal underwriter of the Van Kampen American Capital Senior Floating Rate Fund (the "Fund"); and

WHEREAS, the Fund has adopted a Service Plan (the "Service Plan") as described in the Fund's Prospectus and Statement of Additional Information; and

WHEREAS, the Fund's Service Plan authorizes the Company to enter into service agreements such as this Agreement with certain financial intermediaries selected by the Company, and the Intermediary has been so selected; and

WHEREAS, the Fund's Service Plan authorizes the Company to make payments at a rate specified in an agreement such as this Agreement varying directly with the aggregate average daily net asset value of shares of the Fund sold by such financial intermediary on or after the effective date of this Agreement, as determined pursuant to Section 4 hereof, and held at the close of each day in accounts of clients or customers of particular intermediary, such amount being referred to herein as the "Holding Level".

NOW, THEREFORE, the Company and the Intermediary agree as follows:

1. Subject to continuing compliance with its obligations pursuant to Section 2 hereof, the Intermediary shall be entitled to service fee payments, if any, to be paid by the Company with respect to the Fund's common shares at the annual percentage rate of the Holding Level set forth from time to time in the then current Prospectus of the Fund on a quarterly basis (prorated for any portion of such period during which this Agreement is in effect for less than the full amount of such period); it is understood and agreed that the Company may make final and binding determinations as to whether such continuing compliance and as to whether or not any Fund shares are to be considered in determining the Holding Level of any particular financial intermediary and what Fund shares, if any, are to be attributed to such purpose to a particular financial intermediary, to a different financial intermediary or to no financial intermediary.

2. The service fee payments with respect to the Fund's common shares to be made in accordance with Section 1 hereof, if any, shall be paid to the Intermediary as compensation for providing "services" as such term is utilized in Conduct Rule 2830 ("Rule 2830") of the National Association of

Securities Dealers ("NASD"), and such service fee payments shall be subject to the limits and conditions of Rule 2830 and other applicable rules and regulations of the NASD. In this regard, in consideration for the service fee payments to be made in accordance with Section 1 hereof, the Intermediary shall provide to its clients or customers who hold shares of the such services and other assistance as may from time to time be reasonably requested by the Company, including but not limited to answering inquiries regarding the Fund, providing information programs regarding the Fund, assisting in selected dividend payment options, account designations and addresses and maintaining the investment of such customer or client in the Fund.

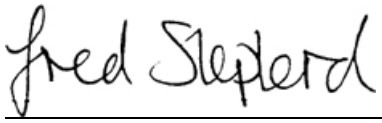
3. All payments made to intermediaries in connection with sales of the Fund shall be subject to any applicable limitations or caps pursuant to applicable rules and regulations of the NASD as may be in effect from time to time.

4. The Company shall have the right at any time and from time to time without notice to the Broker-Dealer to amend its Prospectus with respect to the amount of the service fee, as well as the amount of any other fees to be paid in connection with sales of the Fund. Such amendments shall be effective as of the date of the amended Prospectus.

Your placement with the Company of an order for shares of the Fund will conclusively constitute your acceptance of this Agreement.

Very truly yours,

VAN KAMPEN AMERICAN CAPITAL DISTRIBUTORS, INC.

By: 

Its: Authorized Officer

Dated: February 24,1998

ADDENDUM TO THE DEALER AGREEMENT
WITH VAN KAMPEN AMERICAN CAPITAL DISTRIBUTORS, INC.
REGARDING VAN KAMPEN AMERICAN CAPITAL
OPEN-END AND CLOSED-END INVESTMENT COMPANIES

(As used herein, "we," "us" and "our" shall refer to Van Kampen American Capital Distributors, Inc.)

(As used herein, "you" and "your" shall refer to the Dealer listed in the Dealer Agreement)

Effective January 2, 1997, Van Kampen American Capital Distributors, Inc. ("VKAC Distributors") will be the general distributor of the investment funds (the "Funds") of the Morgan Stanley Fund, Inc. and, as agent of the Funds, agrees to sell you shares of beneficial interest issued by the Funds (the "Shares"), subject to any limitations imposed by any of the Funds and to confirmation by us in each instance of such sales and to all of the following terms and conditions:

1. Offering Price and Fees

The public offering price at which you may offer the Shares is the net asset value thereof, as computed from time to time, by the applicable Fund plus any applicable sales charge described in the then-current Prospectus of the applicable Fund. As compensation for each sale of Shares made by you, you will be allowed the dealer discount or commission, if any, on such Shares as provided in the applicable Fund's then-current Prospectus. We reserve the right to revise the dealer discount referred to herein upon ten days' written notice to you. In the case of Funds with a contingent deferred sales charge, you will receive a commission on the sale of shares as provided in the applicable Fund's then-current Prospectus. We will furnish you upon request with the public offering prices for the Shares, and you agree to quote such prices in connection with any Shares offered by you for sale. Each sale is always made subject to confirmation by us at the public offering price next computed after receipt of the order. There is no sales charge or dealer discount or commission to dealers on the reinvestment of dividends and distributions.

In addition to the dealer discount or commission, if any, allowed pursuant to the foregoing provisions of this Section 1, we may, at our expense, provide additional promotional incentives or payments to dealers. If noncash concessions are provided, each dealer earning such a concession may elect to receive an amount in cash equivalent to the cost of providing such concessions. Notice of the availability of concessions will be given in writing to you by us. All dealer discounts, promotional incentives, payments and concessions will be made by us in accordance with National Association of Securities Dealers, Inc. ("NASD") guidelines and rules and any other applicable laws, rules, or regulations.

2. Manner of Offering, Selling and Purchasing Shares

We will provide you promptly with such number of copies as you may reasonably request of each Fund's Prospectus and Statement of Additional Information and, subsequently, each then-current Prospectus, Statement of Additional Information and shareholder reports and of supplementary written sales materials prepared by us. You will offer and sell the Shares only in accordance with the terms and conditions of the applicable then-current Prospectus and Statement of Additional Information of the applicable Fund. Neither you nor any other person is authorized to give any information or to make any representations other than those contained in such Prospectuses, Statement of Additional Information, shareholder reports, supplementary sales materials or any other written statement, document, or materials provided to you by us or the applicable Fund. You agree that you will not use any offering materials (other than those supplied to you by us or the applicable Fund) for the Funds without our written consent.

You hereby agree:

a. to offer the Shares of the Funds available for purchase;

b. to furnish to each person to whom any offer to sell or sale is made a copy of the then-current Prospectus and, upon request, the then-current Statement of Additional Information, of the applicable Fund at or prior to the time of such offer or sale;

c. to transmit to us promptly upon receipt any and all orders received by you;

d. to wire to us the offering price (but no more than one such wire per day shall be sent), or, subject to our prior approval, to pay be check to us the offering price, less any dealer discount or commission to which you are entitled, within three (3) business days of our confirmation of your order, or such shorter time as may be required by law. If such payment is not received within said time period, we reserve the right, without prior notice, to cancel the sale, or at our option to return the Shares to the issuer thereof for redemption or repurchase. Furthermore, if any payment is not received within such time period, we may, by notice to you, suspend your right to sell Shares of the Funds pursuant to this Agreement. If your payment is made by check on your local bank, liquidation of Shares may be delayed pending clearance of your check. You shall make all sales subject to our confirmation. You agree to forward such confirmation, or issue your own form of confirmation, promptly for all accepted purchase orders for accounts held in street name. All orders are subject to acceptance or rejection by us in our sole discretion, and by the Funds in their sole discretion. The procedure stated herein relating to the pricing and handling of orders shall be subject to written instructions which we may forward to you from time to time; and

e. if any Shares sold to you by us under the terms of this Agreement are repurchased by the applicable Fund or by us as agent for the applicable Fund or are tendered for redemption within seven business days after the date of our confirmation of the original purchase order for such Shares, you shall forfeit

your right to any discount or commission received by or allowed to you on such Shares hereunder and you shall forthwith refund to us the full concession allowed to you on the original sale. We agree, in the case of sales of Shares of a Fund sold with a front-end sales charge, to pay such refund forthwith to such Fund. In the case of Shares of a Fund sold with a contingent deferred sale charge, we will be entitled to retain such refund for our own account. We will notify you of any such repurchase or redemption within ten days of the date on which a written request for redemption, if no stock certificate has been issued, or the stock certificate is delivered to us or to the applicable Fund.

3. Shareholder Servicing

We will pay you service fees in connection with the accounts of your customers that hold Shares of certain Funds that have adopted distribution plans pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (the "1940 Act"). Payment of the service fees is subject to your initial and continuing satisfaction of the following terms and conditions set forth in this Section 3 to this Agreement.

a. **Qualification Requirements.** You will initially provide to the respective Fund's transfer agent all account information necessary for such transfer agent to determine the appropriate service fee, based on the assets in the Funds for which you are the dealer of record, payable to you under this Agreement. You recognize that such transfer agent will be making such determinations, and you agree that they will be entitled to rely on the accuracy of such information. You agree to provide updated information to such transfer agent as necessary. You understand that such payments will be based solely on such transfer agent's records.

b. **Service Fees.**

(1) If you meet the qualification requirements set forth above in Section 3.a. of this Agreement, you will be paid a service fee, to be accrued monthly and paid quarterly, on assets in the Funds for which you are the dealer of record, and which are serviced by a registered representative of your firm, at the annual rates specified on Schedule 1 (excluding any such assets owned by accounts for your firm's own retirement plans).

(2) You understand and agree that:

(i) all service fee payments are subject to the limitations contained in each Fund's Distribution Plan, which may be varied or discontinued at any time by the Directors; and

(ii) your failure to provide the services described in Section 3.c. of this Agreement set forth below as may be amended from time to time, or otherwise to comply with the terms and conditions of this Agreement, will render you ineligible to receive service fees for each affected shareholder account.

c. Required Services.

(1) You will assign one of your registered representatives to each Fund account on your records and reassign the Fund account should that representative leave your firm.

(2) You and your registered representatives will assist us and our affiliates in providing the following services to shareholders of the Funds:

(i) Maintain regular contact with shareholders in assigned accounts and assist in answering inquiries concerning the Funds;

(ii) Assist in distributing sales and service literature provided by us, particularly to the beneficial owners of accounts registered in your name (street name accounts);

(iii) Assist us and our affiliates in the establishment and maintenance of shareholder accounts and records;

(iv) Assist shareholders in effecting administrative changes, such as changing dividend options, account designations, address, automatic investment programs or systematic investment plan;

(v) Assist in processing purchase and redemption transactions; and

(vi) Provide any other information or services as the shareholder of any Fund or we may reasonably request.

(3) You will support our marketing efforts by granting reasonable requests for visits to your offices by our wholesalers.

(4) Your compliance with the service requirements set forth in this Agreement will be evaluated by us from time to time by surveying shareholder satisfaction with service, by monitoring redemption levels of shareholder accounts assigned to you and by such other methods as we deem appropriate.

d. Termination of Service Fees. The provisions of this Section 3 of this Agreement may be terminated at any time, without the payment of any penalty, by either party upon written notice delivered or mailed by registered mail, postage prepaid, to the other party hereto, or, as provided in Rule 12b-1 under the 1940 Act, by certain Directors of the Morgan Stanley Fund, Inc. or by the vote of the holders of the outstanding voting securities of the Fund.

e. Written Reports. Morgan Stanley or its affiliates shall provide to the Directors of the Morgan Stanley Fund, Inc., and such Directors shall review at least quarterly, a written report of the amounts paid to you under this Agreement and the purposes for which such expenditures were made.

4. Compliance with Law

We and you each hereby represent to the other that each is registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "1934 Act") and is a member in good standing of the NASD and agrees to maintain such membership in good standing or, in the alternative, you are a foreign dealer not eligible for membership in the NASD. You further represent that you are licensed and qualified as a broker-dealer or otherwise authorized to offer and sell the Shares under the laws of each jurisdiction in which the Shares will be offered and sold by you.

You agree that in offering and selling Shares you will comply with all applicable laws, rules and regulations, including the applicable provisions of the Securities Act of 1933, as amended, the 1934 Act (including Rule 15c2-8 thereunder relating to the distribution of preliminary and final prospectuses), the applicable rules and regulations of the NASD, and the applicable rules and regulations of any jurisdiction in which you sell, directly or indirectly, any Shares. You agree not to offer for sale of sell the Shares in any jurisdiction in which the Shares are not qualified for offer or sale of in which you are not qualified as a broker-dealer.

You agree to provide us with prompt notice of any proceeding brought by any state or federal regulatory body against you that may have any material adverse effect on your ability to comply with the terms and conditions of this Agreement.

We agree to file all sales material provided by us to you with the NASD and to provide you with prompt notice of any NASD comments or actions related thereto or to the Funds. You hereby agree that you will only use sales literature, advertising, broker-dealer or other marketing material that has been previously approved by us. We agree to provide you with prompt notice of any proceedings brought by any state or federal regulatory body involving the Funds.

5. Relationship with Dealers

In offering and selling Shares under this Agreement, you shall be acting as principal and nothing herein shall be construed to constitute you or any of your agents, employees or representatives as our agent or employee, or as an agent or employee of the Funds. As general distributor of the Funds, we shall have full authority to take such action as we may deem advisable in respect of all matters pertaining to the distribution of the Shares. We shall not be under any obligation to you, except for obligations expressly assumed by us in this Agreement.

6. Termination

In addition to the provisions concerning termination of service fees as set forth in Section 3.d. of this Agreement, either party hereto may terminate this Agreement, without cause, upon ten days' written notice to the other party. We may terminate this Agreement for cause upon the violation by you of any of the provisions hereof, such termination to become effective on the date such notice of termination is mailed to you. This Agreement shall terminate automatically if either Party ceases to be a member of the NASD. The suspension or termination of sales of shares of the Funds by you shall not be deemed a termination of this Agreement.

7. Amendment

This Agreement, including any Schedule hereto, may be amended as from time to time agreed to by us and you.

8. Assignability

This Agreement is not assignable or transferable, except that upon 30 days prior written notice to you we may assign or transfer this Agreement to any successor that becomes general distributor of the Funds.

9. Notice

Notice shall be sent to each party to this Agreement at the respective address set forth at the beginning of this Agreement.

10. Governing Law

This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of New York.

Your placement with VKAC Distributors of an order of Shares of the Funds will conclusively constitute your agreement hereto.

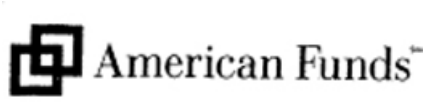
VAN KAMPEN AMERICAN CAPITAL DISTRIBUTORS, INC.,
a Delaware corporation.

By: /s/ William R. Molinari
William R. Molinari
President

Schedule 1

Annual Rates of Service Fees

The service fee shall be paid at an annual rate of .25% on assets in each of the classes of the Funds for which you are the dealer of record.



American Funds Distributors, Inc.
333 South Hope Street
Los Angeles, California 90071
Telephone 800/421-9900, ext. 11

Selling group agreement

Ladies and Gentlemen:

We have entered into a principal underwriting agreement with each Fund in The American Funds Group (Funds) under which we are appointed exclusive agent for the sale of shares. As such agent we offer to sell to you as a member of a Selling Group, shares of the Funds as are qualified for sale in your state, on the terms set forth below. We are acting as an underwriter within the meaning of the applicable rules of the National Association of Securities Dealers, Inc. (NASD).

1. Authorization to Sell

You are to offer and sell shares only at the regular public price currently determined by the respective Funds in the manner described in their offering Prospectuses. This Agreement on your part runs to us and to the respective Funds and is for the benefit of and enforceable by each. The offering Prospectuses and this Agreement set forth the terms applicable to members of the Selling Group and all other representations or documents are subordinate.

2. Compensation on Sales of Class A Shares and Class 529A Shares

a. On sales of Class A shares and Class 529A shares of Funds listed in Category 1 on the attached Schedule A that are accepted by us and for which you are responsible, you will be paid dealer concessions as follows:

Purchases	Concession as Percentage of Offering Price	Sales Charge as Percentage of Offering Price
Less than $25,000	5.00%	5.75%
$25,000 but less than $50,000	4.25%	5.00%
$50,000 but less than $100,000	3.75%	4.50%
$100,000 but less than $250,000	2.75%	3.50%
$250,000 but less than $500,000	2.00%	2.50%
$500,000 but less than $750,000	1.60%	2.00%
$750,000 but less than $1,000,000	1.20%	1.50%
$1,000,000 or more	See below	None

b. On sales of Class A shares and Class 529A shares of Funds listed in Category 2 on the attached Schedule A that are accepted by us and for which you are responsible, you will be paid the same dealer concessions indicated above except as follows:

Purchases	Concession as Percentage of Offering Price	Sales Charge as Percentage of Offering Price
Less than $100,000	3.00%	3.75%

c. If you initiate and are responsible for sales of Class A shares and Class 529A shares, a) amounting to $1 million or more, b) made to employer-sponsored defined contribution-type retirement plans that qualify to invest at net asset value under the terms of the Fund Prospectuses, c) made to IRA rollover accounts as described in the Prospectuses, or d) made at net asset value to endowments and foundations with assets of $50 million or more, you will be paid a dealer concession of 1.00% on sales to $4 million, plus 0.50% on amounts over $4 million up to $10 million, plus 0.25% on amounts over $10 million. No dealer concessions are paid on any other sales of shares at net asset value, except that concessions may be paid to dealers on their sales of fund shares to accounts managed by affiliates of The Capital Group Companies, Inc. as set forth in this Agreement. Sales of shares of Washington Mutual Investors Fund below $1 million made in connection with certain accounts established before September 1, 1969 are subject to reduced concessions and sales charges as described in the Washington Mutual Investors Fund Prospectus. With respect to sales of shares of any tax-exempt fund, the concession schedule for sales of shares to endowments and foundations or retirement plans of organizations with assets of $50 million or more is inapplicable. The schedules of sales charges above apply to single purchases, concurrent purchases of two or more of the Funds (except those listed in Category 3 on the attached Schedule A), and purchases made under a statement of intention and pursuant to the right of accumulation, both of which are described in the Prospectuses.

d. On sales of Class A shares and Class 529A shares of Funds listed in Category 3 on the attached Schedule A, no dealer concessions will be paid.

3. Compensation on Sales of Class B Shares and Class 529B Shares

a. On sales of Class B shares and Class 529B shares of Funds listed in Category 1 and Category 2 on the attached Schedule A that are accepted by us and for which you are responsible, you will be paid:

- a dealer concession of 3.75% of the amount invested, plus
- an immediate service fee of 0.25% of the amount invested.

b. On sales of Class B shares and Class 529B shares of Funds listed in Category 3 on the attached Schedule A, no dealer concessions will be paid.

4. Compensation on Sales of Class C Shares and Class 529C Shares

a. On sales of Class C shares and Class 529C shares of Funds listed in Category 1 and Category 2 on the attached Schedule A that are accepted by us and for which you are responsible, we will pay you:

- a dealer concession of 0.75% of the amount invested, plus
- an immediate service fee of 0.25% of the amount invested.

b. In addition, we will pay you ongoing compensation on a quarterly basis at the annual rate of 1.00% of the average daily net asset value of Class C shares and Class 529C shares of Funds listed in Category 1, Category 2 and Category 3 that have been invested for 12 months and are held in an account assigned to you at the end of the quarter for which payment is made (note that if the shareholder redeems all shares from an account during the quarter, you will be paid for that portion of the quarter during which the shareholder was invested). The payment of this ongoing compensation is subject to the limitations contained in each Fund's Plan of Distribution and may be varied or discontinued at any time.

5. Compensation on Sales of Class 529E Shares

We will pay you ongoing compensation on a quarterly basis at the annual rate of 0.50% of the average daily net asset value of Class 529E shares of Funds listed in Category 1, Category 2 and Category 3 that are held in an account assigned to you at the end of the quarter for which payment is made (note that if the shareholder redeems all shares from an account during the

quarter, you will be paid for that portion of the quarter during which the shareholder was invested). The payment of this ongoing compensation is subject to the limitations contained in each Fund's Plan of Distribution and may be varied or discontinued at any time.

6. Ongoing Service Fees for Class A, Class 529A Class B and Class 529B Shares

We are also authorized to pay you continuing service fees each quarter with respect to the Class A, Class 529A, Class B and Class 529B shares of all the Funds to promote selling efforts and to compensate you for providing certain services to your clients, subject to your compliance with the following terms, which may be revised by us from time to time. Your eligibility to continue receiving this compensation will be evaluated periodically, and your failure to comply with the terms below may result in our discontinuing service fee payments to you. Initial qualification does not assure continued participation, and this service fee program may be amended or terminated by us at any time as indicated below.

a. You agree to cooperate as requested with programs that we provide to enhance shareholder service. You also agree to assume an active role in providing shareholder services such as processing purchase and redemption transactions, establishing shareholder accounts, and providing certain information and assistance with respect to the Funds. Redemption levels of shareholder accounts assigned to you will be considered in evaluating your continued participation in this service fee program.

b. You agree to support our marketing efforts by granting reasonable requests for visits to your offices by our wholesalers and, to the extent applicable, by including all Funds covered by this Agreement on your "approved" list.

c. You agree to assign an individual to each shareholder account on your books and to reassign the account should that individual no longer be assigned to the account. You agree to instruct each such individual to regularly contact shareholders having accounts so assigned.

d. You agree to pass through either directly or indirectly to the individual(s) assigned to such accounts a share of the service fees paid to you pursuant to this Agreement. You recognize that the service fee is intended to compensate the individual for providing, and encourage the individual to continue to provide, service to the account holder.

e. You acknowledge that (i) all service fee payments are subject to the limitations contained in each Fund's Plan of Distribution and may be varied or discontinued at any time, (ii) in order to receive a service fee for a particular quarter, the fee must amount to at least $100, and (iii) no service fees will be paid on shares purchased under the net asset value purchase privilege as described in the Funds' statements of additional information.

f. On Class A, Class 529A, Class B and Class 529B shares of Funds listed in Category 1 and Category 2 on the attached Schedule A, we will pay you a quarterly service fee at the following annual rates, based on the average daily net asset value of Class A, Class 529A, Class B and Class 529B shares, respectively, that have been invested for 12 months and are held in an account assigned to you at the end of the quarter for which payment is made (note that if the shareholder redeems all shares from an account during the quarter, you will be paid for that portion of the quarter during which the shareholder was invested):

	Annual Service Fee Rate
Shares with a first anniversary of purchase before 7-1-88*	0.15%
Shares with a first anniversary of purchase on or after 7-1-88	0.25%
Shares of state-specific tax-exempt funds	0.25%

* Except U.S. Government Securities Fund, which pays service fees at the 0.25% rate on all shares held at least 12 months.

g. On Class A, Class 529A, Class B and Class 529B shares of Funds listed in Category 3 on the attached Schedule A, we will pay you a quarterly service fee at the following annual rates, based on the average daily net asset value of Class A, Class 529A, Class B and Class 5298 shares, respectively, that have been invested for 12 months and are held in an account assigned to you at the end of the quarter for which payment is made (note that if the shareholder redeems all shares from an account during the quarter, you will be paid for that portion of the quarter during which the shareholder was invested):

	Annual Service Fee Rate
All Shares	0.15%

7. Order Processing

Any order by you for the purchase of shares of the respective Funds through us shall be accepted at the time when it is received by us (or any clearinghouse agency that we may designate from time to time), and at the offering and sale price next determined, unless rejected by us or the respective Funds. In addition to the right to reject any order, the Funds have reserved the right to withhold shares from sale temporarily or permanently. We will not accept any order from you that is placed on a conditional basis or subject to any delay or contingency prior to execution. The procedure relating to the handling of orders shall be subject to instructions that we shall forward from time to time to all members of the Selling Group. The shares purchased will be issued by the respective Funds only against receipt of the purchase price, in collected New York or Los Angeles Clearing House funds subject to deduction of all concessions on such sale (reallowance of any concessions to which you are entitled on purchases at net asset value will be paid through our direct purchase concession system). If payment for the shares purchased is not received within three days after the date of confirmation the sale may be cancelled forthwith, by us or by the respective Funds, without any responsibility or liability on our part or on the part of the Funds, and we and/or the respective Funds may hold you responsible for any loss, expense, liability or damage, including loss of profit suffered by us and/or the respective Funds resulting from your delay or failure to make payment as aforesaid.

8. Timeliness of Submitting Orders

You are obliged to date and indicate the time of receipt of all orders you receive from your customers and to transmit promptly all orders to us in time to provide for processing at the price next determined after receipt by you, in accordance with the Prospectuses. You are not to withhold placing with us orders received from any customers for the purchase of shares. You shall not purchase shares through us except for the purpose of covering purchase orders already received by you, or for your bona fide investment.

9. Repurchase of Shares

If any share is repurchased by any of the Funds or is tendered thereto for redemption within seven business days after confirmation by us of the original purchase order from you for such security, you shall forthwith refund to us the full concessions paid to you on the original sale.

10. Processing Redemption Requests

You shall not purchase any share of any of the Funds from a record holder at a price lower than the net asset value next determined by or for the Funds' shares. You shall, however, be permitted to sell any shares for the account of a shareholder of the Funds at the net asset value currently quoted by or for the Funds' shares, and may charge a fair service fee for handling the transaction provided you disclose the fee to the record owner.

11. Prospectuses and Marketing Materials

We shall furnish you without charge reasonable quantities of offering Prospectuses (including any supplements currently in effect), current shareholder reports of the Funds, and sales materials issued by us from time to time. In the purchase of shares through us, you are entitled to rely only on the information contained in the offering Prospectus(es). You may not publish any advertisement or distribute sales literature or other written material to the public that makes reference to us or any of the Funds (except material that we furnished to you) without our prior written approval.

12. Effect of Prospectus

This Agreement is in all respects subject to statements regarding the sale and repurchase or redemption of shares made in offering Prospectuses of the Funds, and to the applicable Rules of the NASD, which shall control and override any provision to the contrary in this Agreement.

13. Relationship of Parties

You shall make available shares of the Funds only through us. In no transaction (whether of purchase or sale) shall you have any authority to act as agent for, partner of, or participant in a joint venture with us or with the Funds or any other entity having either a Selling Group Agreement or other Agreement with us.

14. State Securities Qualification

We act solely as agent for the Funds and are not responsible for qualifying the Funds or their shares for sale in any jurisdiction. Upon written request we will provide you with a list of the jurisdictions in which the Funds or their shares are qualified for sale. We also are not responsible for the issuance, form, validity, enforceability or value of Fund shares.

15. Representations

You represent that (a) you are a properly registered or licensed broker or dealer under applicable federal and state securities laws and regulations, (b) you are a member of the NASD, (c) your membership with the NASD is not currently suspended or terminated and (d) to the extent you offer any Class 529 shares, you are properly registered to offer such shares. You agree to notify us immediately if any of the foregoing representations is no longer true. (The provisions of this section do not apply to a broker or dealer located in a foreign country and doing business outside the jurisdiction of the United States.)

16. Confidentiality

Each party to this Agreement agrees to maintain all information received from the other party pursuant to this Agreement in confidence, and each party agrees not to use any such information for any purpose, or disclose any such information to any person, except as permitted by applicable laws, rules and regulations. This provision shall survive the termination of this Agreement.

17. Termination

Either of us may cancel this Agreement at any time by written notice to the other.

18. Notices

All communications to us should be sent to the above address. Any notice to you shall be duly given if mailed or sent by overnight courier to you at the address specified by you below.

* * * * *

Execute this Agreement in duplicate and return one of the duplicate originals to us for our file. This Agreement (i) may be amended by notification from us and orders received following such notification shall be deemed to be an acceptance of any such amendment and (ii) shall be construed in accordance with the laws of the State of California.

Very truly yours,
American Funds Distributors, Inc.

By /s/ Kevin G. Clifford
Kevin G. Clifford
President

Accepted

_____
Firm

By _____
Officer or Partner

Address:

_____

_____

Date:

_____

Schedule A
January 1, 2002
(supersedes Schedule A dated January 15, 2001)

Category 1

AMCAP Fund
American Balanced Fund
American Mutual Fund
Capital Income Builder
Capital World Growth and Income Fund
EuroPacific Growth Fund
Fundamental Investors
Growth Fund of America
Income Fund of America
Investment Company of America
New Economy Fund
New Perspective Fund
New World Fund
SMALLCAP World Fund
Washington Mutual Investors Fund

Category 2

American High-Income Trust
American High-Income Municipal Bond Fund (Class 529A, 529B, 529C and 529E shares are not available)
Bond Fund of America
Capital World Bond Fund
Intermediate Bond Fund of America
Limited Term Tax-Exempt Bond Fund of America (Class 529A, 529B, 529C and 529E shares are not available)
Tax-Exempt Bond Fund of America (Class 529A, 529B, 529C and 529E shares are not available)
Tax-Exempt Fund of California (Class 529A, 529B, 529C and 529E shares are not available)
Tax-Exempt Fund of Maryland (Class 529A, 529B, 529C and 529E shares are not available)
Tax-Exempt Fund of Virginia (Class 529A, 529B, 529C and 529E shares are not available)
U.S. Government Securities Fund

Category 3

Cash Management Trust of America (Class B, C, 529B and 529C shares are available for exchanges only)
Tax-Exempt Money Fund of America (Class B, C, 529A, 529B, 529C and 529E shares are not available)
U.S. Treasury Money Fund of America (Class B, C, 529A, 529B, 529C and 529E shares are not available)

American Funds Distributors, Inc.
333 South Hope Street
Los Angeles, California 90071
(800) 421-9900, ext. 3

June 2006

To Our Dealer Friends,

As you may know, American Funds offers PlanPremier®, our proprietary full-service retirement plan recordkeeping program. In order to better meet the needs of plan sponsors and financial advisers, we are modifying PlanPremier by, among other things, introducing "levelized compensation" to the dealers who advise clients participating in PlanPremier. The purpose of this notice is to amend the selling group agreement (the "Agreement") you have with American Funds Distributors to reflect a new schedule of compensation payable on sales of mutual funds available through PlanPremier. The mutual funds available through PlanPremier currently include American Funds as well as other mutual fund families. Please note, this new schedule of compensation applies to sales in respect of PlanPremier only and does not impact any other sales of American Funds.

The provisions below amend the Agreement that we have with you. The Agreement is amended by adding the following:

Mutual Funds Sold Through PlanPremier

With respect to sales you make through American Funds' PlanPremier retirement plan recordkeeping program, we will pay you as servicing dealer ongoing compensation on a quarterly basis, at the applicable annual rate set forth below, of the average daily net asset value of Eligible Plan Assets that are held in a retirement plan (Plan) assigned to you at the end of the quarter for which payment is made. For purposes of this Agreement, Eligible Plan Assets mean total Plan assets (including assets invested in American Funds and other mutual funds or investment options approved for use in PlanPremier), excluding (i) assets held in self-directed brokerage accounts, (ii) employer stock and (iii) any other investment option not approved for use in PlanPremier. This ongoing compensation will accrue on a calendar-quarter basis. The payment of this compensation is subject to the limitations contained in each American Funds' Plan of Distribution and may be varied or discontinued at any time.

Eligible Plan Assets [1]	Annual Compensation Rate
Eligible Plan Assets that include American Funds Class R-2 shares	0.65%
Eligible Plan Assets that include American Funds Class R-3 shares	0.35%
Eligible Plan Assets that include American Funds Class R-4 shares	0.20%
Eligible Plan Assets that include American Funds Class R-5 shares	No compensation paid

[1] American Funds Class R-1 shares are not available to Plans for which a PlanPremier proposal is generated on or after July 31, 2006.

The compensation described above will take effect with any Plan for which a PlanPremier proposal is generated on or after July 31, 2006. The terms of compensation payable with respect to Plans participating in PlanPremier as of July 30, 2006 will continue unaffected. Plans for which PlanPremier proposals are generated on or before July 30, 2006 will retain the terms of compensation in effect for Plans participating in PlanPremier as of the proposal date so long as the Plan sponsor commits to participating in PlanPremier by December 31, 2006.

* * * * *

The Agreement remains unchanged in all other respects. Any sales you make for a PlanPremier client whose PlanPremier proposal is generated on or after July 31, 2006 shall be deemed an acceptance of this amendment to your Agreement.

Very truly yours,

/s/ Kevin G. Clifford
Kevin G. Clifford

Exhibit 15.1

WHEN THE TRANSACTIONS REFERRED TO IN NOTE 2 OF THE NOTES TO THE COMBINED FINANCIAL STATEMENTS HAVE BEEN CONSUMMATED, WE WILL BE IN A POSITION TO RENDER THE FOLLOWING LETTER.

December 22, 2009

Primerica, Inc.
Atlanta, Georgia

Re: Registration Statement 333-162918

With respect to the subject registration statement, we acknowledge our awareness of the use therein of our report dated December 22, 2009 related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

Atlanta, Georgia

Exhibit 21.1

Subsidiaries of the Registrant

Primerica Life Insurance Company
National Benefit Life Insurance Company
Primerica Life Insurance Company of Canada
PFS Investments Inc.

Exhibit 23.1

WHEN THE TRANSACTIONS REFERRED TO IN NOTE 2 OF THE NOTES TO THE COMBINED FINANCIAL STATEMENTS HAVE BEEN CONSUMMATED, WE WILL BE IN A POSITION TO RENDER THE FOLLOWING CONSENT.

Consent of Independent Registered Public Accounting Firm

Senior Management of
Primerica, Inc.:

We consent to the use of our reports dated November 5, 2009 on the combined financial statements of Primerica, Inc. as of December 31, 2008 and 2007 and for each of the years in the three years ended December 31, 2008, and all related financial statement schedules, included herein and to the reference to our firm under the heading "Experts" in the prospectus.

Our reports refer to the adoption of the provisions of Statement of Position 05-1,*Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts*, FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes,* and Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities,* as of January 1, 2007.

Atlanta, Georgia
December 22, 2009

[LETTERHEAD OF SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP]

December 22, 2009

VIA EDGAR AND BY HAND

Mr. Jeffrey P. Riedler
Assistant Director
Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549-7010

Re: Primerica, Inc. Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-162918)

Dear Mr. Riedler:

On behalf of Primerica, Inc., a Delaware corporation (the "Company"), enclosed please find a copy of Amendment No. 1 (the "Amendment") to the above-referenced Registration Statement (the "Registration Statement"), as filed with the Securities and Exchange Commission (the "Commission") on the date hereof, marked to show changes from the initial filing of the Registration Statement filed with the Commission on November 5, 2009.

The changes reflected in the Amendment include those made in response to the comments (the "Comments") of the Staff of the Commission (the "Staff") set forth in the Staff's letter of December 3, 2009 (the "Comment Letter"). The Amendment also includes other changes that are intended to update, clarify and render more complete the information contained therein.

Set forth below are the Company's responses to the Comments. For the convenience of the Staff, the Company has restated in this letter each of the Comments in the Comment Letter and numbered each of the responses to correspond to the numbers of the Comments. Capitalized terms used but not defined herein have the meanings given to them in the Registration Statement. All references to page numbers and captions (other than those in the Staff's Comments) correspond to the page numbers and captions in the preliminary prospectus included in the Amendment.

General

1. *Please note that when you file a pre-effective amendment containing pricing-related information, we may have additional comments. As you are likely aware, you must file this amendment prior to circulating the prospectus.*

The Company will file a pre-effective amendment containing pricing related information prior to circulating the prospectus. At this time, a price range has not been determined.

2. *Please note that when you file a pre-effective amendment that includes your price-range, it must be bona fide. We interpret this to mean your range may not exceed $2 if you price below $20 and 10% if you price above $20.*

The Company will comply with the Staff's interpretation of price range disclosure upon filing a pre-effective amendment that includes a price range.

3. *Please provide us with copies of all the graphic, photographic or artistic materials you intend to include in the prospectus prior to its printing and use. Please note that we may have comments and that all textual information in the graphic material should be brief and comply with the plain English guidelines regarding jargon and technical language.*

Prior to distribution of the preliminary prospectus, the Company will supplementally provide the Staff with copies of all the graphic, photographic and artistic materials that it will include in the prospectus.

Cover Page

4. *Please disclose the full legal name of "Citi" on the bottom of the cover page.*

The front cover of the prospectus has been revised to state that Citigroup Global Markets Inc. is acting as the sole book-running manager of the offering. Citigroup Global Markets Inc. uses the trade name "Citi" as a matter of course in marketing materials, including on the cover pages of prospectuses.

Prospectus Summary, page 1

5. *Please include an organizational chart in the summary section to illustrate the relationships of the various entities discussed throughout the filing, mainly the subsidiaries which will be transferred to the company prior to completion of the offering, both before and after the "concurrent transactions" are completed.*

The disclosure on page 8 has been revised to provide a chart reflecting the Company's ownership and corporate structure following the offering and concurrent transactions, preceded by disclosure explaining the transactions through which such corporate structure was formed, and clarifying that prior to such transactions the issuer will have no material assets or liabilities.

6. *We note your discussion on pages 4 through 6 under the headings "Our Strengths" and "Our Strategy." Please balance this disclosure with a subsection which highlights in sufficient detail and in bulleted format the major risks and challenges the company will face in the near future.*

The disclosure on page 6 has been revised to highlight the risk factors described elsewhere in the prospectus.

Risk Factors, page 12

"Our failure to continue to attract large numbers of new recruits and retain sales representatives or to maintain the licensing success of our sales representatives would materially adversely affect our business." page 12

7. *We note the following statement on page 12: "Furthermore, if we or any other direct sales businesses with a similar distribution structure engage in practices resulting in increased negative public attention for our business, the resulting reputational challenges could adversely affect our ability to attract new recruits." Please revise your disclosure to discuss any significant negative publicity the company or similarly organized companies have received to date.*

The disclosure has been revised on page 13.

"There are a number of laws and regulations that could apply to our distribution model, which subjects us to the risk that we may have to modify our distribution structure." page 12

8. *Please revise your discussion to briefly explain "business opportunity" and "franchise laws."*

The disclosure on pages 13 and 14 has been revised to briefly explain business opportunity and franchise laws.

9. *Please revise your discussion to explain what facts you have relied on in concluding that you are not subject to business opportunity laws, franchise laws and laws that are intended to eliminate pyramid schemes.*

The disclosure on page 14 has been revised to explain the basis for the Company's conclusion that it is not subject to business opportunity laws, franchise laws and laws that are intended to eliminate pyramid schemes.

10. Please revise your discussion to explain any current regulatory constraints on your ability to recruit new sales representatives.

The Company believes that there are no material regulatory constraints on its ability to recruit new sales representatives. The Company and its sales representatives are subject to federal laws adopted pursuant to the Do-Not-Call Improvement Act of 2007 that restrict telephonic solicitations, but such laws do not materially constrain the Company's recruitment efforts.

11. Please define "pyramid scheme" where used on page 13.

The disclosure on page 14 has been revised to define the term "pyramid scheme."

"There may be adverse tax and employment law consequences if the independent contractor status of our sales representatives is successfully challenged." page 13

12. Please briefly explain the facts relied upon in determining that your sales representatives should be considered "independent contractors" for income tax purposes.

In 1997, the IRS issued a Technical Advice Memorandum confirming that certain of the Company's sales representatives, including RVPs, are independent contractors. Numerous state courts have also concluded that the Company's sales representatives are independent contractors. The following facts contributed to these findings by the IRS and courts. The Company's sales representatives are required to obtain and maintain all necessary licenses allowing them to engage in the sale of insurance. Sales representatives set their own hours of work and most generally work off-site. They incur significant expenses operating and maintaining their businesses including, for certain representatives, expenses required to maintain an office outside their home and to pay all the expenses associated with maintaining and operating their office. Sales representatives find their own leads, are paid based on the sale of products and set their own hours. They receive no guaranteed minimum compensation; therefore, they assume the risk of realizing a profit or incurring a loss as a result of their efforts. Sales representatives are not restricted to a specific territory, and they are allowed to work for persons and entities other than the Company. In fact, many sales representatives do work for others and only sell term life insurance and other products for the Company as a source of additional income. Each sales representative enters into a written contract designating such representative as an independent contractor. Consistent with other factors applied by the IRS in determining independent contractor status, no federal income tax or social security and Medicare taxes are withheld from amounts paid to the sales representatives, and no employee-type benefits are provided by the Company to the sales representatives.

The Company has been informed by Blake, Cassels & Graydon LLP, Canadian counsel to the Company, that under Canadian law, the difference between independent contractors and employees turns primarily on a control test. Factors considered by Canadian courts, tribunals and revenue agencies include the degree of control exercised by the enterprise over what the person in question does, whether set hours and place of work are dictated, etc. Secondary tests include integration issues such as e-mail addresses, titles and similar indicia of an employee relationship. The Company is not aware of any definitive ruling by a Canadian court, tribunal or revenue agency with respect to the question of whether its sales representatives are in fact independent contractors under Canadian law.

"Our sales representatives' non-compliance with any applicable laws could subject us to material liabilities." page 14

13. *We note the following statement on page 14: "Some of these requirements and procedures vary from jurisdiction to jurisdiction, but many of them... arise from applicable securities laws or from the rules promulgated by... FINRA, or other applicable regulatory authorities." Please revise this statement to name the "other applicable regulatory authorities" which regulate the company's products and relationships with its clients.*

The disclosure on page 15 has been revised to name the principal regulatory authorities referred to.

14. *We note the following statement on page 14: "In addition, from time to time, we are subject to private litigation as a result of misconduct by our sales representatives." Please expand this statement to provide examples of past misconduct that has resulted in private litigation against the company.*

The disclosure on page 16 has been revised to provide examples of alleged misconduct by the Company's sales representatives that resulted in private litigation against the Company.

"We may face significant losses if our actual experience differs from our expectations regarding mortality or persistency." page 15

15. *Please define "DAC" where first used on page 15.*

The disclosure on page 17 has been revised to define the acronym "DAC."

"A decline in the risk-based capital, or RBC, of our insurance subsidiaries could result in increased scrutiny by insurance regulators and ratings agencies and have a material adverse effect on our business, financial condition and results of operations." page 16

16. *Please revise your discussion in this risk factor to disclose the minimum amounts of reserves you will be required to maintain after the concurrent transactions and offering and compare this amount to the actual reserves you expect to have in place at that time.*

The disclosure on page 18 has been revised to disclose the minimum levels of risk based capital that the Company will be required to maintain after the offering, and to state that the Company will initially be capitalized in order to comply with such levels.

"A ratings downgrade by a ratings organization could materially adversely affect our business, financial condition and results of operations." page 17

17. *We note that various news agencies have recently reported that A.M. Best Co. and S&P have placed under review with negative implications the financial strength rating of Primerica Life Insurance Company and its subsidiaries, National Benefit Life Insurance Company and Primerica Life Insurance Company of Canada. Please revise your disclosure in this risk factor and on page 112 to disclose that the A.M. Best Co. and S&P ratings are under review with negative implications and could be subject to downgrade, and disclose the position of the rating of each entity (i.e. second out of sixteen, third out of twenty, etc.).*

The disclosure on pages 19 and 116 has been revised to describe the ratings review with negative implications, and to disclose that the Company's ratings could be subject to downgrade and the position of the Company's rating within the ratings levels of A.M. Best and Standard & Poor's.

"Credit deterioration in, and the effects of interest rate fluctuations on, our invested asset portfolio materially adversely affect our business, financial condition and results of operations." page 18

18. *Please revise your discussion of this risk factor to address the current state of the credit market and interest rate fluctuations as a result of the recent economic downturn.*

The risk factor on page 20 has been revised to discuss the impact of fluctuations in credit quality and interest rates on the Company's invested asset portfolio.

19. *We note the following statement on page 18: "Our invested asset portfolio is also exposed to risks associated with the broader equity markets to the extent of the relatively small position we maintain in equity securities." Please revise your discussion to quantify the company's position in equity securities as of the most recent practicable date.*

The disclosure on page 20 has been revised to quantify the Company's holdings of equity securities as of September 30, 2009.

"Valuation of our investments and the determination of whether a decline in the fair value of our invested assets is other-than-temporary are based on methodologies and estimates that may prove to be incorrect." page 19

20. Please revise your discussion in this risk factor to quantify the effect of market conditions on the value of your investments in debt and equity securities, including the amount of other-than-temporary losses since the beginning of fiscal year 2008.

The Company believes the more appropriate place to quantify the effect of market conditions on the value of its investments, including the amount of other-than-temporary impairments, is as part of its revised disclosure in the risk factor "Credit deterioration in, and the effects of interest rate fluctuations on, our invested asset portfolio could materially adversely affect our business, financial condition and results of operations." The disclosure in such risk factor on page 20 has been revised to quantify these effects.

"The failure by any of our reinsurers to perform its obligations to us could have a material adverse effect on our business, financial condition and results of operations." page 19

21. Please revise your discussion in this risk factor to quantify the amount of your outstanding receivables from reinsurers and to discuss any problems you have experienced with reinsurers not being able to meet their obligations during the past two years.

The Company has not experienced any payment defaults with respect to any of its reinsurance agreements during the past two years. The disclosure on page 21 has been revised to quantify the amount of the Company's receivables due from reinsurers.

"A decision by certain mutual funds to discontinue custodial or recordkeeping services with us would material adversely affect our business, financial condition and results of operations." page 20

22. Please disclose the names of the fund companies you provide custodial and recordkeeping services to, highlighting those you receive revenue sharing payments from.

The disclosure on page 23 has been revised to disclose the mutual fund companies for which the Company provides custodial and recordkeeping services and to highlight those with which the Company has revenue sharing agreements.

"We are subject to extensive federal, state and provincial securities legislation and regulation, changes which may require us to alter our business practices and could materially adversely affect our business, financial condition and results of operations." page 21

23. We note the following statement on page 21: "U.S. federal and state securities laws apply to our sales of mutual funds and certain insurance products that are also 'securities,' including variable annuities." Please revise your disclosure in all places where applicable to list each of your insurance products that are also considered securities under U.S. federal and state securities laws.

In the United States, the only products sold by the Company that the Company considers to be both insurance and securities products are variable annuities. The discussion on page 23 has been revised to disclose this.

Non-Compliance with applicable regulations could lead to revocation of our subsidiary's status a non-bank custodian." page 22

24. Please define "non-bank custodian" where used on page 22.

The disclosure on page 25 has been revised to define the term "non-bank custodian."

"The current economic environment and stringent credit policies may continue to negatively affect our loan production." page 22

25. Please identify the "government-sponsored enterprises" to which you refer on page 23.

The disclosure on page 25 has been revised to identify Fannie Mae and Freddie Mac as the government-sponsored enterprises.

"The loss of our Citi-affiliated lenders may reduce sales of our loan products." page 23

26. We note the following statement on page 23: "In addition, in Canada, there is some uncertainty as to the availability of funding for our loan referral program." Please revise your disclosure to discuss the circumstances surrounding such uncertainty.

The disclosure on page 26 has been revised to discuss the circumstances pursuant to which the availability of funding for the Company's loan referral program has been made uncertain.

"We may need to incur debt or issue additional equity in order to meet our operating and regulatory capital requirements." page 27

27. Please provide an estimate of the "cash outflows" mentioned in the first sentence of this risk factor discussion.

The disclosure on page 29 has been revised to explain the nature of the cash outflows that the Company expects to incur. However, because any estimates of such outflows are dependent on the volume and timing of future sales of term life insurance, commission rates and other expenses that may vary from current levels and other factors, the Company is not able to make reasonably reliable estimates of these future cash outflows.

"Our non-compliance with the covenants of the Citi note could result in a reduction in our liquidity and lead to downgrades in our financial strength ratings." page 27

28. Please expand your disclosure on page 155 to include a summary of the Citi note covenants and provide a cross-reference to the discussion in this risk factor.

The Company will provide an appropriately detailed description of the terms of the Citi note and its covenants in the prospectus prior to the distribution of the preliminary prospectus.

"We may be materially adversely affected by currency fluctuations in the United States dollar versus the Canadian dollar." page 28

29. Please revise your disclosure to include the exchange rate range between the U.S. and Canadian dollar over the course of the past three years.

The disclosure on page 31 has been revised to include the exchange rate between the U.S. dollar and the Canadian dollar over the past three years.

"We expect to incur significant charges in connection with this offering and incremental costs as a stand-alone public company." page 30

30. We note the following statement on page 30: "We will need to replicate or replace certain facilities, systems and infrastructure to which we will no longer have the same access after this offering." Please revise your disclosure to describe the facilities, systems and infrastructure which will need to be replaced or replicated as a result of becoming a stand-alone public company.

The disclosure on page 33 has been revised to describe the functions that the Company believes it will need to replicate or replace following this offering.

"If Citi sells a controlling interest in our company to a third party in a private transaction, you may not realize any change of control premium on the shares of our common stock purchased in this offering." page 31

31. Please revise your disclosure in this risk factor to note, as you have elsewhere in the filing, that Citi intends to divest its remaining interest in the company "as soon as is practicable, subject to market and other conditions" in replacement of the clause "except as otherwise described in this prospectus."

The risk factor on page 34 has been revised to conform it to the disclosure concerning Citi's intentions elsewhere in the prospectus.

"We are subject to banking regulations that may limit our business activities." page 31

32. We note the following statement on page 32: "Citi and its subsidiaries are also subject to examination by various banking regulators." Please revise this sentence to include the names of the various banking regulators and agencies to which you refer.

The disclosure on page 35 has been revised to identify the various banking regulators and agencies that regulate Citi and the Company.

Dividend Policy, page 39

33. We note the following statement on page 39: "Our sole asset is the capital stock of our subsidiaries." This statement is confusing in light of the fact that the company elsewhere in the filing states that the subsidiaries of Citi will be transferred to the company prior to the completion of the offering but that such transfer has not yet occurred. Please revise your statement to clarify, if true, that the sole asset of the company "will be" the capital stock of the subsidiaries to be transferred.

The disclosure on page 41 has been revised to clarify the composition of the Company's assets and liabilities before and after the offering.

Dilution, page 40

34. Please revise the table to begin with your historical net tangible book value and then include a line item attributable to the pro forma adjustments to arrive at pro forma net tangible book value per share.

The dilution table page 42 has been revised as requested.

Selected Historical Combined Financial Data, page 42

35. Please provide five full years of financial data as required by Item 301 of Regulation S-K. In addition, it appears that the earnings per share data you propose to include should be labeled "pro forma." Please revise your disclosures accordingly or tell us why your current disclosure is appropriate.

The Company does not currently expect that the Registration Statement will be declared effective prior to the inclusion of audited financial statements for the fiscal year ended December 31, 2009. The Company will provide Selected Historical Combined Financial Data for the fiscal year ended December 31, 2009 once the audited financial statements for such fiscal year are available and prior to distribution of the preliminary prospectus.

Although Item 301 of Regulation S-K requires that the Company provide earnings and cash dividends per share in the Selected Historical Combined Financial Data, the Company believes that such data would not be meaningful to investors because the Company did not exist as a historical entity during periods presented prior to the fourth fiscal quarter of 2009, and existed only as a newly formed corporation with no material assets or liabilities during such quarter. However, the Company believes that such data would be meaningful to investors on a pro forma basis to reflect the shares of the Company's Common Stock to be outstanding immediately following the offering. The Company will revise the Pro Forma Combined Statement of Operations for the nine months ended September 30, 2009 on page 50 to include earnings per share.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Citi Reinsurance Transactions and the Other Concurrent Transactions, page 51

36. You disclose in several sections of the filing that you will receive a ceding commission from the Citi reinsurers. Please expand Note 2(m) to disclose how you account for ceding commissions received.

The Company did not disclose the accounting for ceding commissions in Note 2(m) because ceding commissions (also known as ceding allowances) on reinsurance contracts in-force for the periods presented were not material. Once the reinsurance contracts with Citi affiliates are executed, the ceding commissions will be material. Therefore the accounting policy for ceding allowances in subsequent filings will be noted in Note 2(m) as follows: "Ceding allowances are treated as a reduction to insurance commissions and expenses and are recognized when due from the assuming company." As the proposed reinsurance agreements are with entities under common control, the related party aspects for this transaction will be disclosed in the related party footnote.

37. Please expand your disclosure to clarify why you will exchange certain of your invested assets for certain invested assets held by Citi and describe the nature of the invested assets to be exchanged.

The Company and Citi are considering effecting an asset exchange transaction prior to consummation of the offering in order to strengthen the quality of the Company's invested asset portfolio if such strengthening is deemed necessary. The final determination as to whether such transaction will be necessary will largely be dependent on the composition and quality of the Company's remaining invested asset portfolio after giving effect to: (1) the transfer of a substantial portion of the invested asset portfolio to Citi in connection with the Citi reinsurance transactions; (2) changes in the portfolio prior to the offering resulting from macroeconomic and issuer-specific factors; and (3) investment management decisions. For purposes of this Amendment, the Company has removed references to the asset exchange transaction. However, if the Company and Citi subsequently determine to effect an asset exchange, the Company will expand the disclosure in the preliminary prospectus to describe the rationale for the exchange and the nature of the assets to be exchanged. As indicated in the disclosure set forth on pages 92 through 95, the Company intends to provide detailed tabular disclosure concerning the composition of its pro forma invested asset portfolio.

Tightening of credit, page 54

38. *We note the following statement on page 54: "We experienced a significant decline in the sale of loan products in recent periods." Please revise your disclosure in this section to quantify the decline in your sale of loan products by comparing sales for the fiscal year ended December 31, 2008 to the comparable period in 2007, and the six months ended June 30, 2009 to the comparable period in 2008.*

The requested disclosure has been added on page 56.

Reinsurance, page 54

39. *We note the following statement on page 55: "The majority of our reinsurers have retained strong financial strength ratings; however, two of our reinsurers have financial strength ratings that are well below where they were when we entered into our contracts." Please revise your disclosure to name these two parties and to disclose their current financial strength ratings.*

The disclosure on page 57 has been revised to name the two reinsurers.

Sales, page 56

40. *Please refer to the annualized ratio of new policies issued per year to licensed sales representatives for the interim periods. Based on your disclosure that "sales volume of term life insurance products in any given fiscal period may vary based on a variety of factors", disclose the basis for your assumption that the number of new policies issued during the interim period will continue for the remainder of the year.*

The disclosure on page 58 has been revised to provide the average monthly rate of new policies issued to licensed sales representatives rather than the annualized ratio of such policies.

Accuracy of our pricing assumptions, page 56

41. We note your statement that pricing determinations are based on your best estimates, expected investment yields and "other assumptions." Please revise your disclosure to expand on the "other assumptions" used.

The disclosure on page 58 has been revised to expand on the other assumptions used.

Reinsurance, page 57

42. We note the following statement on page 58: "Except for the Citi reinsurance transactions, we have no current intention to enter into co-insurance arrangements in the near term, and our legacy co-insurance arrangements will not materially affect our results for periods following this offering." Please provide your basis for the latter part of this sentence.

The net expense associated with the Company's legacy coinsurance block was approximately $4.0 million for the nine months ended September 30, 2009, or approximately $800,000 on a pro forma basis after giving effect to the Transactions. Moreover, because the Company's legacy coinsurance is a closed block of business, its financial impact will continue to decline over time as the policies lapse.

Investments and Savings Products, page 59

43. Please balance your tabular presentations of sales of mutual funds and variable annuities, and the value of assets in client accounts with disclosure of the amount of fee revenues earned by these products for each period presented. This comment also applies to your disclosure on page 114.

The tables on pages 61 and 118 have been revised to include sales-based revenues, asset-based revenues and account-based revenues for each period indicated.

Critical Accounting Policies

Deferred Policy Acquisition Costs, or DAC, page 64

44. Since it appears that deferred acquisition cost amortization in a particular period may increase or decrease materially, provide a discussion of its sensitivity to reasonably possible changes in key assumptions, such as persistency.

The disclosure on page 66 has been revised in response to provide the requested sensitivity analysis.

Change in DAC and reserve estimation approach, page 66

45. Regarding the review of your reserving methodology in 2008, please address the following:

- *Disclose the facts and circumstances on why you reviewed your reserving methodology in 2008 and not earlier if your approach was not typical of other insurance companies.*

  The disclosure on pages 67 and 68 has been revised to discuss why the Company changed its reserving methodology.

- *Tell us your basis under GAAP for changing your reserving methodologies. Cite authoritative accounting literature to support the change in approach.*

  The Company's responses to this portion of the Comment are included in the discussion below.

- *Explain to us why this is a change in estimate effected by a change in accounting principle. Tell us the change in accounting principle.*

  FAS 60 does not specify a particular methodology to be used to estimate reserves. Rather, FAS 60 paragraph 21 indicates the reserve is an estimate. It states:

  "The liability shall be estimated using methods that include assumptions, such as estimates of expected investment yields, mortality, morbidity, terminations, and expenses, applicable at the time the insurance contracts are made. The liability also shall consider other assumptions relating to guaranteed contract benefits, such as coupons, annual endowments, and conversion privileges. The assumptions shall include provision for the risk of adverse deviation…."

  Paragraph 29 of FAS 60 further states:

  "[A]cquisition costs shall be allocated by groupings of insurance contracts consistent with the enterprise's manner of acquiring, servicing, and measuring the profitability of its insurance contracts."

  The AICPA's Audit & Accounting Guide, Life and Health Insurance Entities, paragraph 8.12, states:

  "Advances in data-processing capabilities have made it possible to calculate the reserve for each contract on a*seriatim basis* (contract-by-contract basis), considering the exact day of issue, the actual premium payment modes, and the contract's provisions as to return of premium or other features."

Paragraphs 2(c) and (d) of FAS 154 define the following:

"Change in accounting principle—a change from one generally accepted accounting principle to another generally accepted accounting principle when there are two or more generally accepted accounting principles that apply or when the accounting principle formerly used is no longer generally accepted. A change in the *method* of applying an accounting principle also is considered a change in accounting principle.

Change in accounting estimate—a change that has the effect of adjusting the carrying amount of an existing asset or liability or altering the subsequent accounting for existing or future assets of liabilities. A change in accounting estimate is a necessary consequence of the assessment, in conjunction with the periodic presentation of financial statements, of the present status and expected future benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from new information. Examples of items for which estimates are necessary are uncollectible receivables, inventory obsolescence, service lives and salvage values of depreciable assets, and warranty obligations."

Paragraph 20 of FAS 154 states:

"The effect of the change in accounting principle, or the method of applying it, may be inseparable from the effect of the change in accounting estimate. Changes of that type often are related to the continuing process of obtaining additional information and revising estimates and, therefore, are considered changes in estimates for purposes of applying this Statement."

The required reserves and related DAC are, by definition, estimates. By calculating the estimates on a policy-by-policy methodology, the Company is calculating a more refined estimate of the future benefits and obligations associated with the future benefit reserve and deferred policy acquisition costs.

The system implementation represents a change in estimate embedded in a change in methodology as outlined in FAS 154. The effect of the change in accounting estimate is inseparable from the effect of the change in accounting principle. In accordance with FAS 60 and FAS 154, the Company has accounted for this change in estimate prospectively.

- *Based on your disclosure it appears that you are changing pricing assumptions based on actual persistency, resulting in an unlocking. Explain to us how your revisions to DAC and the reserve for future policy benefits comply with SFAS 60 which states that "original assumptions shall continue to be used in subsequent accounting periods to determine changes in the liability for future policy benefits (often referred to as the "lock-in concept") unless a premium deficiency exists.*

Under both the prior and new estimation approaches, the pricing assumptions are not unlocked. Future assumptions for mortality, interest and persistency all remain at the originally assumed, "locked-in" pricing assumptions. In the descriptions of each approach, the Company describes how actual persistency is reflected.

- *Tell us if the change was a result of a premium deficiency.*

The change was not the result of a premium deficiency. A premium deficiency exists if the existing reserves combined with the present value of gross premiums are less than the unamortized acquisition costs and present value of benefits and direct maintenance costs. The Company performed its annual recoverability test under the prior estimation approach, and the reserves plus the present value of premiums were much greater than the unamortized acquisition costs and present value of benefits and direct maintenance costs, thus no premium deficiency existed.

- *Explain to us why the change in your DAC and reserve estimation approach necessitated a change in the treatment for premiums and other corresponding items. Cite authoritative accounting literature to support the change in the treatment of these items.*

The change in the Company's DAC and reserve estimation approach did not necessitate a change in the treatment for premiums and other corresponding items. The Company has revised its disclosure on pages 67 and 68 accordingly. The change in the Company's DAC and reserve estimation approach resulted from the implementation of a system designed to perform policy-by-policy calculations. Concurrent with the system implementation, the Company modified its mechanical calculation of premiums and other corresponding items. FAS 113 paragraph 20 states: "Reinsurance receivables shall be recognized in a manner consistent with the liabilities." The Company believes that both its old estimation approach and new estimation approach meet this requirement. The change did not have a material impact on the Company's financial statements. The table on page 68 further quantifies the impact of these changes.

Goodwill, page 68

46. *Your disclosure that "due to market deterioration, we performed another impairment test of goodwill as of December 31, 2008" is vague. Please expand your disclosure here or in Note 11 to specify the facts and circumstances leading to the impairment. It appears that the deterioration in the financial markets and economic outlook were significant factors in making the determination that the fair value of the goodwill for your term life insurance reporting unit was zero. Based on your disclosure in Note 2(f) it appears that when determining fair value, you utilize various assumptions, including projections of future cash flows and discount rates. Explain why these assumptions, including projections of future cash flows, determined the fair value to be zero when it appears that the term life insurance is a material part of your business.*

The disclosure on pages 70 and 71 and F-35 and F-36 has been revised to discuss the facts and circumstances leading to the Company's impairment test of goodwill as of December 31, 2008, and to explain the assumptions used by the Company in determining fair value.

Results of Operations

Six Months Ended June 30, 2009 as Compared to Six Months Ended June 30, 2008

47. Please revise your disclosure to provide a description of the "Other, net" categories on pages 73, 74 and 75.

The Company has revised its description of the "Other, net" line item on page 72 to provide a more complete list of the items comprising such line item. The disclosure on pages 75, 77 and 78 describes the variances on the "Other, net" line item between periods.

Fiscal Year Ended December 31, 2008 as Compared to the Fiscal Year Ended December 31, 2007

48. We note that you have listed a decrease in "other expenses" of $0.8 million under the "Acquisition and operating expenses, net of deferrals" heading on page 80. Please revise to explain what you mean by "other expenses."

The disclosure on page 82 has been revised to indicate that $0.8 million was an incentive compensation expense.

49. We note that one of the reasons for the decline in sales revenues listed on page 81 is the "cancellation of an underwriting concession fee arrangement with a mutual fund originator in 2008." Please revise your disclosure to provide the name of this mutual fund originator.

The disclosure on page 83 has been revised to identify the mutual fund originator.

Fiscal Year Ended December 31 2007 as Compared to the Fiscal Year Ended December 31, 2006

50. Please explain the reasons for the $3.5 million decrease in Corporate and Other Distributed Products listed in the "Income before income taxes" section on page 84.

The Company respectfully notes that the decline in the Company's income before income taxes of $3.5 million for the year ended December 31, 2007 as compared to the prior year is fully described in management's discussion and analysis of the Corporate and Other Distributed Products section for such periods beginning on page 90.

Investments, page 90

51. We note your statement on page 90 that the investment committee "which will be comprised of members of our management and board of directors following this

offering, establishes investment guidelines and supervises our investment activity." It is unclear from this statement whether you are discussing a committee that the predecessor entities currently have in place or whether you should have used the future tense in the latter part of the sentence because you are describing what will happen after the committee is formed. Please clarify.

The Company currently has an investment committee composed of members of its senior management team. Prior to completion of the offering, the Company will expand such committee to include members of the Company's board of directors. The disclosure on page 92 has been revised accordingly.

Liquidity and Capital Resources, page 93

52. *Please provide the basis for the following statement on page 95: "We expect that our RBC... will be higher than those of many in our peer group immediately following this offering."*

The statement regarding the Company's expectations of its risk based capital level following the offering vis-à-vis its peer group has been deleted.

53. *Please revise your disclosure on page 95 to state whether or not the company currently meets Canada's minimum capital requirements as overseen by OSFI.*

The disclosure on page 97 has been revised as requested.

Contractual Cash Payment Obligations, page 95

54. *We note that you have not included insurance liabilities to be paid in the contractual obligation table. Even though estimated future premiums may exceed certain related cash requirements and the timing of any related cash flows is uncertain, the estimated amount and timing of these payments should be disclosed in the table under the heading, Other Long-term liabilities Reflected on the Registrant's Balance Sheet Under GAAP, as required by Item 303(a)(5) of Regulation S-K. Furthermore, it appears that you make assumptions regarding the timing of payments in estimating future policy benefits, policy claims and benefits payable. Therefore, please revise the table to include amounts consistent with those assumptions. Please note that the amounts disclosed should be presented undiscounted and gross of any reinsurance recoverable. Include disclosure to explain any difference between the amounts presented in the table and the corresponding liability on the balance sheet.*

The Company has revised the table on pages 97 and 98 to include policy claims and future policy benefits. The future policy benefits liability recorded on the Company's combined balance sheets is recorded in accordance with ASC 944-605-25-3 and represents the discounted value of estimated future policy benefits based on locked-in, original pricing assumptions less

the discounted value of estimated future "net benefit" premiums. The estimated future premiums, without which there would be no policy benefit obligation, exceeded the estimated benefit and commission obligations in all periods presented, and therefore the net obligation is shown as zero.

Sensitivity Analysis, page 97

55. *In the "interest rate risk" section on page 97, it appears that the actual securities positions should be provided as of June 30, 2009 rather than June 30, 2008. Please revise.*

The referenced date has been revised to September 30, 2009.

Business, page 98

56. *Please revise your disclosure in this section to include a summary similar to that in Note 2 to the Consolidated Financial Statements on page F-7 regarding the names of the legal entities to be transferred to the company by Citi.*

The disclosure on page 133 has been revised to provide the names of the legal entities to be transferred to the Company by Citi prior to the offering.

57. *Please revise your disclosure in this section to include the names of the company's four primary reinsurers, as discussed in Note 9 to the Consolidated Financial Statements on page F-30. Include a description of the reinsurer's financial strength ratings, the amount reinsured with each and a description of the material terms of your agreements with each. Also, please file copies of the agreements as exhibits to the registration statement, to the extent you have not already done so.*

The requested disclosure has been added on page 117. With the exception of the reinsurance agreements that the Company will enter into in connection with the Citi reinsurance transactions (which the Company plans to file as exhibits to the Registration Statement in a subsequent amendment), the Company has concluded that none of its existing reinsurance agreements are material contracts as defined by Item 601(b)(10) of Regulation S-K. The Company has reinsured a significant portion of the death benefits in its U.S. term life insurance business in-force on a yearly renewable term basis since 1994, and believes its reinsurance agreements are contracts made in the ordinary course of its business. The Company has reinsurance agreements with numerous reinsurers, and does not believe that any of its individual reinsurance agreements are contracts upon which the Company's business is "substantially dependent," as contemplated by paragraph (10)(ii)(B) of Item 601(b) of Regulation S-K. The Company believes that each of these reinsurance agreements is generally reflective of standard industry terms, and that there are other reinsurers that would be willing to provide similar YRT reinsurance to the Company if the Company elected not to continue doing business with any particular existing reinsurer. Furthermore, given the number of reinsurance agreements currently

covering the Company's block of term life insurance business, the Company's exposure to a failure to perform by the counterparty to any individual reinsurance contract would not be expected to materially disrupt the Company's ability to operate its business. Finally, the significance of the existing reinsurance agreements to the Company as a whole will be diminished after the offering as a result of the Citi reinsurance transactions, which will reduce the relative significance of the term life insurance business to the Company as a whole in the near term. This reduction in scale of the term life insurance segment likewise reduces the relative significance of these individual legacy reinsurance agreements.

58. *We note the following statement on page 98: "We understand the financial needs of middle income segment well." Please revise this statement to be expressed as opinion rather than fact.*

The referenced statement on page 101 has been revised as requested.

59. *We note the following statement on page 105: "The Client Account Manager is expected to provide our sales representatives with additional product sales opportunities for our investment and savings products." Please expand your disclosure to explain how and what additional opportunities this tool will provide to your sales representatives.*

The disclosure on page 108 has been expanded to explain how the Client Account Manager will assist the Company's sales representatives.

Performance-Based Compensation Structure, page 106

60. *Please provide more detail on page 106 regarding the commissions paid to your sales representatives. The description as currently written is vague and does not provide any definite facts regarding how the commissions are calculated, the number of levels in the upline organization that benefit, the designated period of time the underlying policy must persist to avoid a chargeback, the portion withheld from commissions for chargebacks, etc.*

The disclosure on pages 109 and 110 has been revised to provide further detail regarding the commissions paid by the Company to its sales representatives.

Term Life Insurance Products, page 110

61. *Please define "pure protection products" where used on page 110.*

The disclosure on page 114 has been revised to define the term "pure protection products."

62. *Please define "premium banding" where used on page 110.*

The disclosure on page 114 has been revised to define the term "premium banding."

63. *We note on page 111 that you present annualized first year premium issued, which do not correspond to premiums earned under GAAP and appears to be a non-GAAP measure. Please present the most directly comparable financial measure and a corresponding reconciliation in accordance with Item 10(e)(1)(i)(A) and (B) of Regulation S-K.*

References to the annualized first year premium issued by the Company have been deleted.

Pricing and Underwriting, page 111

64. *We note the following statement on page 111: "We set pricing assumptions for expected claims, lapses, investment returns and expenses based on our own relevant experience and other factors." Please revise to describe the "other factors" referenced.*

The disclosure on page 115 has been revised to describe the "other factors" that are considered by the Company in setting pricing assumptions.

65. *Please explain what a "substandard case" is where mentioned on page 112.*

The disclosure on page 117 has been revised to describe a "substandard case."

Claims Management, page 112

66. *Please quantify the amount of each category of benefit claims paid during each fiscal period presented.*

The requested disclosure has been added on page 116.

Investment and Savings Products, page 113

67. *Please revise your disclosure to provide the material terms of your selling agreements with Legg Mason, Van Kampen and American Funds and file each as an exhibit to the registration statement. To the extent you are not substantially dependent on any of these agreements, please provide us with an analysis supporting this determination.*

The disclosure has been revised on page 119 to provide the material terms of the Company's selling agreements with Legg Mason, Van Kampen and American Funds. The Company is filing its selling agreements with Legg Mason, Van Kampen and American Funds with the Amendment as Exhibits 10.26, 10.27 and 10.28, respectively.

68. Please revise your disclosure to provide the material terms of your agreement with MetLife entered into on July 1, 2005, as discussed on page 115, and file the agreement as an exhibit to the registration statement. To the extent you are not substantially dependent on your agreement with MetLife, please provide us with an analysis supporting this determination.

The disclosure on page 120 has been revised to provide the material terms of the Company's agreement with MetLife. The Company is filing its agreement with MetLife with the Amendment as Exhibit 10.16.

69. Please provide more information about your sale of 529 college savings plans where discussed on page 115. To the extent your sale of these plans is not material to the company, please so state.

The disclosure on page 120 has been revised to provide more information about the Company's sale of 529 college savings plans. However, sales of 529 college savings plans are not material to the Company. In 2008, 529 college savings plan sales comprised less than 1% of the sales revenue of the Investment and Savings Products segment.

Other Distributed Products, page 116

70. We note the following two statements on page 117: "Historically, we have offered fixed rate, fixed term and fully amortizing loans appropriate for a middle income client and have sold loan products almost exclusively for lenders that are affiliates of Citi... We currently offer our loan products on an exclusive basis on behalf of Citi-affiliated lenders." Please reconcile the use of the words "almost exclusively" and "exclusive" in these two statements.

The disclosure on page 121 has been revised to note that the Company has sold loans almost exclusively for lenders that are affiliates of Citi, except in Puerto Rico, where the Company sold loans products of a third party lender.

Other Products, page 118

71. Please provide more detail about the prepaid legal services offered by the company.

The disclosure on pages 122 and 123 has been revised to provide additional details about the prepaid legal services program offered by the Company.

Insurance Regulation, page 119

72. We note your statement that Primerica Life is licensed to transact business in 49 states. Please revise your disclosure to list the one state where they are not licensed.

Primerica Life Insurance Company is not licensed to transact business in New York. The Company transacts business in New York through National Benefit Life Insurance Company, a wholly owned subsidiary of Primerica Life Insurance Company. The disclosure has been revised accordingly on page 124.

73. In the section titled "Additional oversight in Canada" on page 124, please provide a statement indicating whether or not the company and the subsidiaries are currently in compliance with the regulations described.

The disclosure on page 129 has been revised to state that the Company and its subsidiaries are in compliance with Canadian regulations.

Regulations of Investment and Savings Products, page 125

74. Please provide a statement in this section indicating whether or not the company is current on all required filings discussed on page 125.

The disclosure on page 130 has been revised to state that the Company is currently in compliance with all U.S. and Canadian filing requirements applicable to it.

75. Please revise your disclosure in the section titled "Certain Regulation Related to Our Affiliation with Citi" on page 127 to provide a summary of the provisions of the American Recovery and Reinvestment Act of 2009 that might affect the compensation of the company's employees and how such provisions might apply. Please also disclose which members of your senior management team you believe could be restricted.

The disclosure on page 132 has been revised to provide a summary of the provisions of the Emergency Economic Stabilization Act of 2008 and the American Recovery and Reinvestment Act of 2009 that might affect the compensation of the Company's employees and to identify the Company's Named Executive Officers as those members of the Company's senior management team that could be so affected.

Properties, page 129

76. To the extent you consider any of your leased properties material to the company's business, please file a copy of the corresponding lease agreement as an exhibit to the registration statement. See item 601(b)(10) of Regulation S-K.

The Company considers eight lease agreements with non-affiliates to be material to its business. The Company is filing six of these lease agreements with the Amendment as Exhibits 10.18 through 10.21 and 10.23 through 10.24 to the Registration Statement. The Company will file the other two lease agreements in a subsequent amendment to the Registration Statement. The Company also has one lease agreement with Citi. The Company will file such lease agreement in a subsequent amendment to the Registration Statement.

Management, page 130

77. We note the following statement on page 130: "It is expected that each of our director nominees... will become directors upon the consummation of this offering." Please revise your disclosure, where appropriate, to explain how the nominees will become directors upon consummation of the offering, i.e., by election at a shareholder meeting, by action by written consent or appointed by the board of directors.

The requested disclosure has been added on page 136.

78. We note that at present you have not determined who the director nominees will be. Please confirm that you will provide a discussion of the business experience and background of each person once identified, as required by Item 401 of Regulation S-K.

The Company confirms that it will describe the business experience and background of each director nominee once such director nominee has been identified in the Registration Statement.

Compensation Discussion and Analysis, page 133

79. Please provide the name of the outside compensation consultant engaged to assist you in developing the company's post-offering compensation programs, as mentioned on page 135.

The disclosure on page 141 has been revised to indicate that the outside compensation consultant hired by the Company is Towers Perrin.

80. Your Compensation Discussion and Analysis does not disclose the predetermined financial and operational performance goals or the self-established individual goals that will be used to determine 2009 executive compensation. Please revise your disclosure to provide the following:

- *A description of all financial, operational and individual goals;*
- *A discussion of the achievement of each goal; and*
- *A discussion of how the level of achievement affected the actual compensation paid.*

To the extent any of the goals are quantified, the discussion in your filing should also be quantified.

As disclosed in the Compensation Discussion and Analysis section, the total compensation of the Company's executives includes a discretionary bonus opportunity. The Company does not use quantitative "targets" in determining the amount of discretionary bonuses.

Currently, the process for determining bonuses begins when Citigroup Inc. determines the aggregate level of bonuses to be paid to employees of its subsidiaries based on the overall performance of Citigroup Inc., and allocates this amount amongst its subsidiaries based on subsidiary performance. Citigroup has not yet made these determinations with respect to 2009 bonuses. Following such determination, the appropriate officers of Citigroup Inc. will review the performance of each of the Company's executives, with input from the Co-Chief Executive Officers of the Company for executives other than themselves, based on their subjective assessment of such executive's contributions to the Company during the prior year.

Neither Citigroup Inc. nor the Company establishes specific items of corporate or individual performance by which to measure an executive's performance to determine his or her bonus. Instead, such review takes into account the Company's overall performance for the year, whether the Company's general business objectives have been met and any specific items of Company and individual performance deemed to be relevant. An executive's personal performance typically is evaluated in part based on his or her experience, skills, knowledge, responsibilities and individual leadership. In addition, in determining individual compensation, Citigroup Inc. considers each executive's self-assessment of his or her individual performance against self-established financial and operational performance goals. These self-established goals are disclosed in part in the Compensation Discussion and Analysis.

The Company believes that additional detail regarding these goals is not material to a stockholder's understanding of the Company's incentive compensation process since these job-specific goals are both numerous (and often, in turn, contain task-specific sub-goals) and are only one of many factors influencing executive bonuses. The relevant disclosure in the Compensation Discussion and Analysis has been revised to clarify the process for determining annual incentive awards based on the foregoing. Please see page 141. To the extent that 2009 bonuses are determined prior to the effective date, the disclosure will be updated to discuss any specific factors influencing the actual incentive compensation paid.

Omnibus Incentive Plan, page 145

81. *We note the following statement on page 145: "A non-qualified stock option is an option that does not qualify under Section 422 of the Code." Please revise this statement to explain what options do not qualify under Section 422 of the Code.*

The disclosure on page 152 has been revised to explain what options do not qualify under Section 422 of the Internal Revenue Code.

82. *We note the following statement on page 146: "The independent committee may postpone the exercise of awards, or the issuance or delivery of shares or cash pursuant to any award for such periods and upon such terms and conditions as the independent committee determines, but not in contravention of Section 409A of the Code." Please revise this statement to briefly explain the applicable portion of Section 409A of the Code.*

The disclosure on page 153 has been revised to explain the portion of Section 409A of the Internal Revenue Code applicable to the postponement of the exercise, issuance and delivery of equity awards.

83. Please define "EESA" where used on page 147.

The acronym "EESA" has been defined where first used on page 35.

Certain Relationships and Related Party Transactions, page 151

84. Please consider redefining SPFC, AHL and FRAC in this section of the document where discussed.

The disclosure on page 161 has been revised to re-define the acronym "AHL." The term "SPFC" has been replaced by the term "Prime Reinsurance Company." The term "FRAC" has been deleted, as the counterparty for that reinsurance agreement has not yet been identified.

85. Please revise your disclosure to explain what will happen with your YRT reinsurance agreements with third party reinsurers in place when the reinsurance transactions described in this section are consummated. If the agreements will be terminated or allowed to lapse according to their terms, please so state. Otherwise, please describe how the reinsurance arrangements with Citi and these third parties will coexist.

The disclosure on page 158 has been revised to indicate that, after consummation of the 80% Reinsurance Agreement, Primerica Life will maintain current reinsurance placed with third-party reinsurers and will not terminate or materially modify current YRT reinsurance placed with third-party reinsurers, or purchase new YRT reinsurance on policies reinsured by Citi, without the prior approval of Citi.

86. Please define "experience refund" where used on page 153.

The disclosure on page 160 has been revised to define the term "experience refund."

87. We note the following statements on page 152: "Certain policies that convert on or after January 1, 2017 will be excluded from the business covered by the 80% co-insurance agreement... Primerica Life will also have the right to recapture certain policies as they come up for renewal on or after January 1, 2017." Please explain why these certain policies will be treated differently in the transactions.

A conversion refers to the issuance by Primerica Life Insurance Company of a new coverage in replacement of a coverage under a policy pursuant to an option granted under the terms of such policy. A renewal refers to the continuation of existing coverage after the end of the original premium period. Policies issued as a result of end-of-term conversions are considered to be new policies that can contractually be excluded from the terms of a coinsurance agreement, while renewals may not be excluded from the terms of a coinsurance agreement. Because the "new policies" require additional capital, and because the restructured Company

could be strained in providing capital for such policies until it has established a book of in-force policies, the new policies will not be excluded until on or after January 1, 2017 in order to balance the capital requirements of the Company with the Company's desire to underwrite new business. Renewals do not require additional capital and generally bring in more revenue than a conversion. To help counter the additional capital requirements that Primerica Life Insurance Company will have once the new policies are excluded, Primerica Life Insurance Company will have the right, but not the obligation, to recapture renewals from Prime Reinsurance Company on or after January 1, 2017. The disclosure has been revised accordingly on page 159.

88. Please define "Company Action Level," "Total Adjusted Capital" and "Company Action Level Risk-Based Capital," as defined by the Vermont Department of Insurance, where used on pages 153 and 154.

The disclosure on page 161 has been revised to define the terms "Company Action Level" and "Total Adjusted Capital." The term "Company Action Level Risk-Based Capital" has been deleted in the Amendment.

89. We note the following statement on page 155: "In connection with the block of business that Primerica Life Canada cedes to FRAC, no assets will transfer to FRAC, since there will be a negative statutory reserve balance." Please provide more detail as to why there will be a negative statutory reserve balance.

The negative reserves arise from the normal course reserve calculation. Life Insurance Reserves in Canada are calculated using the Policy Premium Method (PPM). The reserve under the PPM method is the present value of future expected future cash flows using best estimate assumptions plus a provision for adverse deviations. The disclosure has been revised accordingly on page 163.

90. We note the section titled "Asset Swap Transaction" on page 155. Please revise your disclosure to describe the assets that will be exchanged by each party and the business purpose behind this portion of the transaction.

Please see the Company's response to Comment 37.

91. We note your discussion of the intercompany agreement on page 156 and the last listed bullet point which reads "other matters described in the intercompany agreement." Please ensure that all material items are included in this discussion.

There are currently no material items for which the Company will agree to indemnify Citi, or Citi will agree to indemnify the Company pursuant to the intercompany agreement other than those described in the prospectus. The disclosure on page 164 has been revised accordingly.

92. We note the following statement on page 158: "The intercompany agreement will contain customary terms and provisions with respect to, among other things, registration procedures and rights to indemnification in connection with the registration of our common stock on behalf of Citi." Please revise your discussion to provide more detail about the "customary terms and provisions" mentioned in this statement.

The disclosure on page 166 has been expanded to discuss in greater detail the registration rights provided for in the intercompany agreement.

93. Please revise your discussion on page 159 to describe the "certain competitive activities" which Citi will not engage in pursuant to the intercompany agreement, and the "certain customary exceptions" relevant thereto.

The disclosure on page 166 has been expanded to describe the competitive activities in which Citi will not engage pursuant to the intercompany agreement and the customary exceptions thereto.

94. We note that the section titled "Other Provisions" on page 159 is vague. Please provide more detail regarding each bulleted item in this section.

The disclosure on page 166 has been revised to delete the section describing "other provisions" of the intercompany agreement, and replace it with a section describing provisions of the intercompany agreement with respect to mutual litigation and settlement cooperation.

95. Please revise your disclosure to more specifically describe the services to be covered by the transition services agreement.

The disclosure on page 167 has been revised to describe in greater detail the services to be covered by the transition services agreement.

96. We note the following statement on page 160: "The transition services agreement will include termination provisions standard for agreements of this type." This statement is vague. Please revise to describe the termination provisions of the agreement.

The disclosure on page 168 has been revised to describe the termination provisions of the transition services agreement.

Relationship with Citi Prior to This Offering, page 161

97. We note your statement on page 164 that you provide printing, shipping and warehousing of printed materials and "certain other services" to Citi-affiliated entities. Please describe the "certain other services."

The disclosure on page 171 has been revised to delete the reference to such other services provided by the Company to Citi-affiliated entities.

Description of Capital Stock, page 165

98. In the section titled "Certificate of Incorporation Provision Related to Corporate Opportunities and Interested Directors" on page 169, please provide a reference to your discussion of the intercompany agreement on pages 158 and 159 which discuss non-solicitation, non-hire and non-competition restrictions.

The requested reference has been provided on page 178.

Underwriting, page 179

99. We note the following statement on page 179: "The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions." This statement as written is vague. Please revise.

The obligation of the underwriters to purchase the shares as contemplated by the underwriting agreement is subject to market-standard conditions, which principally include: the Registration Statement being effective, the delivery of legal opinions, the accuracy of the representations and warranties made by the Company in the underwriting agreement and the delivery of an accountant's "comfort" letter. The Company respectfully notes that this a firm offering of shares and, pursuant to the instruction to Item 508(a) of Regulation S-K, the Company need not describe these conditions in the Underwriting section of the prospectus. The Company also respectfully notes that the underwriting agreement will be filed with the Commission as an exhibit to the Registration Statement, permitting investors to review the conditions precedent. Consequently, the Company has not revised this statement.

100. Please revise your disclosure to provide a brief description of the "certain liabilities and expenses" you have agreed to indemnify the underwriters against, as mentioned on pages 180 and 181. See Item 508(g) of Regulation S-K.

The disclosure on pages 187 and 188 has been revised to provide a brief description of the liabilities and expenses for which the Company and the selling stockholder have agreed to indemnify the underwriters and vice versa.

Audited Combined Financial Statements

Notes to Combined Financial Statements

(2) Summary of Significant Accounting Policies

(a) Principles of Combination Basis of Presentation, and Use of Estimates, page F-7

101. Please refer to your disclosure that the Company will dividend certain assets to the Parent prior to the completion of the reinsurance transaction and the offering. Explain to us your basis for excluding the assets that will be transferred to the Parent and the related results from the years reported in the combined financial statements and not giving effect to this transaction in the pro forma financial statements.

The disclosure on page F-7 has been revised to provide the basis for the Company's exclusion of such assets from the Company's financial statements.

(e) Deferred Policy Acquisition Costs (DAC)

102. Based on your disclosure in the Investments and Savings Products Segment section of MD&A it appears that you defer acquisition costs related to these products. These investment products do not appear to be insurance contracts. See paragraph 15 of SFAS 97. Please explain to us your basis under GAAP for deferring acquisition costs related to these products.

The segregated funds issued in Canada are the only products within the Investments and Savings Products Segment on which the Company defers acquisition costs. These funds are versions of variable annuity contracts sold by the Company in the United States. In Canada, the formal name for the product is "Individual Variable Insurance Contract." Segregated funds are sold only by sales representatives that are licensed to sell life insurance. Segregated funds are required to provide minimum death and maturity guarantees and have a maturity date at least ten years beyond the issue date in order to qualify as an insurance contract in Canada. The Company's products meet these requirements and are considered insurance contracts in Canadian GAAP.

Under U.S. GAAP, the Company considers Canadian segregated funds to be investment contracts under FAS 97, similar to U.S. variable annuity contracts. Paragraph 15 of FAS 97 states that investment contracts shall not be accounted for as insurance contracts and amounts received as payments for such contracts shall not be reported as revenues. While no specific guidance is given in FAS 97 for the amortization method to use for investment contracts, AICPA Practice Bulletin 8, paragraph 7 states that: "The amortization method described in FAS 97, paragraph 22 for universal life-type contracts shall be used to amortize acquisition costs deferred under FAS 60, paragraph 11 for investment contracts that include significant surrender charges or that yield significant revenues from sources other than the investment of contract holders' funds." The above reference to amortization methodology also indicates that deferring acquisition costs on the related investment contracts is acceptable under U.S. GAAP.

The Company's segregated funds have initial surrender charges of 5.75% of the fund balance, which is very similar to surrender charges for variable annuity contracts sold in the United States. These surrender charges are deemed significant in variable annuity contracts, and likewise for Canadian segregated funds, as referenced in AICPA Practice Bulletin 8. Additionally, the segregated funds have management and administration fees of 2.1% of the fund balances, representing a significant source of the Company's revenue other than the investment of contract holders' funds. Therefore, the Company defers and amortizes the related acquisition charges in accordance with FAS 97.

(4) Investments

Other-Than-Temporary Impairment, page F-24

103. Please expand your disclosure to specifically explain why you impaired bonds that were not in default during the periods presented. Your explanation should describe the factors that occurred during the period of recognition. In addition, describe any material changes in estimated cash-flows from when you acquired the asset/mortgage-backed securities. Provide a similar level of disclosure for the subsequent interim periods.

The disclosure on pages F-24 and F-25 has been revised as requested.

Fair Value, page F-26

104. Please clarify your disclosure to state whether you exercise any judgment in utilizing the industry-standard pricing methodologies in determining the fair value of securities in Level 2. If you do exercise judgment, explain why you believe that it is appropriate to classify the securities fair valued under this method as Level 2.

The disclosure on pages F-26 and F-27 has been revised as requested.

105. On page F-8, you disclose that you obtain estimates from independent pricing services and you disclose here that you use non-binding broker quotes to fair value your investment securities. Please revise your disclosure to describe the nature and amount of assets you valued using these sources and whether, and if so, how and why, you adjusted quotes or prices you obtained from brokers and pricing services.

The Company has provided disclosure on pages F-26 and F-27 concerning its assessment of the fair value of its investments in response to the Staff's prior Comment.

(8) Separate Accounts, page F-30

106. Please revise your disclosure to clarify what you mean by "[t]herefore, the net amount at risk is not necessarily equal to 25% of the account value. There is no additional liability for these contracts at December 31, 2008 or 2007, as the net amount at risk are diminimus."

The disclosure on page F-30 has been revised as requested.

(11) Goodwill and Other Intangible Assets, page F-34

107. Please revise your disclosure to clarify why the deterioration in the financial markets and economic outlook did not result in the impairment of other intangible assets.

The disclosure on pages F-35 and F-36 has been revised as requested.

(12) Income Taxes, page F-36

108. Please expand your disclosure to clarify the nature of each material deferred tax asset and deferred tax liability. For example, describe the nature of the deferred tax asset "investments" and the "deferred policy acquisition costs" deferred tax liability.

The disclosure on page F-38 has been revised as requested.

Unaudited Condensed Combined Financial Statements

109. In the event that KPMG includes their review report in a pre-effective amendment please file a letter from the independent accountant as Exhibit 15 acknowledging awareness of the use of their report in the registration statement.

The Company is filing the letter of KPMG, dated December 22, 2009, concerning its review of the Company's unaudited financial statements for the nine months ended September 30, 2009 with the Amendment as Exhibit 15.1.

Item 16. Exhibits and Financial Statements Schedules, page II-2

110. Please file as exhibits to the registration statement the trust agreements to be entered into with SPFC, NBLIC and Primerica Life Canada in conjunction with the "Citi reinsurance transactions."

The Company will file as exhibits to the Registration Statement any trust agreements that it enters into pursuant to the Citi reinsurance transactions once such agreements have been agreed to in substantially final form.

Please telephone the undersigned at (212) 735-2153 or Gregory A. Fernicola at (212) 735-2918 if you have any questions or need any additional information.

Very truly yours,

/s/ Joshua B. Goldstein
Joshua B. Goldstein

cc: Peter W. Schneider
Executive Vice President, General
Counsel and Secretary
Primerica, Inc.