As filed with the Securities and Exchange Commission on February 5, 2010

Registration No. 333-162918

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

Amendment No. 2
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.
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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.

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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 FEBRUARY 5, 2010

PRELIMINARY PROSPECTUS

Shares

Primerica, Inc.

Common Stock
$ per share

This is an initial public offering of shares of our common stock. Citigroup Insurance Holding Corporation, 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 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

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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.

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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, references to "Citi" refer to Citigroup Inc. and its subsidiaries other than Primerica, and references to "CIHC" refer to Citigroup Insurance Holding Corporation.

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 year-end 2009. After giving effect to the Transactions described on pages 7 and 8 of this prospectus for which we have made pro forma adjustments, our stockholder's equity would have been $1.3 billion as of September 30, 2009 on a pro forma basis.

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 our sales representatives and rewards them 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 7 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. Our 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 restricted stock awards held by our employees and sales representatives under Citi's equity compensation plans to Primerica equity awards;
- the intended replacement of the current Citi Stock Purchase Plan with a similar plan for our company following this offering; 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 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 year-end 2009. 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. Therefore, 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, the following concurrent transactions will be completed:

- we will make a distribution to Citi of approximately $ million of cash and invested assets;
- we will issue equity awards for shares of our common stock to our directors, certain of our employees, including our officers, and our sales force leaders; and

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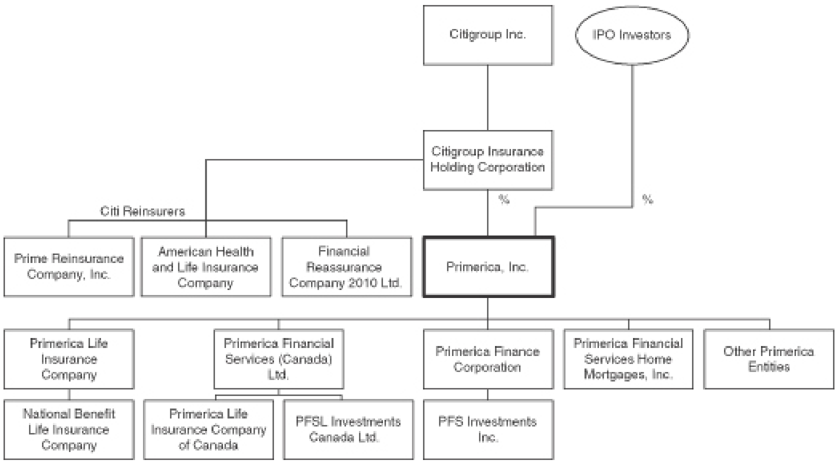
- subject to the approval of the Citi Personnel and Compensation Committee, certain restricted stock awards held by our employees under the Citi Stock Award Program and restricted stock awards held by our sales representatives under the Citi Capital Accumulation Plan for PFS Representatives will be converted into Primerica equity awards.

On a pro forma basis, after giving effect to the reorganization, the Citi reinsurance transactions and the concurrent transactions for which we have made pro forma adjustments, which are collectively referred to in this prospectus as the "Transactions," we expect to have $1.3 billion of stockholder's equity and $8.9 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. All outstanding shares of our common stock are beneficially owned by Citi. In this offering, Citi intends to sell shares of our common stock, or approximately % of the outstanding shares, to the public. 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

The selling stockholder, a wholly owned subsidiary of Citigroup Inc., will own all of our outstanding common stock until the completion of this offering and approximately % of our outstanding common stock thereafter. 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 restricted stock awards held by our employees under the Citi Stock Award Program and restricted stock awards held by our sales representatives under the Citi Capital Accumulation Plan for PFS Representatives, 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 the actual initial public offering price and Citi's stock price for the three trading days prior to the date of the final prospectus; and
- shares of common stock will be issued as equity awards to our directors, certain of our employees, including our officers, and our 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 have 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 give 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.

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	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	$ 1,577,364
Ceded premiums	(450,736)	(425,239)	(629,074)	(535,833)	(496,061)	(1,275,740)
Net premiums	1,126,628	1,137,120	1,463,718	1,467,762	1,402,358	301,624
Net investment income	260,876	232,288	314,035	328,609	318,853	85,166
Commissions and fees	246,685	374,449	466,484	545,584	486,145	246,685
Other, net	39,083	41,947	56,187	41,856	37,962	39,083
Realized investment (losses) gains	(31,473)	(59,741)	(103,480)	6,527	8,746	(31,473)
Total revenues	1,641,799	1,726,063	2,196,944	2,390,338	2,254,064	641,085
Benefits and Expenses						
Benefits and claims	451,825	455,526	938,370	557,422	544,556	127,164
Amortization of deferred policy acquisition costs	273,759	240,837	144,490	321,060	284,787	70,015
Insurance commissions	23,425	18,188	23,932	28,003	26,171	22,565
Insurance expenses	115,771	121,084	141,331	137,526	126,843	43,289
Sales commissions	120,755	200,926	248,020	296,521	265,662	120,755
Goodwill impairment(2)	—	—	194,992	—	—	—
Other operating expenses	95,280	119,783	152,773	136,634	127,849	111,821
Total benefits and expenses	1,080,815	1,156,344	1,843,908	1,477,166	1,375,868	495,609
Income (loss) before income taxes	560,984	569,719	353,036	913,172	878,196	145,476
Income taxes (loss)	192,476	195,329	185,354	319,538	276,244	47,050
Net income (loss)	$ 368,508	$ 374,390	$ 167,682	$ 593,634	$ 601,952	$ 98,426
Segment data						
Revenues						
Term Life Insurance	$ 1,312,246	$ 1,290,400	$ 1,682,852	$ 1,654,895	$ 1,584,866	$ 333,829
Investment and Savings Products	217,186	307,779	386,508	439,945	383,397	217,186
Corporate and Other Distributed Products	112,367	127,884	127,584	295,498	285,801	90,070
Segment income (loss) before income taxes						
Term Life Insurance	$ 509,978	$ 519,263	$ 521,649	$ 693,439	$ 675,130	$ 125,480
Investment and Savings Products	67,306	105,285	125,163	152,386	132,208	67,306
Corporate and Other Distributed Products	(16,300)	(54,829)	(293,776)	67,347	70,858	(47,310)

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	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	$ 2,058,679
Cash and cash equivalents	580,116	143,931
Deferred policy acquisition costs, net	2,797,269	666,833
Total assets	12,971,585	8,910,258
Future policy benefits	4,161,925	4,161,925
% note payable to Citi	—	350,000
Total liabilities	8,040,279	7,577,328
Stockholder's equity	4,931,306	1,332,930

(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 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 can be the subject of negative commentary on website postings and other non-traditional media. This negative commentary can spread inaccurate or incomplete information about the direct sales industry in general or our company in particular, 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 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. The 2010 budget proposal for the federal government includes provisions increasing penalties for the misclassification of workers as independent contractors and permitting independent contractors to elect to have their federal income taxes withheld by service recipients. The 2010 budget proposal also authorizes the U.S. Treasury and the IRS to issue guidance on the proper classification of workers; according to the proposal, since 1978 the IRS has not been permitted to issue such guidance. 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. We have developed policies and procedures to comply with these laws. 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. As of September 30, 2009, we had a reinsurance receivable due from Scottish Re of approximately $52 million.

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 year -end 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, will have no operating history and will not possess a financial strength rating from any rating agency. The other transactions will be between (1) Primerica Life Canada and Financial Reassurance Company 2010 Ltd., a Bermuda reinsurer that will be formed to operate solely for the purpose of reinsuring Citi-related risks and is 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 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 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. 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.

A proposed change in accounting for DAC of insurance entities could significantly impact our accounting for certain of our direct and indirect costs.

In November 2009, the Emerging Issues Task Force ("EITF") reached a consensus that the definition of DAC should include costs directly related to the successful acquisition of new and renewed insurance contracts. If this proposed guidance is ratified by the Financial Accounting Standards Board, such guidance would be effective for interim and annual periods ending on or after December 15, 2010. The proposed guidance, if enacted, could have a material impact on our accounting for costs related to policy applications that do not result in issued policies. In particular, our net income in any future period may be lower than it would have been under the prior accounting treatment as certain costs related to unsuccessful acquisitions of insurance contracts will have to be expensed up front rather than capitalized as DAC and amortized over time.

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, Inc., 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. We have been selected by the IRS for an examination in the first quarter of 2010 to test compliance with the IRS's non-bank custodian regulations. The IRS has informed us that the scheduled investigation is not "for cause." The on-site portion of this review was conducted in January 2010. We have not been investigated by the IRS for non-bank custodian compliance since 2004. We cannot predict the outcome of such audit with certainty.

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 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. Our Citi mortgage lenders are not obligated, and have made no commitment, to continue serving as our mortgage lenders following this offering. Although we currently anticipate that there will be a transition period following this offering, during which our Citi mortgage lenders will continue to provide our mortgage loan products, there is no guarantee that such a transition period will occur or any certainty regarding the potential terms of our commercial relationships with our mortgage lenders during any such transition period, and our current mortgage loan lenders are under no obligation to continue serving as our mortgage lenders after such transition period, if any, expires. Consequently, CTB and Citicorp Home Mortgage may choose to no longer serve as our mortgage lenders following this offering. 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 offerings and, therefore, materially adversely 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 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.

Our current Citi unsecured lenders are not obligated, and have made no commitment, to continue serving as our unsecured lenders after our agreements with them expire on December 31, 2010. As a result, we are not authorized to sell Citibank’s unsecured loans after December 31, 2010. There is no assurance that we will be able to negotiate viable arrangements with other lenders that will allow us to continue to offer unsecured loan products after December 31, 2010.

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, including the Citi note, 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 our significant corporate actions. In addition, for so long as Citi owns a significant portion of our common stock, Citi may be able to influence the outcome of all corporate actions requiring stockholder approval, including the election of directors.

Under the provisions of our certificate of incorporation and the intercompany agreement, 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 sections entitled “Description of Capital Stock — Certificate of Incorporation Provision Relating to Control by Citi” and “Certain Relationships and Related Party Transactions — Relationship with Citi Following this Offering — Intercompany Agreement.”

Because Citi’s interests may differ from those of other stockholders, actions that Citi, as our controlling stockholder following the completion of this offering, may take with respect to us may not be as favorable to other stockholders as they are to Citi. 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.”

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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 and a call center.

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 Section III of the Emergency Economic Stabilization Act of 2008, as amended by the American Recovery and Reinvestment Act of 2009, and the regulations and guidance thereunder (collectively, "EESA"). 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."

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;
- a proposed change in accounting for DAC of insurance entities;
- 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, subject to the approval of the Citi Personnel and Compensation Committee, certain restricted stock awards held by our employees under the Citi Stock Award Program and restricted stock held by our sales representatives under the Citi Capital Accumulation Plan for PFS Representatives 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.”

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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	$ 143.9
% note payable to Citi	$ —	$ 350.0
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	1,261.4
Retained earnings	3,683.7	—
Accumulated other comprehensive income (loss)	149.8	71.5
Total stockholder's equity	$ 4,931.3	$ 1,332.9
Total capitalization	$ 4,931.3	$ 1,682.9

(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."

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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, the following transactions will occur:

- Prime Reinsurance Company will be formed as a wholly owned subsidiary of Primerica Life and capitalized with $400 million of 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;
- we 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 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 that matures on the third anniversary of its issuance bearing interest at an annual rate of ;
- we will issue equity awards for shares of our common stock to our directors and certain of our employees, including our officers, and sales force leaders; and
- we will, subject to the approval of the Citi Personnel and Compensation Committee, convert restricted certain stock awards held by our employees under the Citi Stock Award Program and restricted stock awards held by our sales representatives under the Citi Capital Accumulation Plan for PFS Representatives 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, except as noted below.

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, 2009. 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;

- estimated non-cash compensation charges of approximately $ million as a result of the grant of equity awards to certain of our employees and our sales force leaders in connection with this offering;
- subject to the approval of the Citi Personnel and Compensation Committee, certain restricted stock awards held by our employees under the Citi Stock Award Program and restricted stock awards held by our sales representatives under the Citi Capital Accumulation Plan for PFS Representatives will be converted into Primerica equity awards, resulting in a reclassification of approximately $ from other liabilities to paid-in capital;
- at such time as Citi beneficially owns less than 50% of our outstanding common stock, acceleration of vesting for certain restricted stock awards in Citi will result in a reclassification of approximately $ from other liabilities to paid-in capital; and
- possible eventual loss of volume purchasing arrangements as a wholly owned subsidiary of Citi.

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 Combined Balance Sheet

As of September 30, 2009

	Actual	Adjustments for the Citi Reinsurance Transactions(2)	Adjustments for the Reorganization and Other Concurrent Transactions(3)	Pro Forma
		(in thousands)		
Assets				
Investments	$ 6,308,580	$ (3,709,544)(A)	$ (540,357)(R)	$2,058,679
Cash and cash equivalents	580,116	(319,722)(A)	(116,463)(R)	143,931
Accrued investment income	73,124	(37,095)(B)	(5,045)(S)	30,984
Premiums and other receivables	180,657			180,657
Due from reinsurers	849,665	2,631,396 (C)		3,481,061
Due from affiliates	2,286			2,286
Deferred policy acquisition costs, net (DAC)	2,797,269	(2,130,436)(D)		666,833
Intangible assets	79,780			79,780
Deferred tax asset	—	32,613 (F)	90,422 (T)	123,035
Other assets	66,989	42,904 (E)		109,893
Separate account assets	2,033,119			2,033,119
Total assets	$12,971,585	$ (3,489,884)	$ (571,443)	$8,910,258
Liabilities				
Future policy benefits	$ 4,161,925	$	$	$4,161,925
Unearned premiums	3,350			3,350
Policy claims and other benefits payable	223,722			223,722
Other policyholders' funds	370,545			370,545
Current income tax payable	65,352			65,352
Deferred tax liability	808,015	(808,015)(F)		—
Due to affiliates	44,678			44,678
Other liabilities	329,573	(4,936)(G)		324,637
Separate account liabilities	2,033,119			2,033,119
% Note payable to Citi	—		350,000 (U)	350,000
Total liabilities	$ 8,040,279	$ (812,951)	$ 350,000	$7,577,328
Stockholder's equity				
Paid-in capital	1,097,843	303,858 (H)	(140,318)(V)	1,261,383
Retained earnings	3,683,697	(2,932,567)(I)	(751,130)(W)	—
Accumulated other comprehensive income, net of income taxes	149,766	(48,224)(J)	(29,995)(X)	71,547
Total stockholder's equity	4,931,306	(2,676,933)	(921,443)	1,332,930
Total liabilities and stockholder's equity	$12,971,585	$ (3,489,884)	$ (571,443)	$8,910,258

See accompanying notes to the pro forma combined financial statements.

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Pro Forma Combined Statement of Income

Nine Months Ended September 30, 2009

	Actual	Adjustments for the Citi Reinsurance Transactions(2)	Adjustment for the Reorganization and Other Concurrent Transactions(3)	Pro Forma
	(unaudited)			
		(in thousands, except share and per share amounts)		
Revenues				
Direct premiums	$1,577,364	$	$	$ 1,577,364
Ceded premiums	(450,736)	(825,004)(K)		(1,275,740)
Net premiums	1,126,628	(825,004)		301,624
Net investment income	260,876	(150,831)(L)	(24,879)(Y)	85,166
Commissions and fees	246,685			246,685
Other, net	39,083			39,083
Realized investment losses, including other-than-temporary impairments(1)	(31,473)			(31,473)
Total revenues	$1,641,799	$ (975,835)	$ (24,879)	$ 641,085
Benefits and Expenses				
Benefits and claims	451,825	(324,661)(M)		127,164
Amortization of DAC	273,759	(203,744)(N)		70,015
Insurance commissions	23,425	(860)(O)		22,565
Insurance expenses	115,771	(72,482)(O)		43,289
Sales commissions	120,755			120,755
Interest expense	—	7,829 (P)	8,712 (Z)	16,541
Other operating expenses	95,280			95,280
Total benefits and expenses	1,080,815	(593,918)	8,712	495,609
Income (loss) before income taxes	560,984	(381,917)	(33,591)	145,476
Income taxes	192,476	(133,671)(Q)	(11,755)(AA)	47,050
Net income (loss)	$ 368,508	$ (248,246)	$ (21,836)	$ 98,426
Share data				
Earnings per share				
Basic	$	$	$	$
Diluted				
Weighted average shares outstanding				
Basic				
Diluted				

(1) Realized investment losses, including other-than-temporary impairments primarily represents other-than-temporary impairments related to investments held on an historical basis and are not necessarily representative of what they would have been had we transferred invested assets to Citi as described in notes 2(A) and 2(R) at the date of the opening balance sheet.

See accompanying notes to the pro forma combined financial statements.

NOTES TO THE PRO FORMA COMBINED FINANCIAL STATEMENTS

(2) Adjustments for the Citi reinsurance transactions.

Concurrent with the reorganization of our business and prior to completion of this offering, we will form a new subsidiary, Prime Reinsurance Company, and we will make an initial capital contribution to the subsidiary. We also will enter into a series of coinsurance agreements with Prime Reinsurance Company and with other Citi subsidiaries. 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 year-end. Concurrent with signing these agreements, we will transfer the corresponding account balances in respect of the coinsured policies along with the cash and invested assets to support the statutory benefit reserves assumed by Prime Reinsurance Company and the other Citi subsidiaries.

We believe that three of the Citi coinsurance agreements, which we refer to as "the risk transfer agreements," will satisfy GAAP risk transfer rules. Under the risk transfer agreements, we will cede between 80% and 90% of our term life future policy benefit reserves, and we will transfer a corresponding amount of invested assets to the Citi reinsurers. These transactions will not impact our future policy benefit reserves, but we will record an asset for the same amount of risk transferred under the line item caption "due from reinsurers." We also will reduce deferred acquisition costs 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 corresponding reinsurance entities. We will receive ongoing ceding allowances as a reduction to insurance expenses to cover policy and claims administration expenses under each of these reinsurance contracts. One coinsurance agreement, which we refer to as "the deposit agreement," relates to a 10% reinsurance transaction that includes an experience refund provision and will not satisfy GAAP risk transfer rules. We will account for this contract under the deposit method. Under deposit method 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." The Citi coinsurance agreements will not generate any deferred gain or loss upon the consummation of the agreements because these transactions are part of a business reorganization among entities under common control. The net impact of these transactions will be reflected as an increase in additional paid-in capital.

Concurrent with this offering, we will effect a reorganization in which we will transfer all of the issued and outstanding capital stock of Prime Reinsurance Company to Citi. Each of the assets and liabilities, including the invested assets and the distribution of Prime Reinsurance Company, will be transferred at book value with no gain or loss recorded on our income statement.

(A) Reflects $3.7 billion representing the carrying value as of September 30, 2009 of a pro-rata share of cash and invested assets assumed to be transferred to the Citi reinsurers under the Citi coinsurance agreements, plus the initial capitalization of Prime Reinsurance Company. (See notes J and L)

(B) Reflects accrued investment income related to the pro-rata share of invested assets assumed to be transferred to the Citi reinsurers as part of the Reinsurance Transactions, plus the initial capitalization of Prime Reinsurance Company.

(C) 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.

(D) 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.

(E) Reflects the deposit we paid to the Citi reinsurer under the deposit agreement.

(F) Reflects the changes in deferred taxes, which are primarily associated with the reduction in our term life DAC balance resulting from the risk transfer agreements along with the AOCI associated with unrealized gains and losses on invested assets transferred to Citi, calculated at an assumed 35% effective tax rate.

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

(H) Reflects the increase in additional paid-in capital related to the reinsurance transactions with the Prime Reinsurance Company and the other Citi subsidiaries. These transactions will not generate any deferred gain or loss upon the consummation of the agreements because these transactions are part of a business reorganization among entities under common control.

(I) Reflects the dividend of Prime Reinsurance Company to Citi.

(J) Reflects an adjustment to unrealized gains (losses) associated with a pro-rata share of invested assets assumed to be transferred to the Citi reinsurers, net of income taxes at an assumed rate of 35%. (See note A)

(K) Reflects premiums ceded to the Citi reinsurers under the risk transfer agreements. This amount represents the Citi reinsurers' percentage of net premiums for the nine-months ended September 30, 2009 on policies in-force as of the opening Balance Sheet date.

(L) Reflects $155 million of net investment income on a pro-rata share of invested assets assumed to be transferred to the Citi reinsurers. The net investment income was estimated by multiplying the actual investment income by the ratio of the amount of assets transferred to our total portfolio of invested assets. The amount also includes $2 million of interest income related to the 10% reinsurance agreement being accounted for under the deposit method. (See notes A and I)

(M) Reflects benefits and claims ceded to the Citi reinsurers under the risk transfer agreements. This amount represents the Citi reinsurers' percentage of benefits and claims through the nine-months ended September 30, 2009 on policies in-force as of the opening Balance Sheet date.

(N) Reflects the DAC amortization ceded to the Citi reinsurers under the risk transfer agreements. This amount represents the Citi reinsurers' percentage of DAC amortization through the nine-months ended September 30, 2009 on policies in-force as of the opening Balance Sheet date.

(O) Reflects expense allowance ceded to the Citi reinsurers under the risk transfer agreements. This amount represents the Citi reinsurers' percentage of expense allowance through the nine-months ended September 30, 2009 on policies in-force as of the opening Balance Sheet date.

(P) Reflects a finance charge payable to the Citi reinsurer in respect of the deposit agreement. The annual finance charge is 3% 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 E)

(Q) Reflects income tax at an assumed 35% effective tax rate.

(3) Adjustments for the reorganization and other concurrent transactions.

(R) Reflects the reduction in cash and invested assets associated with the dividend to Citi.

(S) Reflects accrued investment income associated with a pro-rata share of invested assets assumed to be transferred to Citi.

(T) Primarily reflects the change in deferred taxes related to the dividend from one of our Canadian subsidiaries to Citi, along with the AOCI associated with unrealized gains and losses on invested assets transferred to Citi, calculated at an assumed 35% effective tax rate.

(U) Reflects the issuance of a $ million note payable to Citi, representing a dividend of any available retained earnings, with the remainder reflecting a return of capital.

(V) Reflects a return of capital as part of the dividend to Citi.

(W) Reflects dividends to Citi.

(X) Reflects the unrealized gains (losses) associated with a pro-rata share of invested assets to be transferred to Citi, net of income taxes at an assumed rate of 35%.

(Y) Reflects net investment income on a pro-rata share of invested assets assumed to be transferred as dividends to Citi. The net investment income was estimated by multiplying the actual investment income by the ratio of the amount of assets transferred to the Company's total portfolio of invested assets.

(Z) Reflects interest incurred on the $ million note payable to Citi, with interest based on %.

(AA) Reflects income tax at an assumed 35% effective tax rate.

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 year-end 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 $400 million of 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, certain of our employees, including our officers, and our sales force leaders;
- subject to the approval of the Citi Personnel and Compensation Committee, we will convert certain unvested equity awards held by our employees under the Citi Stock Award Program and sales representatives under the Citi Capital Accumulation Plan for PFS representatives into Primerica equity awards; and
- we estimate that we will incur $ in total pre-tax costs and expenditures related to this offering.

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%	$333,829	52%	$1,682,852	77%
Benefits and expenses	802,268	74%	208,349	42%	1,161,203	63%
Segment income (loss) before income taxes	$ 509,978		$125,480		$ 521,649	
Investment and Savings Products						
Revenue	$ 217,186	13%	$217,186	34%	$ 386,508	18%
Benefits and expenses	149,880	14%	149,880	30%	261,345	14%
Segment income (loss) before income taxes	$ 67,306		$ 67,306		$ 125,163	
Corporate and Other Distributed Products						
Revenue	$ 112,367	7%	$ 90,070	14%	$ 127,584	6%
Benefits and expenses(2)	128,667	12%	137,380	28%	421,360	23%
Segment income (loss) before income taxes	$ (16,300)		$ (47,310)		$ (293,776)	
Total						
Revenue	$1,641,799	100%	$641,085	100%	$2,196,944	100%
Benefits and expenses	1,080,815	100%	495,609	100%	1,843,908	100%
Net income (loss) before income taxes	$ 560,984		$145,476		$ 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 expected 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 expected portfolio at the time of the offering, 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.

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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, the number of fee-generating accounts, and the commissions and fees earned from these drivers by the Investment and Savings Products segment for the periods presented:

	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	$ 32,163,879	$ 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
Total Investment and Savings Product Commissions and Fees	$ 209,531	$ 299,431	$ 374,791	$ 431,518	$ 374,343

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:

	As of September 30, 2009	
	Actual	
	$	%
	(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). We believe that a lapse rate in the number of policies that is 1% higher than the rate assumed in our pricing assumptions is a reasonably possible variation. 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, 2009	Nine Months Ended September 30, 2008	Change $	Change %
	(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.

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Corporate and Other Distributed Products Segment

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	Change $	Change %
	(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%

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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.

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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.

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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 at the Time of This Offering

After this offering, we expect to continue to follow what we believe to be a conservative investment strategy. At the time of this offering, we expect our invested asset portfolio to demonstrate similar characteristics to our invested asset portfolio prior to the offering. For example, we expect that more than 90% of our portfolio will consist of investment grade fixed maturity investments, with the remainder invested in high yield bonds and equity investments. At the time of the offering, we expect the average rating of our fixed maturity portfolio to be single A, with an average duration of three to four years.

We expect our investments to be diversified across several asset classes. For example, we expect approximately 50% of our fixed income holdings to be publicly traded general corporate debt obligations, approximately 30% to be structured securities (asset backed and commercial and residential mortgage-backed securities), and approximately 5% to be debt issued by the U.S. Treasury and other sovereign debt. We expect the remainder to be comprised of private placements of corporate debt, municipal debt, and cash.

Historical Portfolio Description

As of September 30, 2009, the carrying value of our invested asset portfolio was approximately $6.3 billion. 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 and December 31, 2008:

	As of September 30, 2009		As of December 31, 2008	
	Actual		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. 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 were as set forth in the following table:

	As of September 30, 2009			
	Actual			
	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 was as follows:

	As of September 30, 2009	
	Actual	
	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 were approximately $1.8 billion. 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 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.

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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 millions)		
Future policy benefits(1)	$17,816	$ 960	$1,832	$ 1,795	$13,229
Commissions(2)	479	78	82	68	251
Purchase obligations(3)	36	25	10	1	—
Operating lease obligations(4)	33	6	12	9	6
Other policyholders' funds(5)	324	324	—	—	—
Policy claims and other benefits payable(6)	226	226	—	—	—
Current income tax payable	12	12	—	—	—
Due to affiliates(7)	10	10	—	—	—
Total contractual obligations	$18,936	$ 1,641	$1,936	$ 1,873	$13,486

(1) Our liability balance for future policy benefits was $4,023 million as of December 31, 2008. This liability represents the present value of estimated future policy benefits to be paid, less the present value of estimated future net premiums to be collected. Net premiums represent the portion of gross premiums required to provide for all benefits and associated expenses. These benefit payments are contingent on policyholders continuing to renew their policies and making their premium payments. Our contractual obligations table discloses the impact of benefit payments that will be due assuming the underlying policy renewals and premium payments continue as expected in our actuarial models. The future policy benefits represented in the table are presented on an undiscounted basis, gross of any amounts recoverable through reinsurance

agreements and gross of any premiums to be collected. We expect to fully fund the obligations for future policy benefits from cash flows from general account invested assets and from future premiums. These estimations are based on mortality and lapse assumptions comparable with our historical experience. Due to the significance of the assumptions used, the amounts presented could materially differ from actual results. These benefits are payable contingent on the policyholders continuing to renew their policies and make their premium payments. Premium payments to be collected exceed the estimated benefits to be paid in all periods presented.

(2) Commissions represent gross, undiscounted commissions that we expect to incur, which are contingent on the policyholders continuing to renew their policies and make their premium payments as noted in footnote (1) above.

(3) 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.

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

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

(6) Policy claims and other benefits payable represents claims and benefits currently owed to policyholders.

(7) 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.

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 $3.1 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 equity investments as of September 30, 2009 to decline by approximately $4.2 million.

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 11 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 his or her 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.

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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 its 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 the other party. In addition, if the reinsurer becomes insolvent, impaired or unable to pay its 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."

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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
Total Investment and Savings Product Commissions and Fees	$ 209,531	$ 299,431	$ 374,791	$ 431,518	$ 374,343

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 all have indefinite terms and provide for termination at will. Each of these agreements authorizes 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 from Citi lenders. Our contracts allowing us to sell unsecured loans of Citi lenders will terminate on December 31, 2010. Although we anticipate that we will have a transition period with our mortgage loan lenders following this offering, our mortgage lenders are under no obligation to continue serving as our mortgage loan 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 \$2.2 billion and an additional \$2.0 billion 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 and in the Commonwealth of the Northern Mariana 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	Year Ended		Nine Months Ended	Year Ended	
	September 30, 2009	December 31, 2008	December 31, 2007	September 30, 2009	December 31, 2008	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 12 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, Primerica Life was outside the "usual" range established by the NAIC for three ratios and NBLIC was outside of such range for two ratios.

At December 31, 2008, Primerica Life's ratio for net change in capital and surplus was -11% and Primerica Life's ratio for gross change in capital and surplus was -11%. These ratios fell outside of the "usual" range of 50% to -10%. The reason that these ratios were outside the "usual" range is primarily due to dividends to stockholders being more than net income in 2008. Net income was lower in 2008 as a result of a decrease of $170 million in dividend payments received from subsidiaries. In 2008, 2007 and 2006, Primerica Life received dividend payments of $62 million, $232 million and $45 million, respectively, from subsidiaries.

At December 31, 2008, Primerica Life's ratio for non-admitted to admitted assets was 13%. The percentage that is deemed to be "usual" is 10%. The reason for this variation was primarily due to a change in the valuation at December 31, 2008 versus December 31, 2007 of an investment held by Primerica Life that was a non-admitted invested asset but will not be an investment of Primerica Life following this offering and the concurrent transactions.

At December 31, 2008, NBLIC's ratio for change in premium ratio was -49% and NBLIC's ratio for change in reserving was 79%. These ratios for change in premium and change in reserving fell outside of the "usual" range of 50% to -10% and 20% to -20%, respectively. The reason that these ratios were outside the "usual" range was because NBLIC entered into a retrocession agreement with RGA Reinsuraance Company. Under the terms of the retrocession agreement, RGA Reinsurance Company assumed an initial reserve charge. Effective July 2007, RGA Reinsurance Company recaptured 100% of the reinsurance cession. The impact of the retrocession agreement resulted in a decrease in premiums of $85 million and a decrease in reserves of $97 million, causing the ratios to fall.

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.

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 Massachusetts Division of Banks is currently conducting an examination of Primerica Mortgages. We have provided the Division with the documentation and information that the Division has requested. The Division has not yet issued any specific written findings in connection with the examination.

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 continues 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. 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.

- EESA prohibits payments or accruals of bonuses, retention awards and incentive compensation to Citi's senior executive officers and its 20 next most highly compensated employees (subject to specified exceptions for incentives granted in long-term restricted stock and payments under valid contracts in effect on February 11, 2009). If this prohibition were to apply to any of our Named Executive Officers or other senior executives due to their being among Citi's 20 next most highly compensated employees, it could limit our ability to pay to these executives, or to provide these executives with vesting in respect of, such compensation.
- EESA prohibits severance and change in control payments to Citi's senior executive officers and its five next most highly compensated employees. 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 this prohibition were to apply to any of these executives due to their being among Citi's five next most highly compensated employees, it could restrict our ability to enter into any such individual severance or change in control arrangements with these executives or to honor the terms of their existing equity and deferred cash awards.
- EESA requires that bonuses payable to Citi's senior executive officers and its 20 next most highly compensated employees be subject to "clawback" if the bonuses were based on materially inaccurate

financial statements or any other materially inaccurate performance metric criteria. To the extent required by EESA, following this offering we intend to make bonuses payable to our Named Executive Officers and other senior executives subject to clawback under such circumstances.

- EESA prohibits paying tax gross-ups to Citi's senior executive officers and its 20 next most highly compensated employees. None of our Named Executive Officers or other senior executives is entitled to any such gross-ups. If this prohibition were to apply to any of our Named Executive Officers or other senior executives due to their being among Citi's 20 next most highly compensated employees, it could restrict our ability to enter into any arrangements with these executives that provide for such gross-ups.

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 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.

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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 and Chief Administrative Officer. 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 the intercompany agreement 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 Co-Chief Executive Officers and evaluating and approving the corporate goals and objectives relevant to the compensation of the

Co-Chief Executive Officers and evaluating their 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, Citi's bonus pools have been based on the performance of the respective business, the performance of Citi as a whole and competitive market position. 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 incentive 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. As described more fully in the section entitled "— General Discussion of the Summary Compensation Table and Grants of Plan-Based Awards Table," in connection with Citi's repayment of funds borrowed under TARP, incentive payments paid in respect of 2009 performance were paid in a combination of cash, common stock equivalents, and, for employees who did not satisfy retirement eligibility conditions, deferred cash and restricted stock.

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 awarded on a discretionary basis and were made to incentivize and retain employees. 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 General 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 may implement 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 currently 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. For 2009, our general business objectives related to executing our separation from Citi, growing the sales force, achieving net income and expense goals, continuing implementation of innovative technology strategies for the sales force and sustaining current high-level controls.

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 Mr. Addison and Mr. R. Williams included executing our separation from Citi, achieving net income and expense goals, implementing our growth of sales force initiatives, enhancing employee satisfaction, sustaining current high-level regulatory and internal controls, and executing our technology initiatives. The self-established goals of Mr. G. Williams included executing our separation from Citi, enhancing communication and sustaining positive relationships with our sales force, enhancing marketing team strategies, and meeting budgeted production in areas such as recruiting, licensing, and sales. The self-established goals of Mr. Schneider included executing our separation from Citi, monitoring compliance with applicable government regulations and responding to new regulations, implementing our growth of sales force initiatives, and meeting cost objectives. The self-established goals of Ms. Rand included executing our separation from Citi, sustaining current high-level regulatory and internal controls, meeting cost objectives and managing expenses, and enhancing our employee talent pool and diversity. The self-established goals for Mr. Pitts included executing our separation from Citi, sustaining current high-level regulatory and internal controls, implementing Primerica Debtwatchers™, establishing long-term lending business strategies, and executing our technology initiatives.

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.

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 three 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. In each instance where the tables below refer to a number of shares underlying equity awards granted to our Named Executive Officers, or refer to an exercise price to acquire shares, such references relate to equity awards to acquire shares of Citi common stock.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Stock Options ($)(3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
D. Richard Williams Co-Chief Executive Officer	2009	$ 432,502	$ 117,500	$ —	$ 69,347	$ —	$ 56,466	$ 14,700	$ 690,515
John A. Addison Co-Chief Executive Officer	2009	$ 425,002	$ 125,000	$ —	$ 66,140	$ —	$ 35,826	$ 14,700	$ 666,668
Alison S. Rand Executive Vice President and Chief Financial Officer	2009	$ 281,755	$ 170,999	$ 28,912	$ 80,900	$ —	$ 14,681	$ 14,700	$ 591,947
Peter W. Schneider Executive Vice President, General Counsel and Secretary	2009	$ 395,713	$ 79,288	$ —	$ 114,975	$ —	$ 11,565	$ 14,700	$ 616,241
Glenn J. Williams Executive Vice President and President	2009	$ 315,929	$ 159,073	$ —	$ 60,379	$ —	$ 10,673	$ 14,700	$ 560,754
Gregory C. Pitts Executive Vice President, Chief Operating Officer	2009	$ 297,343	$ 146,914	$ —	$ 63,599	$ —	$ 29,019	$ 14,700	$ 551,575

(1) The values in this column are the sum of the cash incentives paid in January 2010 of $75,000 for each Named Executive Officer, a lump sum retention payment made to our Named Executive Officers in November 2009 and, in the case of Ms. Rand, the deferred cash award paid to Ms. Rand in respect of 2009 performance. Ms. Rand's deferred cash award will vest and be paid out to her in 25% increments over the next four years.
(2) The value in this column represents the fair value on the grant date of the shares awarded to Ms. Rand computed in accordance with FASB ASC Topic 718.
(3) The values in this column represent the aggregate fair values on the grant date of the stock options awarded to the Named Executive Officers computed in accordance with FASB ASC Topic 718.

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(4) These amounts are the positive changes in the present value of the pension benefits for each Named Executive Officer under the Citigroup Pension Plan and the Travelers Nonqualified Plan. The amount of each Named Executive Officer's above-market or preferential earnings on compensation that was deferred on a basis that was not tax-qualified was $0.
(5) The values in this column represent the 401(k) matching contribution for the 2009 plan year.

Grants of Plan-Based Awards

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards							
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold ($)	Target (#)	Maximum (#)	All other Stock Awards: Number of Shares of Stock or Units (#)(1)	All Other Option Awards: Number of Securities Underling Options (#)(2)	Exercise or Base Price of Option Awards ($/Sh)(3)	Exercise Price of Option Awards on Date of Grant ($/Sh)	Grant Date Fair Value of Stock and Option Awards(4)
D. Richard Williams	10/29/2009								48,939	$ 4.08	$ 4.31	$ 69,347
John A. Addison	10/29/2009								46,676	$ 4.08	$ 4.31	$ 66,140
Alison S. Rand	1/20/2009							6,188				$ 28,912
	10/29/2009								57,092	$ 4.08	$ 4.31	$ 80,900
Peter W. Schneider	10/29/2009								81,140	$ 4.08	$ 4.31	$ 114,975
Glenn J. Williams	10/29/2009								42,611	$ 4.08	$ 4.31	$ 60,379
Gregory C. Pitts	10/29/2009								44,882	$ 4.08	$ 4.31	$ 63,599

(1) This award was made under the Citi Capital Accumulation Program, described in more detail below.
(2) These awards were made under the Citigroup Employee Option Grant program, described in more detail below.
(3) The exercise price of each option represents the closing price of Citi common stock on the date prior to the date of grant pursuant to the terms of the Citi 2009 Stock Incentive Plan.
(4) The amount represents the grant date fair value of the stock and option awards computed in accordance with FASB ASC Topic 718.

In accordance with SEC disclosure rules, compensation associated with equity awards is included in the Summary Compensation Table in the year in which the awards are granted. Therefore, the value of equity and equity-based awards granted to our Named Executive Officers in 2010 in respect of 2009 performance (which, as discussed in the section entitled "— General Discussion of the Summary Compensation Table and Grants of Plan-Based Awards Table" included Citi Common Stock Equivalents, or CSEs, payable in shares of Citi common stock subject to the approval of the issuance of additional shares under the Citi equity compensation plan at Citi's next annual shareholder meeting) is not included in the Summary Compensation Table. The table below sets forth equity and equity-based awards and deferred cash awards granted to our Named Executive Officers in 2010 in respect of 2009 performance. See the sections entitled "— General Discussion of the Summary Compensation Table and Grants of Plan-Based Awards Table" and "— Potential Payments Upon Termination or Change in Control" for additional details regarding the terms of these awards.

Incentive Awards Made for the 2009 Performance Year

Name	Current Cash Award	Citi Stock Equivalent Award (1)	Sale-Restricted Citi Stock Equivalent Award (2)	CAP Award (3)	Deferred Cash Award (4)	Total
D. Richard Williams	$ 75,000	$ 1,498,130	$ 847,070	$ —	$ —	$ 2,420,200
John A. Addison	$ 75,000	$ 1,487,405	$ 841,295	$ —	$ —	$ 2,403,700
Alison S. Rand	$ 75,000	$ 187,500	$ —	$ 65,625	$ 21,875	$ 350,000
Peter W. Schneider	$ 75,000	$ 578,510	$ 351,890	$ —	$ —	$ 1,005,400
Glenn J. Williams	$ 75,000	$ 296,000	$ 159,000	$ —	$ —	$ 530,000
Gregory C. Pitts	$ 75,000	$ 180,000	$ 85,000	$ —	$ —	$ 340,000

(1) Awards shown in this column represent the value of the CSE awards granted to our Named Executive Officers as of the grant date computed in accordance with FASB Topic 718. See the section entitled "— General Discussion of the Summary Compensation Table and Grants of Plan Based Awards Table" for more details on the CSE awards.

(2) Awards shown in this column represent the value of the sale-restricted CSEs on the grant date for employees who met the Rule of 60 or Rule of 75 on the grant date computed in accordance with FASB Topic 718. See the section entitled "— General Discussion of the Summary Compensation Table and Grants of Plan-Based Awards Table" for more details on the sale-restricted CSE awards.

(3) Awards shown in this column were made pursuant to the Citi Capital Accumulation Program and vest 25% per year from the date of grant.

(4) Awards shown in this column were made pursuant to the Citi Deferred Cash Award Program and vest 25% per year from the date of grant.

General Discussion of the Summary Compensation Table and Grants of Plan-Based Awards Table

Incentive compensation paid to our Named Executive Officers in January 2010 in respect of 2009 performance was allocated under the following guidelines:

- Employees who 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 25% in the form of deferred cash awards and 75% in the form of restricted stock awards, each vesting over four years subject to continued employment (or, in the case of employees satisfying the Rule of 60 or the Rule of 75 on or prior to the date of grant, in fully-vested CSEs, payable over four years). Each CSE represents the right to receive one share of Citi common stock subject to shareholder approval of the issuance of additional shares under the Citi equity plan at the Citi 2010 annual meeting (Citi reserves the right to settle CSE awards at any time prior to its next annual meeting of stockholders). 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 a combination of fully-vested cash ($75,000) and fully-vested CSEs payable in April 2010 following the Citi 2010 annual meeting.

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, Mr. Pitts met the Rule of 60, Mr. Schneider 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 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 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 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.
- Employees participating in CAP received the remainder of their incentive compensation award in the form of a fully-vested cash award.

Incentive compensation paid to 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.
- 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 28, 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.

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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 ($3.31 per share):

		Option Awards							Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable(1)		Number of Securities Underlying Unexercised Options (#) Unexercisable(2)		Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested ($)
Name	Grant Date	Initial	Reloads	Initial	Reloads							
D. Richard Williams	6/30/2000	91(3)					$43.9389	6/30/2010				
	1/16/2001	26,805(4)					$49.5477	1/16/2011				
	1/6/2004		30,536				$49.7900	4/18/2010				
	1/20/2004	20,000(5)					$49.5000	1/20/2010				
	1/23/2004		4,749				$50.6900	2/13/2012				
	2/7/2005		10,335				$49.7800	4/18/2010				
	5/1/2006		10,317				$49.9500	4/18/2010				
	10/5/2006		14,467				$51.0300	2/13/2012				
	7/13/2007		4,734				$52.5200	2/13/2012				
	10/29/2009			48,939(6)			$ 4.0800	10/29/2015				
John A. Addison, Jr.	1/20/2004	20,000(5)					$49.5000	1/20/2010				
	1/23/2004		4,749				$50.6900	2/13/2012				
	2/7/2005		10,144				$49.7800	4/18/2010				
	5/1/2006		10,316				$49.9500	4/18/2010				
	10/5/2006		14,466				$51.0300	2/13/2012				
	7/13/2007		4,734				$52.5200	2/13/2012				
	10/29/2009			46,676(6)			$ 4.0800	10/29/2015				
Alison S. Rand	1/20/2004	2,501(5)					$49.5000	1/20/2010				
	1/17/2006								530(7)	$ 1,754		
	1/17/2006								597(7)	$ 1,976		
	5/10/2006		11,848				$50.3700	4/18/2010				
	11/10/2006		7,604				$50.6100	2/13/2012				
	11/10/2006		3,997				$50.6100	4/18/2010				
	1/16/2007								1,062(8)	$ 3,515		
	1/16/2007								1,331(8)	$ 4,406		
	7/17/2007								6,707(9)	$ 22,200		
	1/22/2008								3,459(10)	$ 11,449		
	1/22/2008								4,291(10)	$ 14,203		
	1/20/2009								6,188(11)	$ 20,482		
	10/29/2009			24,468(6)			$ 4.0800	10/29/2015				
	10/29/2009			32,624(6)			$ 4.0800	10/29/2015				
Peter W. Schneider	1/16/2001	33,238(4)					$49.5477	1/16/2011				
	2/13/2002	4,499(12)					$42.1097	2/13/2012				
	1/20/2004	16,500(5)					$49.5000	1/20/2010				
	1/18/2005	10,000(13)					$47.5000	1/18/2011				
	1/17/2006								1,307(7)	$ 4,326		
	1/17/2006								1,285(7)	$ 4,253		
	10/5/2006		6,109				$51.0300	2/13/2012				
	10/24/2006		299				$50.6200	2/13/2012				
	1/16/2007								671(8)	$ 2,221		
	4/5/2007		7,148				$51.5700	2/13/2012				
	4/24/2007		355				$52.8100	2/13/2012				
	7/17/2007								11,497(9)	$ 38,055		
	7/20/2007		5,991				$50.7300	2/13/2012				
	1/22/2008								2,860(10)	$ 9,467		
	10/29/2009			34,774(6)			$ 4.0800	10/29/2015				
	10/29/2009			46,366(6)			$ 4.0800	10/29/2015				

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		Option Awards							Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable(1)		Number of Securities Underlying Unexercised Options (#) Unexercisable(2)		Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested ($)
Name	Grant Date	Initial	Reloads	Initial	Reloads							
Glenn J. Williams	6/30/2000	91(3)					$43.9389	6/30/2010				
	1/16/2001	9,382(4)					$49.5477	1/16/2011				
	1/20/2004	7,500(5)					$49.5000	1/20/2010				
	1/18/2005	5,030(13)					$47.5000	1/18/2011				
	5/11/2006		10,076				$50.3000	4/18/2010				
	10/5/2006		7,565				$51.0300	2/13/2012				
	7/13/2007		1,850				$52.5200	2/13/2012				
	7/17/2007								7,665(9)	$ 25,371		
	10/29/2009			18,262(6)			$ 4.0800	10/29/2015				
	10/29/2009			24,349(6)			$ 4.0800	10/29/2015				
Gregory C. Pitts	1/16/2001	9,382(4)					$49.5477	1/16/2011				
	1/6/2004		7,696				$49.7900	4/18/2010				
	1/20/2004	7,850(5)					$49.5000	1/20/2010				
	1/23/2004		1,899				$50.6900	2/13/2012				
	1/18/2005	9,379(13)					$47.5000	1/18/2011				
	2/7/2005		2,536				$49.7800	4/18/2010				
	5/1/2006		2,531				$49.9500	4/18/2010				
	10/5/2006		5,674				$51.0300	2/13/2012				
	1/16/2007								321(8)	$ 1,063		
	7/13/2007		1,850				$52.5200	2/13/2012				
	7/17/2007								7,665(9)	$ 25,371		
	1/22/2008								1,047(10)	$ 3,466		
	10/29/2009			19,235(6)			$ 4.0800	10/29/2015				
	10/29/2009			25,647(6)			$ 4.0800	10/29/2015				

(1) The options shown in this column are vested.
(2) The options shown in this column are nonvested as of December 31, 2009.
(3) This option granted on June 30, 2000 vested in five equal annual installments beginning on June 30, 2001.
(4) This option granted on January 16, 2001 vested in five equal annual installments beginning on July 16, 2002.
(5) This option granted on January 20, 2004 vested in three equal annual installments beginning on July 20, 2005.
(6) This option granted on October 29, 2009 vests in three equal annual installments beginning on October 29, 2010.
(7) This stock award granted on January 17, 2006 vests in four equal annual installments beginning on January 20, 2007.
(8) This stock award granted on January 16, 2007 vests in four equal annual installments beginning on January 20, 2008.
(9) This stock award granted on July 17, 2007 vests on July 17, 2010.
(10) This stock award granted on January 22, 2008 vests in four equal annual installments beginning on January 20, 2009.
(11) This stock award granted on January 20, 2009 vests in four equal annual installments beginning on January 20, 2010.
(12) This option granted on February 13, 2002 vested in five equal annual installments beginning on July 13, 2003.
(13) This option granted on January 18, 2005 vested in four equal annual installments beginning on January 20, 2006.

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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	0	$ 0	0	$ 0
John A. Addison, Jr.	0	$ 0	0	$ 0
Alison S. Rand	0	$ 0	5,992	$ 19,116
Peter W. Schneider	0	$ 0	5,756	$ 18,363
Glenn J. Williams	0	$ 0	3,208	$ 10,813
Gregory C. Pitts	0	$ 0	901	$ 2,873

The values shown above reflect the market value of Citi stock as of the vesting dates, which was between $3.19 and $3.48.

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 ($)(1)	Payments During Last Fiscal Year ($)
D. Richard Williams	The Citigroup Pension Plan	29.42	$ 226,406	$ 0
	Travelers Nonqualified Plan	22.42	$ 126,413	$ 0
John A. Addison, Jr.	The Citigroup Pension Plan	26.08	$ 154,351	$ 0
	Travelers Nonqualified Plan	19.08	$ 59,780	$ 0
Alison S. Rand	The Citigroup Pension Plan	13.92	$ 53,128	$ 0
	Travelers Nonqualified Plan	6.92	$ 6,664	$ 0
Peter W. Schneider	The Citigroup Pension Plan	8.50	$ 62,704	$ 0
	Travelers Nonqualified Plan	1.50	$ 9,268	$ 0
Glenn J. Williams	The Citigroup Pension Plan	9.00	$ 53,412	$ 0
	Travelers Nonqualified Plan	2.00	$ 4,675	$ 0
Gregory C. Pitts	The Citigroup Pension Plan	23.50	$ 114,582	$ 0
	Travelers Nonqualified Plan	16.50	$ 24,078	$ 0

(1) The material assumptions used in determining the present value of the plan benefits are (a) a discount rate of 5.90%, and (b) an interest credit rate on cash balance plan benefits of 4.90%.

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.

The Travelers Retirement Benefits Equalization Plan

The purpose of the Travelers Retirement Benefits Equalization Plan, or Travelers Nonqualified Plan, a nonqualified retirement plan, was to provide retirement benefits using the applicable Citi Pension Plan formula, but based on the Citi Pension Plan's definition of (a) compensation, in excess of the Code's qualified plan compensation limit ($170,000 for 2001), or (b) benefits, in excess of the Code's qualified plan benefit limit ($140,000 for 2001). In 1994, the Travelers Nonqualified Plan was amended to limit qualifying compensation under the plan to $300,000 and was further amended in 2001 to cease benefit accruals after 2001 for most participants (including the Named Executive Officers).

All other terms of the Travelers Nonqualified Plan are the same as under the Citi Pension Plan, including definitions of eligible compensation and normal retirement age. The optional forms of benefit available under the Travelers Nonqualified Plan and their equivalent values are the same as those under the Citi Pension Plan.

Non-Qualified Deferred Compensation

The following table provides information concerning the non-qualified deferred compensation of each of the Named Executive Officers as of December 31, 2009. The amounts shown in the table represent the value of deferred stock granted to each Named Executive Officer under the Citi Capital Accumulation Program as described in "—General Discussion of the Summary Compensation Table and Grants of Plan-Based Awards Table."

Name	Program	Executive Contributions in Last Fiscal Year ($)	Registrant Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($)
D. Richard Williams	Capital Accumulation Program	$ 0	$ 0	$(216,587)	$ 84,583	$119,992
John A. Addison	Capital Accumulation Program	$ 0	$ 0	$(206,794)	$ 80,874	$114,442
Peter W. Schneider	Capital Accumulation Program	$ 0	$ 0	$ (79,249)	$ 20,288	$ 55,357
Glenn J. Williams	Capital Accumulation Program	$ 0	$ 6,970(1)	$ (50,901)	$ 20,035	$ 34,328
Gregory C. Pitts	Capital Accumulation Program	$ 0	$ 0	$ (56,321)	$ 20,337	$ 32,983

(1) Amount represents the value of deferred stock vesting in 2009 (based on the closing price of Citi common stock on the date of vesting) as a result of Mr. G. Williams first meeting the Rule of 75 in 2009.

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.

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

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.

In the event of a change in control of Primerica as defined in Section 409A of the Code, CAP and DCAP awards and stock options (other than the CEOG Options) will be treated in the same manner as described above for involuntary terminations, except that CAP awards held by employees who meet the Rule of 60 or the Rule of 75 will be paid immediately upon the change in control.

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 our company is reduced so that Citigroup no longer holds a significant equity interest in our 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."

Other Termination of Employment Provisions

All of our Named Executive Officers are eligible to receive the benefits described in the Pension Benefits Table upon termination of employment for any reason and the Non-Qualified Deferred Compensation Table upon termination of employment for any reason other than for cause or where the Named Executive Officer competes with us or Citi following termination of employment. 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 associated with the acceleration of restricted stock, deferred stock and deferred cash awards held by each Named Executive Officer, assuming the executive's employment with us had terminated on December 31, 2009 and that a change in control of Primerica had also occurred on that date. While the vesting of stock options held by our Named Executive Officers would also accelerate, the exercise prices of outstanding options were all higher than the closing price of Citi stock on December 31, 2009.

These amounts exclude the value of equity awards disclosed in the Non-Qualified Deferred Compensation table because those awards are fully vested. These amounts also exclude any pension benefits; please refer to the Pension Benefits Table for those amounts. These amounts also do not include any amounts that may be payable under the broad based Citigroup Separation Pay Plan. The closing price of Citi stock on December 31, 2009 was $3.31.

D. Richard Williams and John Addison, Jr.

No accelerated vesting of equity will occur upon a termination of employment or change in control for Messrs. R. Williams or Addison.

Alison S. Rand

Termination Without Cause or For Good Reason	$	124,751
Voluntary Resignation	$	0
Termination for Cause	$	0
Change in Control	$	124,751
Death	$	147,933
Disability	$	147,933
Retirement	$	0

Peter W. Schneider

Termination Without Cause or For Good Reason	$	17,123
Voluntary Resignation	$	0
Termination for Cause	$	0
Change in Control	$	17,123
Death	$	58,325
Disability	$	58,325
Retirement	$	0

Glenn J. Williams

Termination Without Cause or For Good Reason	$	0
Voluntary Resignation	$	0
Termination for Cause	$	0
Change in Control	$	0
Death	$	25,371
Disability	$	25,371
Retirement	$	0

Gregory C. Pitts

Termination Without Cause or For Good Reason	$	3,347
Voluntary Resignation	$	0
Termination for Cause	$	0
Change in Control	$	3,347
Death	$	29,900
Disability	$	29,900
Retirement	$	0

Director Compensation

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 $10 million.

Performance Criteria. Awards granted under the Plan may be subject to specified performance criteria. Performance criteria are based on our attainment of performance measures pre-established by the independent committee, in its sole discretion, based on one or more of the following:

- return on total stockholder equity;
- earnings per share of our common stock;
- net income (before or after taxes);
- earnings before any or all of interest, taxes, minority interest, depreciation and amortization;
- sales or revenues;
- return on assets, capital or investment;
- market share;
- cost reduction goals;
- implementation or completion of critical projects or processes;
- cash flow;
- gross or net profit margin;
- achievement of strategic goals;
- growth and/or performance of our sales force;
- operating service levels; and
- any combination of, or a specified increase in, any of the foregoing.

The performance criteria may be based upon the attainment of specified levels of performance under one or more of the measures described above relative to the performance of other entities. To the extent permitted under Section 162(m) of the Code or to the extent that an award is not intended to qualify as “performance-based compensation” under Section 162(m) of the Code, the independent committee, in its sole discretion, may designate additional business criteria on which the performance criteria may be based or adjust, modify or amend the previously mentioned business criteria. Performance criteria may include a threshold level of performance below which no award will be earned, a level of performance at which the target amount of an award will be earned and a level of performance at which the maximum amount of the award will be earned. The independent committee, in its sole discretion, shall make equitable adjustments to the performance criteria in recognition of unusual or non-recurring events affecting us or our financial statements, in response to changes in applicable laws or regulations, including changes in generally accepted accounting principles, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of a business or related to a change in accounting principles, as applicable.

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, 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, 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. 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

All outstanding shares of our common stock are beneficially owned by Citigroup Insurance Holding Corporation, a wholly owned subsidiary of Citigroup, Inc. whose principal offices are located at 399 Park Avenue, New York, NY 10022. 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. Please see the section entitled "Certain Relationships and Related Party Transactions — Relationship with Citi Prior to this Offering" for a description of our historical relationship with Citi.

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BENEFICIAL OWNERSHIP OF COMMON STOCK

All outstanding shares of our common stock are beneficially owned by Citi. In this offering, Citi intends to sell shares of our common stock, or approximately % of outstanding shares, to the public.

The following table reflects beneficial ownership of our common stock as of , 2010 (including shares of our common stock with respect to which each individual or entity will acquire voting and/or investment power within 60 days) for: (1) each person or entity who owns of record or beneficially 5% or more of our common stock; (2) our directors and executive officers; and (3) our directors and executive officers as a group. Beneficial ownership is determined in accordance with the rules and regulations of the SEC. There is currently no 5% beneficial owner of our common stock other than Citi. To the extent that any of our directors or officers participates in the directed share program being effected concurrently with this offering, the number and percentage of shares of our common stock that he or she owns will increase.

	Shares of Our Common Stock Beneficially Owned			
	Prior to this Offering and the Transactions		Following this Offering and the Transactions	
Name of Beneficial Owner (1)	Number of Shares	Percentage of Class (2)	Number of Shares	Percentage of Class (2)
5% Beneficial Owners:				
Citigroup Insurance Holding Corporation (3)		100.0%		%
Directors and Executive Officers:				
D. Richard Williams (4)	—	—		%
John A. Addison, Jr. (5)	—	—		%
Peter W. Schneider (6)	—	—		%
Glenn J. Williams (7)	—	—		%
Alison S. Rand (8)	—	—		%
Gregory C. Pitts (9)	—	—		%
(10)	—	—		%
(10)	—	—		%
(10)	—	—		%
(10)	—	—		%
(10)	—	—		%
All of our directors and executive officers as a group	—	—		%

* Less than one percent.

(1) The address for each of our directors, director-nominees and executive officers is c/o Primerica, Inc., 3120 Breckinridge Blvd., Duluth, Georgia 30099.
(2) Based on outstanding shares of our common stock to be outstanding as of , 2010.
(3) The address for Citigroup Insurance Holding Corporation is c/o Citigroup Inc., 399 Park Avenue, New York, New York 10022.
(4) Beneficial ownership includes (i) shares of our common stock to be granted in conjunction with this offering, and (ii) options to purchase shares of our common stock, which will be converted from options to purchase Citigroup, Inc. common stock upon consummation of this offering, and will be exercisable within 60 days thereof.
(5) Beneficial ownership includes (i) shares of our common stock to be granted in conjunction with this offering and (ii) restricted shares of our common stock, which will be converted upon consummation of this offering from restricted shares of Citi common stock.
(6) Beneficial ownership includes (i) shares of our common stock to be granted in conjunction with this offering and (ii) restricted shares of our common stock, which will be converted upon consummation of this offering from restricted shares of Citi common stock.

(7) Beneficial ownership includes (i) shares of our common stock to be granted in conjunction with this offering and (ii) restricted shares of our common stock, which will be converted upon consummation of this offering from restricted shares of Citi common stock.

(8) Beneficial ownership includes (i) shares of our common stock to be granted in conjunction with this offering and (ii) restricted shares of our common stock, which will be converted upon consummation of this offering from restricted shares of Citi common stock.

(9) Beneficial ownership includes (i) shares of our common stock to be granted in conjunction with this offering and (ii) restricted shares of our common stock, which will be converted upon consummation of this offering from restricted shares of Citi common stock.

(10) The named individual is a director-nominee.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Relationship with Citi Following this Offering

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. 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."

We will enter into certain reinsurance transactions, the concurrent transactions described herein, an intercompany agreement, a transition services agreement, a tax separation 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 $400 million to our subsidiary, Prime Reinsurance Company. This contribution will provide Prime Reinsurance Company with additional capital needed to support its reinsurance obligations. Prior to the completion of this offering, we will distribute all of the issued and outstanding capital stock of Prime Reinsurance Company to Citi. We plan to enter into certain reinsurance transactions with certain Citi subsidiaries, pursuant to which the following will occur:

Primerica Life Reinsurance Transactions

<u>80% Coinsurance Agreement</u>

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 at year-end 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 statutory 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 management, administration and 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 at year-end 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 statutory 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 exceptions 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 at year-end 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 statutory 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, including the execution of a monitoring and reporting agreement between NBLIC and AHL, 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 Financial Reassurance Company 2010 Ltd. 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 at year-end 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, including the execution of a monitoring and reporting agreement between Primerica Life Canada and Financial Reinsurance Company 2010 Ltd. 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 Lenders

Our sales representatives in the United States sell mortgage products of CTB through Primerica Mortgages, our wholly owned mortgage broker. Our sales representatives in Canada refer clients to buy mortgage loans from Citicorp Home Mortgage, a division of CitiFinancial Canada. While we are having discussions with CTB and

Citicorp Home Mortgage regarding the continuation of our arrangements to sell their mortgage loan products, the Citi mortgage lenders are not obligated to make, and have made no commitment to continue making, their mortgage loan products available to us following this offering. Although we currently anticipate that CTB and Citicorp Home Mortgage will make their mortgage 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. Our sales representatives in the United States sell unsecured loans of Citibank and, in California, CTB. Our current Citi unsecured lenders are not obligated, and have made no commitment, to continue serving as our unsecured lenders after our agreements with them expire on December 31, 2010.

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 policy administration, administrative services and related services to certain Citi-affiliated businesses in Ireland. 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;
- 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;
- for any claim by our employees, former employees or sales representatives relating to the conversion of outstanding Citi equity-based awards.

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; and
- use of certain software and claims related to our adherence to certain Citi employment policies.

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 under the equity method of accounting, in addition to the items mentioned above, we will provide Citi with copies of our budgets and financial projections, as well as the opportunity to meet with our management to discuss those budget projections.

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:

- copies of quarterly and annual financial statements and other reports and documents we intend to file with the SEC prior to those filings;
- 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 monthly financial statements;
- information regarding the timing and content of earnings releases;
- copies of correspondence with our accountants; and
- such materials and information as necessary to Citi, and cause our accountants to cooperate fully with Citi, in connection with any of its public filings.

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.

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 necessary for Citi to continue to account for its investment in us using the equity method of accounting, 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 the intercompany agreement to be consummated without the consent of Citi.

Citi Stock Awards. Subject to the approval of the Personnel and Compensation Committee of Citi, certain restricted stock awards held by our employees under the Citi Stock Award Program and restricted stock awards held by our sales representatives under the Citi Capital Accumulation Plan for PFS Representatives 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 the initial public offering price and Citi's stock price for the three trading days prior to the date of this prospectus) and otherwise subject to the same terms and conditions as prior to the conversion. Other equity-based awards held by our employees and sales representative under Citi's equity compensation plans will remain awards to acquire Citi common stock, and, at such time as Citi's ownership in the Company drops below 50%, such awards will be treated as if the holder was involuntarily terminated from Citi.

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 equity-based awards intended to be converted in the manner described above held by our employees and sales representatives (of which are restricted shares and are deferred shares).

Registration of Stock of Citi Employees. We will 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 tradeable.

Citi Control Rights. We will agree with Citi that until such time when 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.

We will agree with Citi that until such time when 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;
  - director, employee and sales representative stock incentive awards in the ordinary course of business;
  - 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.

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 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 the software licenses, hardware and domain names relating exclusively to Primerica to us, subject to third-party consent rights. Citi will also license to us certain Citi proprietary software that we use in our business. 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.

Registration Rights Agreement

We will enter into a registration rights agreement with Citi which 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 registration rights 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 registration rights 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 relating to securities sold under the registration rights agreement 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. Citi will not have the right to require a registration, including a "shelf" registration 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.

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 two 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.

Except for employee benefits and human resource related services, 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 other services may continue for a longer period as necessary to ensure compliance by Citi with applicable law or to allow us to continue to receive products or services pursuant to certain agreements between Citi and a third party. Employee benefits and human resource related services will generally continue until July 1, 2010, although we may request for services to continue through December 1, 2010. In addition, except to the extent outstanding equity awards are converted to awards to acquire our common stock as described in "— Intercompany Agreement — Citi Stock Awards," our employees and sales representatives will continue to hold equity awards to acquire common stock of Citi until such time as Citi's ownership in the Company is reduced below 50%, at which time our employees will generally be treated as involuntarily terminating employment from Citi. 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, (a) Citi's liability will be capped at the fees payable by us during the first 12 months of the term of the transition services agreement and (b) our liability will be capped at the greater of (i) the fees payable by Citi during the first 12 months of the transaction services agreement and (ii) $600,000.

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 Separation Agreement

In connection with this offering, we and Citi will enter into a tax separation agreement that will govern certain tax-related matters. Under the tax separation agreement, Citi generally 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 and certain Canadian 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 generally will indemnify Citi against any liability for all other taxes attributable to us. We will have the right to be notified of and informed about tax matters for which we are financially responsible under the terms of the tax separation agreement. The tax separation 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, the United Kingdom 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. We may terminate the agreement upon prior written notice under certain circumstances and in the event of any change of control of the Citi businesses. 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 or if the performance of the services is rendered impossible due to circumstances beyond the other party's control. We are required to provide certain migration services to the Citi businesses upon termination of the long-term services agreement.

The Citi businesses will indemnify us for any losses arising from a third-party claim which results from their material breach of the agreement. We will indemnify the Citi businesses for any losses arising from a third- party claim which results from (a) our material breach of the agreement or (b) the services provided by us infringing a third party's intellectual property. Subject to certain exceptions, each party's liability for any claim during a contract year will be capped at the fees payable by the Citi businesses during such year.

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 million 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, Spain and 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), 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

Upon completion of this offering, our authorized capital stock will consist of shares of common stock, par value $0.01 per share, shares of non-voting common stock, par value $0.01 per share, and shares of preferred stock, par value $0.01 per share. As of February 5, 2010, we had 100 shares of common stock outstanding and no shares of non-voting common stock or preferred stock outstanding.

Common Stock and Non-Voting 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 non-voting common stock will not be entitled to vote on any matter, except as required by law or to amend, alter or repeal the provisions of the certificate of incorporation providing for the preferences, limitations and rights of the non-voting common stock. Holders of our common stock and non-voting common stock rank equally with respect to payment of dividends, as may be declared by our board of directors 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 and non-voting common stock will rank equally and 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 and non-voting common stock will have no preemptive, subscription or redemption rights. The outstanding shares of our common stock are fully paid and non-assessable. Shares of our non-voting common stock are convertible on a one-for-one basis for shares of our common stock at the election of the holder or upon a transfer, so long as such holder or the transferee will not beneficially own more than % of our common stock.

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,
- 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. Thereafter, the approval or allocation of corporate opportunities would depend on the facts and circumstances of the particular situation analyzed under the corporate opportunity doctrine. The Delaware courts have found that a director or officer "may not take a business opportunity for his own if: (1) the corporation is financially able to exploit the opportunity; (2) the opportunity is within the corporation's line of business; (3) the corporation has an interest or expectancy in the opportunity; and (4) by taking the opportunity for his own, the [director or officer] will thereby be placed in a position inimicable to his duties to the corporation." On the other hand, a director or officer "may take a corporate opportunity if: (1) the opportunity is presented to the director or officer in his individual and not his corporate capacity; (2) the opportunity is not essential to the corporation; (3) the corporation holds no interest or expectancy in the opportunity; and (4) the director or officer has not wrongfully employed the resources of the corporation in pursuing or exploiting the opportunity." A director or officer may also "present" an opportunity to the board of directors of a corporation to determine whether such opportunity belongs to the corporation and thereby be protected from inference of usurpation of corporate opportunity.

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 entitling it to cast 50% or more of the votes entitled to be cast by the holders of our then outstanding common stock, 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 shall be subject to an affirmative vote of a majority of the votes entitled to be cast thereon by the holders of our then outstanding common stock.

Until Citi ceases to own shares entitling it to cast 50% 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 50% 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 50% 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 agreements 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 agreements 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

The United States House of Representatives has recently passed legislation (which is generally consistent with proposals made by the Obama Administration as part of its 2011 Fiscal Year Revenue Proposals) that, if enacted in its current form, would substantially revise some of the rules discussed above, including with respect to withholding taxes, certification requirements and information reporting. It cannot be predicted whether this legislation will be enacted and, if enacted, in what form. Prospective investors should consult their tax advisers regarding this legislation.

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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	$	$

The underwriters have agreed to reimburse Citi for approximately $ million of expenses related to this offering.

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 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. The selling stockholder has 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 information furnished to us by or on behalf of the selling stockholder for inclusion in the registration statement of which this prospectus is a part. The selling stockholder has also agreed that, in the event that our indemnity is unavailable or insufficient to hold harmless any underwriter, it will indemnify the underwriter to the extent of such unavailability or insufficiency up to an amount not exceeding the gross proceeds from this offering. 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,	2008	2007
(In thousands)		
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.

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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)

	Paid-in capital	Retained earnings	Accumulated Other Comprehensive Income: Net unrealized investment gains (losses)	Accumulated Other Comprehensive Income: Foreign currency translation adjustment	Total
(In thousands)					
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.

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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.

Ceded policy reserves and claims liabilities relating to insurance ceded are shown as due from reinsurers on the accompanying combined balance sheets.

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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.

To the extent the Company receives ceding allowances to cover policy and claims administration under reinsurance contracts, these allowances are treated as a reduction to insurance commissions and expenses and are recognized when due from the assuming company. To the extent the Company receives ceding allowances reimbursing commissions that would otherwise be deferred, the amount of commissions deferrable will be reduced. The corresponding DAC balances are reduced on a pro rata basis by the portion of the business reinsured with reinsurance agreements that meet risk transfer provisions. The reduced DAC will result in a corresponding reduction of amortization expense.

(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.

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.

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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.

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.

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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.

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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.

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(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

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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)	

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	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

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)

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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.

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

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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, various asset-backed and mortgage-backed securities were impaired due to changes in expected cash flows for the underlying collateral loans. The changes were driven primarily by revised forecasts using updated assumptions for delinquency rates, default rates, prepayment rates, loss severities, and remaining credit subordination. These revisions were factored into updated cash flow projections where applicable using either publicly available or proprietary models. Regardless of their default status, individual securities were impaired if updated cash flow projections indicated an expected loss of principal. Due to deterioration across the forecasted assumptions for these securities, impairments were recognized in the accompanying combined statements of income totaling $9.8 million, for the year ended December 31, 2008. There were no impairments for the years ended December 31, 2007 and 2006.

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

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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.

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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 erroneous, the Company will re-examine the inputs and may challenge a fair value assessment made by the pricing service. If there is a known pricing error, the Company will request a reassessment by the pricing service. If the pricing service is unable to perform the reassessment on a timely basis, the Company will determine the appropriate price by corroborating with an alternative pricing service or other qualified source as necessary. The Company does not adjust quotes or prices except in a rare circumstance to resolve a known error.

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.

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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:

	2008		2007	
Financial instruments	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.

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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.

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(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.

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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.	$ 190.3	A	$ 204.2	A+
SCOR Global Life Reinsurance Companies	142.0	A-	136.0	A-
Generali USA Life Reassurance Company	113.5	A	117.5	A
Transamerica Reinsurance Companies	99.0	A	102.4	A+
Munich American Reassurance Company	81.8	A+	79.5	A+
RGA Reinsurance Company	63.8	A+	51.8	A+
Scottish Re Companies	49.2	C-	50.1	B+
The Canada Life Assurance Company	37.6	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.

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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.

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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.

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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.

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(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.

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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.

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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.

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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.
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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

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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.

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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.

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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.

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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.

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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)			
(In thousands)	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
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.

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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.

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

PRIMERICA, INC.
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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.
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Notes to Condensed Combined Financial Statements
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(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

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(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 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

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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.

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Proposed Definition of Deferred Acquisition Costs of Insurance Entities

In November 2009, the Emerging Issues Task Force (EITF) reached a consensus that deferred acquisition costs should include costs directly related to the successful acquisition of new and renewed insurance contracts. The proposed guidance, if ratified by the FASB, could have a material impact on our accounting for costs related to policy applications that do not result in issued policies. If the proposed guidance is ratified by the FASB, this guidance would be effective for interim and annual periods ending on or after December 15, 2010 .

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

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	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

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	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.

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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)	

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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.

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(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)

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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.

Bonds with a book value of $7.3 million and $12.9 million and a fair value of $9.2 million and $12.8 million, were in default at September 30, 2009 and December 31, 2008, respectively. Impairments on bond securities in default totaling $14.6 million and $24.0 million were recognized as realized losses in the accompanying combined statements of income for the nine-month periods ended September 30, 2009 and 2008, respectively.

Impairments recognized in the accompanying combined statements of income as realized losses on bonds not in default and equity securities totaled $31.4 million and $31.5 million for the nine-month periods ended September 30, 2009 and 2008, respectively, and $1.4 and $5.6 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, various asset-backed and mortgage-backed securities were impaired due to changes in expected cash flows from the underlying collateral loans. Impairments were recognized in the accompanying combined statements of income totaling $6.3 million and $7.1 million respectively, for the nine-month periods ended September 30, 3009 and 2008. The impairments were driven primarily by deteriorating forecasts for delinquency rates, default rates, prepayment rates, loss severities, and remaining credit subordination. These revisions were factored into updated cash flow projections where applicable utilizing either publicly available or proprietary models. Regardless of their default status, individual securities were impaired if updated cash flow projections indicated an expected loss of principal.

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

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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;
- 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

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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

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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 erroneous, the Company will re-examine the inputs and may challenge a fair value assessment made by the pricing service. If there is a known pricing error, the Company will request a reassessment by the pricing service. If the pricing service is unable to perform the reassessment on a timely basis, the Company will determine the appropriate price by corroborating with an alternative pricing service or other qualified source as necessary. The Company does not adjust quotes or prices except in a rare circumstance to resolve a known error.

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.

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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 Carrying value	September 30, 2009 Estimated fair value	December 31, 2008 Carrying value	December 31, 2008 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	6,372
2011	6,505
2012	6,600
2013	4,150
Thereafter	6,600
Total	$ 31,852

(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.

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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.

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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 Separation Agreement*
10.4	Form of Long-Term Services Agreement*
10.5	Form of 80% Coinsurance Agreement by and between Primerica Life and Prime Reinsurance Company*
10.6	Form of 10% Coinsurance Agreement by and between Primerica Life and Prime Reinsurance Company*
10.7	Form of 80% Coinsurance Trust Agreement among Primerica Life and Prime Reinsurance Company and Citibank, N.A.*
10.8	Form of 10% Coinsurance Economic Trust Agreement among Primerica Life and Prime Reinsurance Company and Citibank, N.A.*
10.9	Form of 10% Coinsurance Excess Trust Agreement among Primerica Life and Prime Reinsurance Company and Citibank, N.A.*
10.10	Form of Capital Maintenance Agreement by and between Citigroup, Inc. and Prime Reinsurance Company*
10.11	Form of 90% Coinsurance Agreement by and between National Benefit Life Insurance Company and American Health and Life Insurance Company*
10.12	Form of 90% Coinsurance Trust Agreement among National Benefit Life Insurance Company, American Health and Life Insurance Company and The Bank of New York Mellon*
10.13	Form of Coinsurance Agreement by and between Primerica Life Canada and Financial Reinsurance Company 2010 Ltd.*
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†

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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†
10.29	Marketing Services Agreement, dated June 13, 2006, by and between Citibank, N.A., Citibank, F.S.B., Citibank (West), FSB, Citibank Texas, N.A. and Primerica Financial Services Home Mortgages, Inc., as amended*
10.30	Master Vendor Printing Services Agreement, dated April 1, 2004, by and between Citicorp Credit Services, Inc. and Primerica Life Insurance Company
10.31	Interaffiliate Services Agreement, dated January 21, 2005, by and between Primerica Life Insurance Company and Citibank, FSB
10.32	Vendor Services Agreement, dated February 11, 1999, by and between Citibank, Consumer Finance and Primerica Life Insurance Company
10.33	Intra-Citi Service Agreement, dated February 26, 2009, by and between Citi Retail Services Division of Citicorp Trust Bank, fsb and Primerica Life Insurance Company
10.34	Master Purchase Agreement, dated July 1, 2005, by and between Citicorp North America, Inc. and Primerica Life Insurance Company
10.35	Services Agreement, dated October 1, 1999, by and between Commercial Credit Insurance Services, Inc. and Primerica Life Insurance Company
10.36	Anti Money Laundering Processing Service Agreement, dated October 13, 2006, by and between Citigroup Fund Services Canada, Inc. and Primerica Life Insurance Company of Canada, as amended*
10.37	Form of Trust Agreement among Primerica Life Canada, Financial Reinsurance Company 2010 Ltd., RBC Dexia Investor Services Trust and the Superintendent of Financial Institutions Canada*
10.38	Marketing Services Agreement, dated November 30, 2007, by and between Citicorp Trust Bank, fsb and Primerica Financial Services Home Mortgages, Inc., as amended
15.1	Review Report of KPMG LLP, dated February 5, 2010
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)

† Previously filed
* 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.

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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 5th day of February, 2010.

Primerica, Inc.

By: /S/ PETER W. SCHNEIDER

Name: **Peter W. Schneider**
Title: **Executive Vice President, General Counsel, Secretary and Chief Administrative Officer**

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 5th day of February, 2010.

Signature	Title
/S/ D. RICHARD WILLIAMS **D. Richard Williams**	Co-Chief Executive Officer and Chairman of the Board (Co-Principal Executive Officer)
/S/ JOHN A. ADDISON, JR. **John A. Addison, Jr.**	Co-Chief Executive Officer and Director (Co-Principal Executive Officer)
/S/ ALISON S. RAND **Alison S. Rand**	Executive Vice President and 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 on Schedule 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 with Schedule 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 Severability. 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

[SIGNATURE PAGE TO PRIMERICA SELLING AGREEMENT]

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.]

Schedule 2.16

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.

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

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.

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

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.

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

(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.

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

(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.

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

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:

<u>Schedule 4.5</u>

<u>Certification of Compliance</u>

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

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

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	M&E Charge 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 PrimEIite IV premium received and is calculated and paid monthly.

PFS Investments (Primerica)

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

C. <u>Marketing Expense Allowance</u>

[**]% 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. <u>Production Bonus</u>

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. <u>Trail Commissions</u>

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)

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

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

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

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

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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

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

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 10.17

For: Building 200
Building 300
Building 1200
3100 Breckinridge Place
Duluth, Georgia

BRECKINRIDGE PLACE LIMITED PARTNERSHIP,

Landlord

AND

PRIMERICA LIFE INSURANCE COMPANY,

Tenant

AGREEMENT OF LEASE

Dated: May 28, 1993

TABLE OF CONTENTS

AGREEMENT OF LEASE, made this 28th day of May, 1993, by and between BRECKINRIDGE PLACE LIMITED PARTNERSHIP, a Delaware limited partnership, having an office c/o Kern Realty Services, 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:

(a) an office building containing 30,987 rentable square feet, commonly known as Building 200 at the development known as Breckinridge Place, with a street address at 3100 Breckinridge Boulevard, Duluth, Georgia (as more particularly described on Exhibit B hereto, the "Park");

(b) an office building containing 10,429 rentable square feet, commonly known as Building 300 at the Park; and

(c) an office building containing 72,776 rentable square feet, commonly known as Building 1200 at the Park (Buildings 200, 300 and 1200 at the Park shall hereinafter collectively be referred to as the "Office Facilities").

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 Office Facilities which exist on the date hereof (the "Parking Areas") (the Common Areas, including the Parking Areas, being as shown on the site plan of the Park annexed hereto as Exhibit B, the "Site Plan");

Subject, however, to the Declaration of Protective Covenants For Breckinridge, Gwinnett County, Georgia, filed and recorded June 25, 1984, in Book 2813, Page 591, in the Office of the Clerk of the Superior Court, Gwinnett County (the "Declaration"), and to such other agreements, easements, mortgages, encumbrances and other liens or charges affecting the Land as are listed on Exhibit D 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 "Facility" shall mean the Office Facilities and all additions thereto or replacements thereof.

(b) The term “Premises” shall mean the Facility and shall be construed as if followed by the phrase “or any part thereof”.

(c) The term “term of this Lease” shall mean the term of this Lease defined in Section 1.02.

(d) 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 Premises form 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 Premises 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.

(e) The terms “include” and “including” shall be construed as if followed by the phrase “but not limited to”.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(1) 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.

(m) 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.

(n) 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.

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
Control	Section 9.01
Corporate Transactions	Section 9.01
Declaration	Section 1.01
Environmental Law	Section 25.01
First Mortgage	Section 24.01
First Mortgagee	Section 23.01
Fixed Rent	Section 3.01
full insurable value	Section 6.01
Hazardous Material	Section 25.01
Insurance Holder	Section 7.04
Interest Rate	Section 5.07
Landlord’s Maintenance	Section 5.05
Landlord’s Cost	Section 5.07
Landlord’s Obligations	Section 5.07
Lease Year	Section 18.01
Minor Roof Repairs	Section 5.06
net proceeds	Section 7.04

Office Facilities	Section 1.01
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 $5.65 per rentable square foot in the Office Facilities 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 year of the term of this Lease. 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. 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. From and after the Commencement Date and thereafter throughout the term of this Lease, Tenant shall pay to Landlord, before the same shall become delinquent, 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 Office Facilities and the denominator of which shall be the aggregate rentable area of all of the buildings then existing on the Tax Parcel.

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 projected to be payable with respect to the Tax Parcel following the Tax Contest (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 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 Land, subject only to Permitted Encumbrances.

Section 5.03. 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 Premises have been completed and are open for public use.

Section 5.04. Landlord warrants and represents that the certificate of occupancy for the Premises permits 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, security and life safety, 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 the HVAC systems servicing the Office Facilities, 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; and

(ii) 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, other than "minor" patching and similar repairs ("Minor Roof Repairs");

(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) Subject to the terms and conditions of Section 5.07, Minor Roof Repairs shall be performed by Landlord for the account and at the expense of Tenant. Tenant shall pay the costs incurred by Landlord in connection therewith, as additional rent, within fifteen (15) days following Tenant’s receipt of Landlord’s invoice with respect thereto, provided that the Minor Roof Repairs shall have been satisfactorily completed.

(e) All of the repairs to be performed under this Section 5.06 shall be performed in accordance with the Declaration.

Section 5.07. Landlord shall notify Tenant in advance of the cost to Tenant for the performance of Landlord’s Maintenance or Minor Roof Repairs and/or 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.

Section 5.08. 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 5.09. 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 or systems of the Premises, 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, subject to Tenant's rights as provided in Section 5.07;

(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 or (ii) affect the systems of the Premises or (iii) cost in excess of $50,000.

Section 5.10. 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 Premises. Whenever and as often as any such lien shall have been filed against the Premises 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 5.11. Landlord shall cooperate with Tenant to the extent Landlord's cooperation is reasonably necessary to obtain any permits required with respect to any alterations. 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 5.12. All tangible personal property not permanently part of the Office Facilities, 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 Office Facilities, shall be and remain the property of Tenant or such subtenant of Tenant or other permitted occupant of the Office Facilities, 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 Office Facilities; provided, however, that, in the event of such removal, Tenant or such subtenant of Tenant or other permitted occupant of the office Facilities shall repair or pay the cost of repairing any damage to the Office Facilities 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 5.13. 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 5.14. From and after the Commencement Date, Tenant shall arrange for, and promptly pay when due, all amounts and charges for, the providing 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

Facility 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 Facility 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 Facility. The term "full insurable value shall mean replacement value (exclusive of the cost of excavation, foundations and footings) of the Facility, 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, within (1) limits of not less than $1,000,000 for any one person and $1,000,000 for any number of persons in any one accident and $1,000,000 for property damage 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 on the Premises 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 Premises 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. Tenant shall reimburse Landlord for one-twelfth (1/12) 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 monthly as additional rent along with the monthly payments of Fixed Rent. 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, determined by multiplying the aggregate cost thereof by a fraction, the numerator of which shall be the rentable area of the Office Facilities and the denominator of which shall be the rentable area of the other buildings insured under such “blanket” policy or policies.

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 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. Upon the default by Landlord (i) in delivering Certificates of Insurance for any of the insurance policies required to be maintained hereunder, which default remains uncured for twenty (20) days following delivery of written notice thereof to Landlord or (ii) in paying the premiums or other charges on any of such policies, which default remains uncured five (5) business days prior to the expiration or termination date of such policy or policies, then Tenant shall have the privilege, though not the obligation, to effect such insurance and to pay any premium thereon and to deduct the cost thereof from the Rent.

Article 7

Damage or Destruction

Section 7.01. If, at any time during the term of this Lease, the Facility, 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 Landlord shall, at its sole cost and expense, proceed to repair or restore the Facility, 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 Office Facilities 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 tenantable rentable square feet in the Office Facilities immediately after the Substantial Casualty and the denominator of which is the total number of rentable square feet in the Office Facilities immediately before the Substantial Casualty. If neither Landlord nor Tenant shall elect to cancel this Lease pursuant to this Section, Landlord shall, at its sole cost and expense (i) proceed to repair or restore the entire Facility, 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 Office Facilities. 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 Facility 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 Facility 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 premises are 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 Facility following a Substantial Casualty and until the accomplishment of the restoration and repair of the Facility if, in Tenant's reasonable judgment, it is inappropriate to carry on business in the Facility 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 Facility, the Fixed Rent shall abate as follows:

(a) In the event of a Substantial Casualty and (i) no portion of the Premises is tenantable or (ii) Tenant elects to vacate the facility 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 Office Facilities, 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 tenantable rentable square feet in the Office Facilities immediately after the Casualty, and the denominator of which is the total number of rentable square feet in the office Facilities 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 Office Facilities, 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 Office Facilities and the denominator of which is the total number of rentable square feet in the Office Facilities 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 Facility, 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 Facility 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 Office Facilities 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 Office Facilities. 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 office Facilities 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 Office Facilities after the Taking Date and the denominator of which is the total rentable square feet of space in the Office Facilities 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 Office Facilities 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 Office Facilities 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 30,987 rentable square feet of the Office Facilities 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 sole and exclusive 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 Office Facilities 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 current 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 Office Facilities.

(b) Within thirty (30) days prior to 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 December 31, 1993, which estimate shall be reasonably acceptable to Tenant. By November 30, 1993, and thereafter by not later than November 30th of each succeeding calendar year, or portion of a calendar year, occurring during the term of this Lease (a "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, or portion thereof, as the case may be, 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, in twelve (12) equal monthly installments along with the payment of Fixed Rent, Tenant's Share of Common Area Costs (as hereinafter defined), which payments shall be based upon the estimates prepared by Landlord in accordance with this subparagraph (b). Landlord shall submit to Tenant as soon as reasonably practicable after the same becomes available (but not later than March 31st 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 the payments made by Tenant in respect of Common Area Costs 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 the payments made by Tenant shall be less than the 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.

(c) 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.

(d) 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 office parks of similar quality to the Park in the Atlanta, Georgia area, including signage costs, management fees, parkway assessments 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 buildings located on Lot 2B in the Park, 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 Office Facilities and the denominator of which shall be the aggregate rentable area of all buildings then erected in the Park.

(e) 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 Facility 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:

Breckinridge Place Limited Partnership
c/o Kern Realty Services
7840 Roswell Road
Suite 320
Atlanta, Georgia 30350

and

Breckinridge Place Limited Partnership
c/o Jones Lang Wootton Realty Advisors
101 East 52nd Street
New York, New York 10022
Attention: Mr. Bruce G. Sirof

with a copy to:

Rudnick & Wolfe
203 North La Salle Street
Chicago, Illinois 60601-1293
Attention: Louis S. Cohen, 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 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. Landlord has executed and delivered, and may hereinafter execute and deliver from time to time, a first mortgage or deed of trust (the "First Mortgage") secured by the Premises, or any interest therein. If requested by the holder of the First Mortgage, Tenant will subordinate Tenant's interest in this Lease to the First 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 the First 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 First Mortgage, Tenant shall be entitled to require the holder of the First 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 First 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 the First 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 superlien 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, by-product 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.

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, 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 Materials 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 Leases

Section 30.01. Landlord and Tenant acknowledge being parties to (a) a certain Lease dated August 12, 1987 pursuant to which Landlord has leased Building 200 and Building 400 to Tenant (the “Building 200 and 400 Lease”), (b) a certain Lease dated December 5, 1985 pursuant to which Landlord has leased Building 300 to Tenant (the “Building 300 Lease”) and (c) a certain Lease dated October 27, 1986 pursuant to which Landlord has leased Building 1200 to Tenant (the “Building 1200 Lease”). Landlord and Tenant hereby agree (1) to terminate and cancel the Building 300 Lease and the Building 1200 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 and (2) to modify the Building 200 & 400 Lease (i) to eliminate, effective July 1, 1993, Building 200 as part of the premises leased thereunder and to modify the rental and other terms of such Lease to reflect the same, (ii) to grant Tenant the option to renew such Lease with respect to Building 400, (iii) to grant to Tenant the right to cancel the Lease with respect to Building 400 and (iv) to provide for the reduction of the rent thereunder under a given circumstance.

Article 30

Exculpation

Section 31.01 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 Facility, the Land and the Premises 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 Facility, the Land and the Premises, 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 :

BRECKINRIDGE PLACE LIMITED PARTNERSHIP
By: BRECKINRIDGE ASSOCIATES,
a general partner

By: /s/ Kevin M. Kern
Robert F. Kern,
a general partner, by Kevin Kern, his attorney-in-fact

By: KERN & COMPANY, INC.
a general partner

By: /s/ Kevin M. Kern
Robert F. Kern,
President, by Kevin Kern, his attorney-in-fact

By: WFK HI-TECH, LTD.,
a general partner

By: /s/ Kevin M. Kern
Robert F. Kern,
its sole general partner, by Kevin Kern, his attorney-in-fact

By: Jones Lang Wooton
Realty Advisors, its attorney-in-fact
By: Jones Lang Wooton
Realty Advisors, Inc., its sole general partner

By: /s/ Bruce Sirof
Bruce Sirof
Vice President

FIRST AMENDMENT OF LEASE

BRECKINRIDGE PLACE LIMITED PARTNERSHIP,

Landlord

AND

PRIMERICA LIFE INSURANCE COMPANY,

Tenant

For: Building 200
Building 300
Building 1200
3100 Breckinridge Place
Duluth, Georgia

Dated: As of July 1, 1993

FIRST AMENDMENT OF LEASE

THIS FIRST AMENDMENT OF LEASE, made and entered into this 1st day of July, 1993, by and between BRECKINRIDGE PLACE LIMITED PARTNERSHIP, a Delaware limited partnership, having an office c/o Kern Realty Services, 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").

WHEREAS, Landlord and Tenant entered into a certain lease dated May 28, 1993 (the "Lease") or premises commonly known as Building 200, Building 300 and Building 1200 at the office park commonly known as Breckinridge Place, with a street address at 3100 Breckinridge Boulevard, Duluth, Georgia (the "Park"), and

WHEREAS, Landlord and Tenant desire to modify the Lease to add Building 400 in the Park as part of the premises leased by Landlord to Tenant under the Lease and in such further particulars as are hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto amend the Lease and agree as follows:

1. Section 1.01 is hereby deleted in its entirety and the following Section 1.01 is hereby substituted for all purposes in its place and stead:

"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:

(a) an office building containing 30,987 rentable square feet, commonly known as Building 200 at the development known as Breckinridge Place, with a street address at 3100 Breckinridge Boulevard, Duluth, Georgia (as more particularly described on Exhibit A hereto, the "Park"); and

(b) an office building containing 10,429 rentable square feet, commonly known as Building 300 at the Park; and

(c) an office building containing 25,632 rentable square feet, commonly known as Building 400 at the Park; and

(d) an office building containing 72,776 rentable square feet, commonly known as Building 1200 at the Park (Buildings 200, 300, 400 and 1200 at the Park shall hereinafter collectively be referred to as the "Office Facilities").

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 Office Facilities which exist on the date hereof (the "Parking Areas") (the Common Areas, including the Parking Areas, being as shown on the site plan of the Park annexed hereto as Exhibit B, the "Site Plan");

Subject, however, to the Declaration of Protective Covenants For Breckinridge, Gwinnett County, Georgia, filed and recorded June 25, 1984, in Book 2813, Page 591, in the Office of the Clerk of the Superior Court, Gwinnett County (the "Declaration"), and to such other agreements, easements, mortgages, encumbrances and other liens or charges affecting the Premises and/or Common Areas as are listed on Exhibit C hereto (collectively, the "Permitted Encumbrances")."

2. Section 2.02 is modified by deleting the reference to the term "Landlord's Maintenance" and the corresponding reference to Section 5.05.

3. Section 5.02 is modified by deleting the reference to "Land" appearing in the second line thereof and substituting in its place and stead the words "Premises and Common Areas."

4. Section 5.07 is modified by deleting the word "Landlord's" and the words "Maintenance or" appearing as the last words in the second line and the first two words in the third line from the top of such Section, respectively and by inserting the word "collectively," as the first word in the parenthetical reference in the fifth line from the top of such Section so that such reference shall now read "(collectively, Landlord's Obligations") ."

5. Subsection (f) (iv) of Section 9.01 is modified by deleting the number 30,987 in subparagraph (b) thereof and inserting the number 37,908 in its place and stead.

6. The warranties and agreements contained in Article 14 of the Lease are repeated and confirmed with respect to Building 400 with the same force and effect as if Building 400 were originally included as a part of the Premises.

7. The last sentence of subsection (a) of Section 18.01 is deleted and the following sentence is substituted in its place and stead:

"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 Office Facilities and any other buildings in the Park which are leased or available for lease by third parties."

8. Article 29 is hereby deleted in its entirety and the following Article 29 is hereby substituted for all purposes in its place and stead:

"Article 29

Termination of Existing Leases

Section 29.01. Landlord and Tenant acknowledge being parties to (a) a certain Lease dated August 12, 1987 pursuant to which Landlord has leased Building 200 and Building 400 to Tenant (the "Building 200 and 400 Lease"), (b) a certain Lease dated December 5, 1985 pursuant to which Landlord has leased Building 300 to Tenant (the "Building 300 Lease") and (c) a certain Lease dated October 27, 1986 pursuant to which Landlord has leased Building 1200 to Tenant (the "Building 1200 Lease"). Landlord and Tenant hereby agree to terminate and cancel the Building 200 and 400 Lease, the Building 300 Lease and the Building 1200 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."

9. Article 30 is hereby deleted in its entirety and the following Article 30 is hereby substituted for all purposes in its place and stead:

"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 Premises 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 Premises, 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."

10. As a condition to the effectiveness of this First Amendment of 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.

11. Except as modified and amended by the terms and conditions of this First Amendment of Lease, the Landlord and Tenant hereby agree and confirm that the Lease is in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, Landlord and Tenant have executed or caused this Agreement to be executed by their duly authorized officers as of day and year first above written.

TENANT :

PRIMERICA LIFE INSURANCE COMPANY

By: /s/ Edwin E. Sherin
Edwin E. Sherin
Co-Chief Executive Officer

LANDLORD :

BRECKINRIDGE PLACE LIMITED PARTNERSHIP
By: BRECKINRIDGE ASSOCIATES,
a general partner

By: /s/ Robert F. Kern
Robert F. Kern,
a general partner, by Kevin Kern, his attorney-in-fact

By: KERN & COMPANY, INC.
a general partner

By: /s/ Robert F. Kern
Robert F. Kern,
President, by Kevin Kern, his attorney-in-fact

By: WFK HI-TECH, LTD.,
a general partner

By: /s/ Robert F. Kern
Robert F. Kern,
its sole general partner, by Kevin Kern, his attorney-in-fact

By: Jones Lang Wooton
Realty Advisors, its attorney-in-fact
By: Jones Lang Wooton
Realty Advisors, Inc., its sole general partner

By: /s/ Bruce Sirof
Bruce Sirof
Vice Presidents

SECOND AMENDMENT OF LEASE

BRECKINRIDGE PLACE LIMITED PARTNERSHIP,

Landlord

and

PRIMERICA LIFE INSURANCE COMPANY,

Tenant

For: Building 200
Building 300
Building 400
Building 1200
3100 Breckinridge Place
Duluth, Georgia

Dated: As of March 1, 1994

SECOND AMENDMENT OF LEASE

THIS SECOND AMENDMENT OF LEASE, made and entered into as of this 1st day of March, 1994, by and between BRECKINRIDGE PLACE LIMITED PARTNERSHIP, a Delaware limited partnership, having an office c/o Kern Realty Services, 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").

WHEREAS, Landlord and Tenant entered into a certain lease, dated May 28, 1993, for premises commonly known as Building 200, Building 300 and Building 1200 at the office park commonly known as Breckinridge Place, with a street address at 3100 Breckinridge Boulevard, Duluth, Georgia (the "Park") ;and

WHEREAS, pursuant to a certain First Amendment of Lease dated as of July 1, 1993 (the "First Amendment"), Landlord and Tenant modified the said lease to, among other things, include Building 400 in the Park as part of the premises leased by Landlord to Tenant thereunder (the lease, as modified by the First Amendment, is hereinafter referred to as the "Lease"); and

WHEREAS, Landlord and Tenant wish to further modify the Lease in the manner hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto amend the Lease and agree as follows:

1. The following Section 6.09 is hereby added to the Lease immediately following Section 6.08 thereof:

Section 6.09. Landlord, as to the Premises, and Tenant, as to the improvements made therein at tenant's expense and all of Tenant's machinery, equipment, fixtures, furniture and furnishings and other articles of personal property located on or in the Premises, hereby release one another from all liability for any loss or damage caused by fire or any of the other risks embraced by the so-called All Risk and/or extended coverage endorsements. This release is conditioned upon the inclusion in their respective policies of insurance of a provision stating that such release shall not adversely affect said policies or prejudice any right of the insured to recover thereunder. Landlord and Tenant agree that their respective insurance policies shall include the aforesaid provision so long as the same is obtainable without extra cost, or, if extra cost shall be charged, so long as the party for whose benefit the clause is obtained shall pay such extra cost. If extra cost shall be chargeable therefor, the party so affected shall advise the other party thereof, and the other party, at its election, may pay the same or decline to so pay, in which event the release from liability given to said party by this Section 6.09 shall be deemed to be withdrawn and of no force and effect.

2. Except as modified and amended by the terms and conditions of this Second Amendment of Lease, Landlord and Tenant hereby agree and confirm that the Lease remains in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, Landlord and Tenant have executed or caused this Agreement to be executed by their duly authorized officers as of day and year first above written.

TENANT :

PRIMERICA LIFE INSURANCE COMPANY

By: /s/ Edwin E. Sherin
Edwin E. Sherin
Co-Chief Executive Officer

LANDLORD :

BRECKINRIDGE PLACE LIMITED PARTNERSHIP
By: BRECKINRIDGE ASSOCIATES,
a general partner

By: /s/ Robert F. Kern
Robert F. Kern,
a general partner, by Kevin Kern, his attorney-in-fact

By: KERN & COMPANY, INC.
a general partner

By: /s/ Robert F. Kern
Robert F. Kern,
President, by Kevin Kern, his attorney-in-fact

By: WFK HI-TECH, LTD.,
a general partner

By: /s/ Robert F. Kern
Robert F. Kern,
its sole general partner, by Kevin Kern, his attorney-in-fact

By: Jones Lang Wooton
Realty Advisors, its attorney-in-fact
By: Jones Lang Wooton
Realty Advisors, Inc., its sole general partner

By: /s/ Bruce Sirof
Bruce Sirof
Vice Presidents

THIRD AMENDMENT OF LEASE

BRECKINDRIGE PLACE LIMITED PARTNERSHIP,

Landlord

and

PRIMERICA LIFE INSURANCE COMPANY,

Tenant

For: Building 200
Building 300
Building 400
Building 500 (part)
Building 1200
3100 Breckinridge Place
Duluth, Georgia

Dated: As of September , 1994

THIRD AMENDMENT OF LEASE

THIS THIRD AMENDMENT OF LEASE, made and entered into this day of September, 1994, by and between BRECKINRIDGE PLACE LIMITED PARTNERSHIP, a Delaware limited partnership, having an office c/o Kern Realty Services, 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").

WHEREAS, Landlord and Tenant entered into a certain lease, dated May 28, 1993, for premises commonly known as Building 200, Building 300 and Building 1200 at the office park commonly known as Breckinridge, with a street address at 3100 Breckinridge Boulevard, Duluth, Georgia (the "Park"); and

WHEREAS, pursuant to a certain First Amendment of Lease dated as of July 1, 1993 (the "First Amendment"), Landlord and Tenant modified the said lease to, among other things, include Building 400 in the Park as part of the premises leased by Landlord to Tenant thereunder; and

WHEREAS, pursuant to a certain Second Amendment of Lease dated as of March 1, 1994 (the "Second Amendment"), Landlord and Tenant modified the said lease to, among other things, provide for a mutual release for certain losses covered by insurance (the lease, as modified by the First Amendment and the Second Amendment, is hereafter referred to as the "Lease"); and

WHEREAS, Landlord and Tenant wish to further modify the Lease in the manner hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged the parties hereto amend the Lease and agree as follows:

1. Section 1.01 is hereby deleted in its entirety and the following Section 1.01 is hereby substituted for all purposes in its place and stead:

"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 hues from Landlord, subject to all of the terms, conditions and covenants herein contained:

(a) an office building containing 30 rentable square feet, commonly known as Building 200 at the development known as Breckinridge, with a street address at 3100 Breckinridge Boulevard Duluth, Georgia (as more particularly described on Exhibit A hereto); and

(b) an office building containing 10,429 rentable square feet, commonly known as Building 300 at the Park; and

(c) an office building containing 25,632 rentable square feet, commonly known as Building 400 at the Park; and

(d) an office building containing 72,776 rentable square feet, commonly known as Building 1200 at the Park; and

(e) suite 500 and suite 525, containing 8,109 and 2,836 rentable square feet, respectively, in the building commonly known as Building 500 at the Park (the "Building 500 Space")

(Buildings 200, 300, 400, 1200 and the foregoing space in Building 500 at the Park shall hereinafter collectively be referred to as the "Office Facilities").

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 Office Facilities which exist on the date hereof (the “Parking Areas”) (the Common Areas, including the Parking Areas, being as shown on the site plan of the Park annexed hereto as Exhibit B, the “Site Plan”);

Subject, however, to (i) the Declaration of Protective Covenants For Breckinridge, Gwinnett County, Georgia, filed and recorded June*25,* 1984, in Book 2813, Page 591, in the Office of the Clerk of the Superior Court, Gwinnett County, and (ii) the Declaration of Protective Covenants and Restrictions for Breckinridge Place, filed and recorded April 11, 1986, in Book 3474, Page 223, in the Office of the Clerk of the Superior Court, Gwinnett County, Georgia (collectively, the “Declaration”), and to such other agreements, easements, mortgages, encumbrances and other liens or charges affecting the Premises and/or Common Areas as are listed on Exhibit C hereto (collectively, the “Permitted Encumbrances”).”

2. Subsection 3.01(a) is hereby deleted in its entirety and the following Subsection 3.01(a) is hereby substituted for all purposes in its place and stead:

> “Section 3.01(a) Tenant shall pay to Landlord during the term of this Lease a net annual rental (the “Fixed Rent”) of (i) $5.65 per rentable square foot in the Office Facilities other than the Building 500 Space and (ii) $6.00 per rentable square foot in the Building 500 Space, for each year during the period between the Commencement Date and the Termination Date (as defined in Section 22.01).”

3. Subsection (f)(iv) of Section 9.01 is modified by deleting the number 37,908 in subparagraph (b) thereof and inserting 40,863 in its place and stead.

4. Fixed Rent, Additional Rent and any other charges payable under the Lease shall accrue and be payable for the Building 500 Space from and after September 15, 1994.

5. Landlord hereby consents to the sublease by Tenant of a portion of the Premises to Ara F. Kalpak ("Subtenant"), under the terms and conditions of the Sublease, the form of which is attached hereto as Exhibit D and made a part hereof. Notwithstanding such Sublease and this consent to said Sublease by Landlord, Tenant acknowledges and confirms that Tenant is and shall remain fully liable for all obligations and liabilities of the tenant under the Lease, and such liability shall continue throughout the full term of the Lease, including any applicable extension(s) and/or renewal(s) thereof.

6. Except as modified and amended by the terms and conditions of this Third Amendment of Lease, Landlord and Tenant hereby agree and confirm that the Lease remains in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, Landlord and Tenant have executed or caused this Agreement to be executed by their duly authorized officers as of day and year first above written.

TENANT:

PRIMERICA LIFE INSURANCE COMPANY

By: /s/ Edwin E. Sherin
Edwin E. Sherin
Vice Chairman and Chief Operating Officer

LANDLORD:

BRECKINRIDGE PLACE LIMITED PARTNERSHIP

By: **Breckinridge Associates,**
a general partner

By: /s/ Robert F. Kern
Robert F. Kern, a general partner

BY: **Kern & Company, Inc.**
a general partner

By: /s/ Robert F. Kern
Robert F. Kern, President,

BY: **WFK Hi-Tech, Ltd.,**
a general partner

By: /s/ Robert F. Kern
Robert F. Kern, its sole general partner,

BY: **Jones Lang Wootton Realty Advisors**,
its attorney-in-fact

By: **Jones Lang Wootton Realty Advisors, Inc,**
its sole general partner

By: /s/ Bruce Sirof
Bruce Sirof
Vice President

FOURTH AMENDMENT TO LEASE

THIS FOURTH AMENDMENT TO LEASE (this "Amendment"), made and entered into as of the 18th day of September, 1997, by and between **BRECKINRIDGE PLACE LIMITED PARTNERSHIP**, a Delaware limited partnership ("Landlord") and **PRIMERICA LIFE INSURANCE COMPANY**, a Massachusetts corporation ("Tenant");

W I T N E S S E T H T H A T:

WHEREAS, Landlord and Tenant entered into that certain Agreement of Lease dated May 28, 1993 (as the same may have been amended, modified or renewed from time to time, the "Lease") for premises commonly known as Building 200, Building 300, Building 400, Building 1200, and Suites 500 and 525 within Building 500 with a street address of 3100 Breckinridge Boulevard, Duluth, Georgia (the "Premises") at the office park commonly known as Breckinridge (the "Park"); and

WHEREAS, Landlord and Tenant desire to amend certain other terms and conditions of the Lease and evidence their agreements and other matters by means of this Amendment;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lease is hereby amended and the parties hereto do hereby agree as follows:

1. Landlord agrees to lease to Tenant and Tenant agrees to lease from Landlord an additional 9,818 rentable square feet of space in the Park (the "Expansion Space") as shown on EXHIBIT "A-1", EXHIBIT "A-2" and EXHIBIT "A-3", and situated in Suite 165 within Building 100, Suite 526 within Building 500, and Suite 710 within Building 700, increasing the total rentable square feet of space leased pursuant to this Lease to 160,587.

2. This Lease is hereby amended by adding the Expansion Space as part of the Premises, subject to the following terms and conditions.

    a. The Expansion Space shall be added as part of the Premises for all purposes including the payment of Rent effective as of October 1, 1997 (the "Effective Date"), except as provided below.

b. Fixed Rent for the Expansion Space only shall be as follows:

Term	Fixed Rent Per Rentable Square Foot	Fixed Rent Monthly
Effective Date-06/30/03	$ 10.50	$8,590.75

c. All references in this Lease for purposes of determining pro rata share shall include the Expansion Space and any other space hereinafter leased to the Tenant pursuant to this Lease for purposes of calculating such pro rata share. From and after the Effective Date, including the Expansion Space, Tenant's pro rata share of the Park shall be 63.96%. Subject to the terms of the Amendment, Tenant shall continue to pay all items of Rent as provided in the Lease from and after the Effective Date.

d. Tenant hereby accepts the Expansion Space "AS IS" and acknowledges and agrees Landlord shall have no obligations to construct any tenant improvements to the Expansion Space or make any alterations or additions thereto.

3. Tenant represents and warrants to Landlord that neither it nor its officers or agents nor anyone acting on its behalf has dealt with any real estate broker other than Koll Management Services, Inc. who represented Landlord in the negotiating or making of this Amendment.

4. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Lease.

5. This Amendment represents the entire agreement between the parties hereto. Landlord and Tenant agree that there are no collateral or oral agreements or understandings between them with respect to the Premises or the Park. This Amendment supersedes all prior negotiations, agreements, letters or other statements with respect to Tenant's extension of Lease term and expansion of the Premises.

EXCEPT AS expressly amended and modified hereby, the Lease shall otherwise remain in full force and effect, the parties hereto hereby ratifying and confirming the same. To the extent of any inconsistency between the Lease and this Amendment, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the undersigned parties have duly executed this Amendment as of the day and year first above written.

LANDLORD:

BRECKINRIDGE PLACE LIMITED PARTNERSHIP,
a Delaware limited partnership

By:
Title: Senior Vice President

TENANT:

PRIMERICA LIFE INSURANCE COMPANY

By: /s/ D. Richard Williams
Title:

FIFTH AMENDMENT TO LEASE

between

CMD REALTY INVESTMENT FUND IV, L.P., Landlord

and

PRIMERICA LIFE INSURANCE COMPANY, Tenant

<u>Premises</u>: Approximately 160,587 rentable square feet of office space comprised of Suites 165, 200, 300, 400, 500, 525, 526, 710 and all of building 1200 at 3100 Breckinridge Boulevard, Duluth, Georgia

FIFTH AMENDMENT TO LEASE

THIS FIFTH AMENDMENT TO LEASE (this "Amendment") made as of the 31st day of December, 1999, by and between **CMD REALTY INVESTMENT FUND IV, L.P.**, an Illinois limited partnership, having an office at 12150 Monument Drive, Suite 215, Fairfax, VA 22033 ("Landlord") and **PRIMERICA LIFE INSURANCE COMPANY,** a Massachusetts corporation having an office at 3120 Breckinridge Boulevard, Duluth, Georgia 30199 ("Tenant").

W I T N E S S E T H

WHEREAS, by Agreement of Lease dated as of May 28, 1993, as supplemented and amended by that First Amendment of Lease dated as of July 1, 1993 ("First Amendment"); Second Amendment of Lease dated March 1, 1994 ("Second Amendment"); Third Amendment of Lease dated September , 1994 ("Third Amendment"); and that certain Fourth Amendment of Lease dated September 18, 1997 ("Fourth Amendment") (as so 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 premises consisting of; (a) four (4) office buildings known as Building 200, containing 30,987 rentable square feet; Building 300 containing 10,429 rentable square feet; Building 400 containing 25,632 rentable square feet; Building 1200 containing 72,776 rentable square feet; and (b) Suites 500 (containing 8,109 rentable square feet), 525 (containing 2,836 rentable square feet) and 526 (containing 2,280 rentable square feet) in the building known as Building 500; Suite 165 (containing 1,981 rentable square feet) in the Building known as Building 100; and Suite 710 (containing 5,557 rentable square feet) in the building known as Building 700 (collectively, the "Premises'), together with a non-exclusive right to use all roads, lawns, lakes, walkways, landscaped areas, and all parking spaces contiguous to the Premises ("Parking Areas") as shown on the site plan attached to the Lease (collectively, the "Common Areas"); and

WHEREAS, the term of the Lease currently expires on June 30, 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

WHEREAS, Tenant desires to hire and take (i) additional premises known as Suite 135 in the building known as Building 100, containing 9,206 rentable square feet, as shown on the floor plan annexed hereto as **Exhibit A** ("Suite 135") and made a part hereof, and (ii) additional premises known as Suite 728 in the building known as Building 700, containing 12,582 rentable square feet, as shown on the floor plan annexed hereto as **Exhibit B** ("Suite 728") and made a part hereof (Suite 135 and Suite 728 shall collectively be hereinafter referred to as the “Additional Space”) and changed certain terms of the Lease, and Landlord is agreeable thereto on the terms and conditions hereinafter set forth.

WHEREAS, Landlord and Tenant desire to modify and amend the Lease as hereinafter provided.

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 (the “Extended Term”) of six (6) years from July 1, 2003 (the “Extended Term Commencement Date”) through June 30, 2009 (the “Extended Term Expiration Date”).

3. As of June 30, 2003 (the “Suite 165 Expiration Date”), Suite 165 (containing 1,981 rentable square feet) in the Building known as Building 100 shall be surrendered by Tenant to Landlord as if such date is the expiration date for Suite 165 only, in accordance with the terms of the Lease.

4. Effective as of the Extended Term Commencement Date:

A. The Fixed Rent with respect to the Premises and the Additional Space (collectively, the “Entire Premises”) to be paid by Tenant to Landlord under the Lease during the Extended Term (provided if all or any portion of the Additional Space has not been delivered by Landlord to Tenant, the Fixed Rent set forth hereinbelow shall be appropriately reduced on a per square foot basis) shall be as follows:

(1) For the period commencing on July 1, 2003 and ending on June 30, 2004 the Fixed Rent with respect to the Entire Premises shall be One Million Seven Hundred Thirty-Three Thousand Five Hundred Eighty-Six and 30/100 ($1,733,586.30) Dollars per year, or One Hundred Forty-Four Thousand Four Hundred Sixty-Five and 53/100 ($144,465.53) Dollars per month;

(2) For the period commencing on July 1, 2004 and ending on June 30, 2005 the Fixed Rent with respect to the Entire Premises shall be One Million Seven Hundred Seventy-Three Thousand Two Hundred Seventy-Three and 00/100 ($1,773,273.00) Dollars per year, or One Hundred Forty-Seven Thousand Seven Hundred Seventy-Two and 75/100 ($147,772.75) Dollars per month;

(3) For the period commencing on July 1, 2005 and ending on June 30, 2006 the Fixed Rent with respect to the Entire Premises shall be One Million Eight Hundred Twelve Thousand Nine Hundred Fifty-Nine and 70/100 ($1,812,959.70) Dollars per year, or One Hundred Fifty-One Thousand Seventy-Nine and 98/100 ($151,079.98) Dollars per month;

(4) For the period commencing on July 1, 2006 and ending on June 30, 2007 the Fixed Rent with respect to the Entire Premises shall be One Million Eight Hundred Fifty-Two Thousand Six Hundred Forty-Six and 40/100 ($1,852,646.40) Dollars per year, or One Hundred Fifty-Four Thousand Three Hundred Eighty-Seven and 20/100 ($154,387.20) Dollars per month;

(5) For the period commencing on July 1, 2007 and ending on June 30, 2008 the Fixed Rent with respect to the Entire Premises shall be One Million Eight Hundred Ninety-Two Thousand Three Hundred Thirty-Three and 10/100 ($1,892,333.10) Dollars per year, or One Hundred Fifty-Seven Thousand Six Hundred Ninety-Four and 42/100 ($157,694.42) Dollars per month; and

(6) For the period commencing on July 1, 2008 and ending on the Extended Term Expiration Date the Fixed Rent with respect to the Entire Premises shall be One Million Nine Hundred Thirty-Two Thousand Nineteen and 70/100 ($1,932,019.70) Dollars per year, or One Hundred Sixty-One Thousand One and 65/100 ($161,001.65) Dollars per month.

The Fixed Rent with respect to the Entire Premises 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.

B. The parties agree that Entire Premises shall contain 180,394 rentable square feet as of the date that all of the Additional Space has been delivered by Landlord to Tenant. Effective as of the Extended Term Commencement Date, Tenant’s pro rata share of the Park for the purpose of payment of Impositions, Common Area Costs and any other Rent as to which Tenant pays a pro rata share shall be 71.85% (provided if all or any portion of the Additional Space has not been delivered by Landlord to Tenant, Tenant’s pro rata share shall be proportionately reduced). Subject to the adjustment of Tenant’s pro rata share as provided herein, Tenant shall continue to pay the foregoing items of Rent in the manner provided in the Lease.

5. (a) Effective as of the date in which Suite 135 has been delivered by Landlord to Tenant (the “Suite 135 Effective Date”), the Lease shall be amended so that: (1) the Fixed Rent set forth in the Lease with respect to Suite 135 only shall be equal to Eighty-Eight Thousand Four Hundred Sixty-Nine and 66/100 ($88,469.66) Dollars per year, or Seven Thousand Three Hundred Seventy-Two and 47/100 ($7,372.47) Dollars per month

for the period from the Suite 135 Effective Date through and including June 30, 2003, and (2) Tenant's pro rata share of the Park for the purpose of payment of Impositions, Common Area Costs and any other Rent as to which Tenant pays a pro rata share shall, with respect to Suite 135 only, be 3.67%. Landlord shall use reasonable efforts to deliver possession of Suite 135 no later than March 1, 2000; provided that Landlord shall not be liable to Tenant for any delay beyond such date for the failure to deliver possession of Suite 135. Notwithstanding the foregoing, if Landlord shall fail to deliver Suite 135 by September 1, 2000, Tenant shall have the right to terminate Tenant's obligation to accept Suite 135 by giving Landlord written notice, not later than September 15, 2000, of Tenant's intention to so terminate. Tenant has inspected Suite 135 (and portions of Building 100, the Park and systems and equipment providing access to or serving Suite 135) or has had an opportunity to do so, and agrees to accept the same "AS IS" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repair or improvements, or regarding any other matter, except as otherwise specifically set forth in the Lease.

(b) Effective as of the date on which Suite 728 has been delivered by Landlord to Tenant (the "Suite 728 Effective Date"), the Lease shall be amended so that: (1) the Fixed Rent set forth in the Lease with respect to Suite 728 only shall be One Hundred Twenty Thousand Nine Hundred Thirteen and 02/100 ($120,913.02) Dollars per year, or Ten Thousand Seventy-Six and 09/100 ($10,076.09) Dollars per month for the period from the Suite 728 Effective Date through and including June 30, 2003, and (2) Tenant's pro rata share of the Park for the purpose of payment of Impositions, Common Area Costs and any other Rent as to which Tenant pays a pro rata share shall, with respect to Suite 728 only, be 5.01%. Landlord shall use reasonable efforts to deliver possession of Suite 728 no later than March 1, 2000; provided that Landlord shall not be liable to Tenant for any delay beyond such date for the failure to deliver possession of Suite 728. Notwithstanding the foregoing, if Landlord shall fail to deliver Suite 728 by September 1, 2000, Tenant shall have the right to terminate Tenant's obligation to accept Suite 728 by giving Landlord written notice, not later than September 15, 2000, of Tenant's intention to so terminate. Tenant has inspected Suite 728 (and portions of Building 700, the Park and systems and equipment providing access to or serving Suite 728) or has had an opportunity to do so, and agrees to accept the same "AS IS" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repair or improvements, or regarding any other matter, except as otherwise specifically set forth in the Lease.

6. During the Extended Term of the Lease, provided that at least thirty-six (36) full calendar months will then remain in the Extended Term beginning on the Expansion Space Commencement Date (as defined below), if any portion of the Park becomes vacant and available for lease (“Expansion Space”), Tenant shall have the right (“Right of First Offer”) to lease such space, upon the same terms and conditions as set forth in this Amendment and the Lease, subject to the following:

(a) Landlord shall notify Tenant in writing (“Landlord’s Notice”): (i) within thirty (30) days after the Expansion Space becomes legally available to lease, or (ii) at such earlier time as Landlord shall be in a position to project when the Expansion Space will be legally available to lease, advising Tenant of such projected date, or (iii) at any time thereafter but prior to leasing the Expansion Space to another party. Landlord’s Notice shall set forth the terms (“Expansion Terms”) on which Landlord would propose to lease the Expansion Space to Tenant, including, but not limited to, a date for the commencement of the lease thereof (“Expansion Space Commencement Date”), an expiration date therefor, the monthly base rent and any scheduled increases therein, and Tenant’s share of taxes, expenses and other such items (and any base year or stop level therefor), and shall provide that all other terms and conditions shall be in accordance with the terms of this Lease. The parties agree that any Expansion Space leased by Tenant in accordance with this paragraph 6 shall be for a term which will be co-terminus with the Term of this Lease. The parties agree that the Expansion Terms shall be the Prevailing Market Rate, Terms and Conditions. The term “Prevailing Market Rate, Terms and Conditions” herein shall mean Landlord’s good faith determination of the Fixed Rent and other terms and conditions that a comparable, ready and willing landlord, and a comparable, ready and willing tenant, would mutually accept on a negotiated arm’s length basis for a lease expansion for the Premises for the subject expansion period, taking into account when the expansion period will commence and expire, the location, quality and age of the Building, the location, size, configuration and use of the Premises, the method of determining rentable area, that the Premises constitutes non-sublease, unencumbered, non-equity space, and any other relevant term or provision in making such determination. Except as may be set forth to the contrary in Landlord’s Notice, the Expansion Terms shall otherwise be deemed to include the same terms then in effect on the Expansion Space Commencement Date, and thereafter scheduled to be in effect, under the Lease (with any matters in the Lease based on square footage adjusted proportionately to reflect the increase in rentable area represented by the Expansion Space), subject to the other provisions hereof.

(b) If Tenant desires to lease the Expansion Space and the Expansion Space contains fewer than 5,000 rentable square feet, Tenant shall so notify Landlord in writing (“Tenant’s Notice”) exercising Tenant’s right to lease the Expansion Space within five (5) business days after Tenant receives Landlord’s Notice. If Tenant desires to lease the Expansion Space and the Expansion Space contains between 5,000 rentable square feet and 19,999 rentable square feet, Tenant shall give Landlord Tenant’s Notice within ten (10) business days after Tenant receives Landlord’s Notice. If Tenant desires to lease the Expansion Space and the Expansion Space contains 20,000 rentable square feet or more, Tenant shall give Landlord Tenant’s Notice within twenty (20) business days after Tenant receives Landlord’s Notice. Tenant’s Notice shall be unconditional and irrevocable. If the Prevailing Market Rate, Terms and Conditions determined by Landlord are not acceptable to Tenant, then Tenant shall, together with Tenant’s Notice, provide notice (“Arbitration Request Notice”) of Tenant’s desire to arbitrate in accordance with Article 12 of the Lease. If Tenant fails to provide an Arbitration Request Notice together with Tenant’s Notice, then Tenant shall be deemed to have accepted the Prevailing Market Rate, Terms and Conditions provided by Landlord.

(c) If Tenant validly exercises Tenant's Right of Offer herein, Tenant shall execute an amendment ("Expansion Documentation") prepared by Landlord within thirty (30) days after Landlord so requests in writing reflecting the terms upon which Tenant is leasing the Expansion Space.

(d) If Tenant shall fail to validly exercise such Right of Offer, or shall fail to sign and deliver the Expansion Documentation to Landlord, strictly in accordance with the terms hereof, such Right of Offer shall be deemed to have lapsed and expired with respect to the Expansion Space which was the subject of Landlord's Notice, and shall be of no further force or effect with respect to such Expansion Space. Landlord may thereafter freely lease all or a portion of such Expansion Space to any other party, at any time, on any terms, in Landlord's sole discretion. Time is of the essence with respect to Tenant's exercise of this Right of Offer.

(e) The foregoing Right of Offer shall apply only with respect to the entire Expansion Space, and may not be exercised with respect to only a portion thereof, unless only a portion thereof shall first become the subject of Landlord's Notice (in which case, such Right of Offer shall apply to such portions as they become the subject of Landlord's Notices). If the Expansion Space is part of a larger space that Landlord desires to lease as a unit at the time of Landlord's Notice, then Landlord's Notice shall, at Landlord's option, identify the entire such space, and in such case, Tenant's Right of Offer shall apply only to such entire space.

(f) The foregoing Right of Offer shall be subject to the existing tenants or occupants of the Expansion Space renewing their existing leases whether pursuant to options to extend previously granted or otherwise, and to any rights of any other parties to lease the Expansion Space granted prior to full execution and delivery of this document.

(g) Tenant's Right of Offer hereunder is subject to the condition that Tenant not be in violation or default of the Lease after notice and the expiration of applicable cure periods on the date when Landlord provides or would otherwise provide Landlord's Notice, or at any time thereafter and prior to the Expansion Space Commencement Date. Tenant's Notice shall not operate to cure any violation or default by Tenant of any of the terms or provisions in the Lease, nor to extinguish or impair any rights or remedies of Landlord arising by virtue of such violation or default.

(h) This Right of Offer herein is personal to the Tenant entity which has entered into and signed this document. Under no circumstance whatsoever shall the assignee under a complete or partial assignment of the Lease, or a subtenant under a sublease of the Premises, have any right to exercise the Right of Offer herein. If Tenant shall sublease more than ten (10%) percent of the Premises or assign the Lease with respect to all of the Premises, then immediately upon such sublease or assignment the Right of Offer herein shall concurrently terminate and become null and void.

(i) If Tenant shall exercise the Right of Offer granted herein, Landlord does not guarantee to deliver possession of the Expansion Space on the Expansion Space Commencement Date due to continued possession by the then existing occupants or any other reason beyond Landlord's reasonable control. In such event, rent and other charges with respect to the Expansion Space shall be abated until Landlord delivers the same to Tenant (except to the extent that Tenant or its affiliates, agents, employees or contractors cause the delay), as Tenant's sole recourse. Notwithstanding the foregoing, if Landlord shall fail to deliver the Expansion Space within six (6) months of the Expansion Space Commencement Date, Tenant shall have the right to terminate Tenant's obligation to accept the Expansion Space by giving Landlord written notice, not later than fifteen (15) days after the end of the aforesaid six (6) month period, of Tenant's intention to so terminate; provided, however, that the aforesaid six (6) month period shall be extended for a period equal to any periods of delay in Landlord's delivery of possession caused by Tenant or Tenant's affiliates, agents, employees, or contractors.

7. Paragraph 19.01 of the Lease, lines 8-40 are hereby deleted and the following is substituted in lieu thereof:

"To Landlord:	CMD Realty Investment Fund IV, L.P. 12150 Monument Drive Suite 215 Fairfax, VA 22033 Attention: Regional Manager
with a copy to:	CMD Realty Investors, Inc. 227 West Monroe Street Suite 3900 Chicago, Illinois 60606 Attention: General Counsel and Attention: Asset Manager and General Counsel
To Tenant:	Primerica Life Insurance Company 3120 Breckinridge Boulevard Duluth, GA 30136 Attention: Ms. Karen Fine
To Tenant:	Primerica Life Insurance Company 2150 Boggs Road, Suite 145 Duluth, GA 30096 Attention: Mr. Terry Robertson

with a copy to: Battle Fowler LLP
75 East 55th Street
New York, NY 10022
Attention: Lawrence Mittman, Esq."

8. Effective with respect to all Rent due after this Amendment has been executed and delivered by both parties, Rent shall be paid to Landlord c/o CMD Realty Investment Fund IV, L.P., 21057 Network Place, Chicago, Illinois 60673-1210. Landlord may compute and bill the Rent (or components thereof) for the Additional Space separately or treat the Additional Space and Premises as one unit for computation and billing purposes. If either the Suite 135 Effective Date or the Suite 728 Effective Date occurs other than on the beginning of the applicable payment period under the Lease, Tenant's obligations for Rent for Suite 135 or Suite 728, as the case may be, shall be prorated on a per diem basis.

9. 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. 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 9 being untrue.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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. 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.

15. 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.

16. 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.

17. **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 THE GROUNDS THAT THIS AMENDMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE).**

18. 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.

19. 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.

20. 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.

21. This Amendment shall not be binding upon either party unless and until it is fully executed and delivered to both parties.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

CMD REALTY INVESTMENT FUND IV, L.P [SEAL]
an Illinois limited partnership

By: CMD/Fund IV GP Investments, L.P., an Illinois limited partnership, its general partner

By: CMD REIM IV, Inc., an Illinois corporation, its general partner

By: /s/ DAVID G. LANGOL
Name: DAVID G. LANGOL
Its: VICE PRESIDENT

TENANT:

PRIMERICA LIFE INSURANCE COMPANY, a
Massachusetts corporation

By: /s/ Karen Fine
Name: Karen Fine
Title: EVP

LEASE AMENDMENT SIX

(Expansion/Co-Terminous)

THIS LEASE AMENDMENT SIX ("Amendment") is made and entered into as of the 16th day of March, 2000, by and between **CMD Realty Investment Fund IV, L.P.,** an Illinois limited partnership ("Landlord") and **Primerica Life Insurance Company**, a Massachusetts corporation ("Tenant").

A. Landlord and Tenant are the current parties to that certain lease ("Original Lease") dated May 28, 1993, for premises (the "Premises") currently consisting of 182,375 rentable square feet in the buildings known as Buildings 200, 300, 400 and 1200 (the "Building" or "Buildings"), located at Breckinridge Office Park, 3100 Breckinridge Boulevard, Duluth, Georgia 30096 (the "Property" as may be further described below), which lease has heretofore been amended or assigned by documents described and dated as follows: First Amendment of Lease dated as of July 1, 1993, Second Amendment of Lease dated March 1, 1994, Third Amendment of Lease dated September , 1994, Fourth Amendment of Lease dated September 18, 1997 and Fifth Amendment to Lease dated December 31, 1999 (collectively, and as amended herein, the "Lease").

B. Tenant has requested that additional space in the Property be added to the Premises, and Landlord is willing to grant the same, on the terms and conditions herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the parties do hereby agree as follows:

1. Additional Premises. The spaces known as Suites 705 and 712 of Building 700 (the "Additional Premises"), the approximate location of which is shown on Exhibit A hereto, and which shall be deemed to contain, for purposes hereof, 1,620 rentable square feet as to Suite 705 and 13,203 rentable square feet as to Suite 712, shall be added to and become a part of the Premises, commencing on April 1, 2000 ("Additional Premises Commencement Date"), and continuing co-terminously with the expiration date under the Lease ("Lease Expiration Date"), as the same may be extended from time to time, subject to the terms and conditions set forth hereinafter.

The term "Additional Premises" as used herein shall mean either Suite 705 or Suite 712 or both Suites, as the context reasonably requires. The term "Additional Premises Commencement Date" as used herein shall mean the Additional Premises Commencement Date for either Suite 705 or Suite 712 or for both Suites, as the context reasonably requires. As further set forth in Section 9, if possession of Suites 705 and 712 is delivered at different times, then the Additional Premises Commencement Date shall be adjusted for each Additional Premises, as applicable.

2. Base Rent For Additional Premises. The base or minimum monthly rent for the Additional Premises shall be as set forth in the following schedule:

A. Suite 705.

Period	Additional Premises Monthly Base Rent
Additional Premises Commencement Date – March 31, 2001	$ 1,552.50
April 1, 2001 – March 31, 2002	$ 1,614.60
April 1, 2002 – March 31, 2003 -	$ 1,679.18
April 1, 2003 – March 31, 2004	$ 1,746.35
April 1, 2004 – March 31, 2005	$ 1,816.21
April 1, 2005 – March 31, 2006	$ 1,888.85
April 1, 2006 – March 31, 2007	$ 1,964.41
April 1, 2007 – March 31, 2008	$ 2,042.98
April 1, 2008 – Lease Expiration Date	$ 2,124.70

B. Suite 712.

Period	Additional Premises Monthly Base Rent
Additional Premises Commencement Date – March 31, 2001	$ 12,652.87
April 1, 2001 – March 31, 2002	$ 13,158.99
April 1, 2002 – March 31, 2003 -	$ 13,685.35
April 1, 2003 – March 31, 2004	$ 14,232.76
April 1, 2004 – March 31, 2005	$ 14,802.07
April 1, 2005 – March 31, 2006	$ 15,394.15
April 1, 2006 – March 31, 2007	$ 16,009.92
April 1, 2007 – March 31, 2008	$ 16,650.32
April 1, 2008 – Lease Expiration Date	$ 17,316.33

3. Additional Rent; Tenant's Share. On the applicable Additional Premises Commencement Date for each Additional Premises, all other rentals or other charges based or computed on the square footage of the Premises, including without limitation, real estate taxes, and operating or other expenses of the Property, shall be adjusted proportionately to reflect the Additional Premises rentable square footage, such that Tenant's share thereof shall be increased by 65/100 percent (0.65%) with respect to Suite 705 (1,620/251,083) and Tenant's share thereof shall be increased by five and 26/100 percent (5.26%) with respect to Suite 712 (13,203/251,083). Tenant's share shall be seventy-three and 28/100 percent (73.28%) with respect to the current Premises including Suite 705 (182,375 plus 1,620 divided by 251,083). Tenant's share shall be seventy-eight and 54/100 percent (78.54%) with respect to the current Premises including both Suite 705 and Suite 712 (182,375 plus 1,620 and 13,203, divided by 251,083).

4. Consolidated or Separate Billings. The minimum or base rentals, real estate taxes, operating or other expenses of the Property, and all other rentals and charges respecting the Additional Premises are sometimes herein called the "Additional Premises Rent". Landlord may compute and bill the Additional Premises Rent (or components thereof) separately or treat the Additional Premises and Premises as one unit for computation and billing purposes.

5. Prorations. If the Additional Premises Commencement Date occurs other than on the beginning of the applicable payment period under the Lease, Tenant's obligations for base or minimum rentals, real estate taxes, operating or other expenses of the Property and other such charges shall be prorated on a per diem basis.

6. Corrections to Fifth Amendment. The following corrections are made to the Fifth Amendment to Lease:

A. In line 1 of Section 4B, the number "180,394" (which had erroneously deleted from the Premises Suite 165, which will not be subtracted from the Premises until June 30, 2003) is deleted and the number "182,375" is substituted therefor. "182,375 consists of the Premises as defined in the first "Whereas" clause of the Fifth Amendment to Lease (160,587 rentable square feet), plus Suite 135 (9,206 rentable square feet) and Suite 728 (12,582 rentable square feet).

B. In line 1 of Section 6, the clause "During the Extended Term of the Lease" is amended to read as follows: "Commencing on the date of this Amendment and continuing during the Extended Term of the Lease," .

C. In Section 7, in the first notice address for Tenant, the zip code for 3120 Breckinridge Boulevard is corrected to be 30099.

D. In line 12 of Section 6(a), the reference to "this paragraph 5" is changed to "this paragraph 6".

E. In line 7 of Section 9, the reference to "this paragraph 8" is changed to "this paragraph 9".

7. Other Terms; Certain Provisions Deleted. On the applicable Additional Premises Commencement Date, each Additional Premises shall be added to the Premises under the Lease, and all terms and conditions then or thereafter in effect under the Lease shall apply to the Additional Premises, except as provided to the contrary herein.

8. Condition of Additional Premises. Tenant has inspected the Additional Premises (and portions of the Building, Property, systems and equipment providing access to or serving the Additional Premises) or has had an opportunity to do so, and agrees to accept the same "AS IS" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements, or regarding any other matter.

9. Additional Premises Commencement Date Adjustments.

a. Additional Premises Commencement Date Adjustments and Confirmation. If the Additional Premises Commencement Date is advanced or postponed as provided below, the Lease Expiration Date shall not be changed. If the Additional Premises

Commencement Date, as so advanced or postponed herein, occurs other than on the first day of a calendar month, Landlord may elect by notice to Tenant to adjust the dates for any fixed increases in the base rent for the Additional Premises such that they occur on the first day of the calendar month in which they would otherwise occur. Tenant shall execute a confirmation of the Additional Premises Commencement Date and other dates as adjusted herein in such form as Landlord may reasonably request within ten (10) days after requested; any failure to respond within such time shall be deemed an acceptance of the matters as set forth in Landlord's confirmation. If Tenant disagrees with Landlord's adjustment of the Additional Premises Commencement Date or other dates as adjusted herein, Tenant shall pay Additional Premises Rent and perform all other obligations commencing and ending on the date or dates determined by Landlord, subject to refund or credit when the matter is resolved.

b. Early Additional Premises Commencement Date. The Additional Premises Commencement Date, Additional Premises Rent and Tenant's other obligations respecting the Additional Premises shall be advanced to such earlier date as Tenant, with Landlord's written permission, commences occupying the Additional Premises. If such event occurs with respect to a portion of the Additional Premises, the Additional Premises Commencement Date, Additional Premises Rent and Tenant's other obligations shall be so advanced with respect to such portion (and fairly prorated based on the rentable square footage involved. During any period that Tenant shall be permitted to enter the Additional Premises prior to the Additional Premises Commencement Date other than to occupy the same (e.g., to perform alterations or improvements), tenant shall comply with all terms and provisions of the Lease (including this Amendment), except those provisions requiring the payment of Additional Premises Rent. Landlord shall permit early entry, so long as the Additional Premises is legally available and Tenant is in compliance with the other provisions of the Lease (including this Amendment), including the insurance requirements.

c. Additional Premises Commencement Date Delays. Subject to the other provisions of this Amendment, the Additional Premises Commencement Date, Additional Premises Rent and Tenant's other obligations respecting the Additional Premises shall be postponed to the extent Tenant is unable to reasonably occupy the Additional Premises because Landlord fails to deliver possession of the Additional Premises for any reason, including holding over by prior occupants, except to the extent that Tenant, its space planners, architects, contractors, agents or employees in any way contribute to such failure. If such event occurs with respect to a portion of the Additional Premises, the Additional Premises Commencement Date, Additional Premises Rent and Tenant's other obligations shall be so postponed with respect to such portion (and fairly prorated based on the rentable square footage involved). Any such delay in the Additional Premises Commencement Date shall not subject Landlord to liability for loss or damage resulting therefrom, and Tenant's sole recourse with respect thereto shall be the postponement of Additional Premises Rent and other obligations described herein. The parties acknowledge that Suite 712 is currently leased to Pulte Home Corporation ("Pulte") pursuant to a lease which is scheduled to expire on December 31, 2000, and that Landlord's ability to deliver possession of Suite 712 prior to January 1, 2001 is contingent upon its ability to enter into a lease termination agreement with Pulte providing for an earlier termination date.

10. Confidentiality. Tenant shall keep the content and all copies of this document and the Lease, all related documents or amendments now or hereafter entered, and all proposals, materials, information and matters relating thereto strictly confidential, and shall not disclose, disseminate or distribute any of the same, or permit the same to occur, except to the extent reasonably required for proper business purposes by Tenant's employees, attorneys, insurers, auditors, lenders, and permitted successors and assigns (and Tenant shall obligate any such parties to whom disclosure is permitted to honor the confidentiality provisions hereof), and except as may be required law or court proceedings.

11. Real Estate Brokers. Tenant represents and warrants that Tenant has not dealt with any broker, agent or finder in connection with this Amendment, and agrees to indemnify and hold Landlord, and its employees, agents and affiliates harmless from all damages, judgments, liabilities and expenses (including reasonable attorneys' fees) arising from any claims or demands of any broker, agent or finder with whom Tenant has dealt for any commission or fee alleged to be due in connection with this Amendment.

12. Offer. The submission and negotiation of this Amendment shall not be deemed an offer to enter into the same by Landlord. Tenant's execution of this Amendment constitutes a firm offer to enter into the same which may not be withdrawn for a period of thirty (30) days after delivery to Landlord. During such period, Landlord may proceed in reliance thereon and permit Tenant to enter the Additional Premises, but such acts shall not be deemed an acceptance. Such acceptance shall be evidenced only by Landlord signing and delivering this Amendment to Tenant.

13. Whole Amendment; Full Force and Effect; Conflicts. This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. As an inducement for Landlord to enter into this Amendment, Tenant hereby represents that Landlord is not in violation of the Lease, and that Landlord has fully performed all of its obligations under the Lease as of the date on which Tenant signs this Amendment. In case of any inconsistency between the provisions of the Lease and this Amendment, the latter provisions shall govern and control. This Amendment may be further modified only in writing signed by both parties.

14. Interpretation; Defined and Undefined Terms. This Amendment has been prepared from a generic form intended for use with a variety of underlying lease forms containing a variety of defined and undefined terms. This Amendment shall be interpreted in a reasonable manner in conjunction with the Lease. If an Exhibit is attached to this Amendment, the term "Lease" therein shall refer to this Amendment or the Lease as amended, and terms such as "Commencement Date" and "Lease Term" shall refer to analogous terms in this Amendment, all as the context expressly provides or reasonably implies. Unless expressly provided to the contrary herein: (a) any terms defined herein shall have the meanings ascribed herein when used as capitalized terms in other provisions hereof, (b) capitalized terms not otherwise defined herein shall have the meanings, if any, ascribed thereto in the Lease, and (c) non-capitalized undefined terms herein shall be interpreted broadly and reasonably to refer to terms contained in the Lease which have a similar meaning, and as such terms may be further defined therein.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first set forth above.

LANDLORD: **CMD REALTY INVESTMENT FUND IV, L.P.** [SEAL]
an Illinois limited partnership

By: CMD/Fund IV GP Investments, L.P.,
an Illinois limited partnership, its general partner

By: CMD REIM IV, Inc.,
an Illinois corporation, its general partner

By: /s/ Allen Aldridge
Name: Allen Aldridge
Its: Vice President

TENANT: **Primerica Life Insurance Company** [SEAL]
a Massachusetts corporation

By: /s/ Karen Fine
Name: Karen Fine
Its: Executive Vice President

CERTIFICATE

I, Judy Trollinger, as Assistant Secretary of the aforesaid Tenant, hereby certify that the individual(s) executing the foregoing Lease on behalf of Tenant was/were duly authorized to act in his/their capacities as set forth above, and his/their action(s) are the action of Tenant.

(Corporate Seal) /s/ Judy Trollinger

SEVENTH AMENDMENT TO LEASE

THIS SEVENTH AMENDMENT TO LEASE (this "Amendment") made as of the day of April, 2008, by and between **IVG INSTITUTIONAL FUNDS GMBH,** a German Corporation, as Nominee for **AMERICAN FUND - OIK,** having an office at c/o Real Estate Capital Partners, 114 West 47th Street, 23rd Floor, New York, NY 10036 ("Landlord"), and **PRIMERICA LIFE INSURANCE COMPANY,** a Massachusetts corporation having an office at 3120 Breckinridge Boulevard, Duluth, Georgia 30096 ("Tenant").

W I T N E S S E T H

WHEREAS, by Agreement of Lease dated as of May 28, 1993, as supplemented and amended by that First Amendment to Lease dated as of July 1, 1993; Second Amendment to Lease dated March 1, 1994; Third Amendment to Lease dated September , 1994; Fourth Amendment to Lease dated September 18, 1997; Fifth Amendment to Lease dated December 31,1999; and Lease Amendment Six dated March 16, 2000 (as so 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 premises consisting of: (a) four (4) office buildings known as Building 200, containing 30,987 rentable square feet; Building 300 containing 10,429 rentable square feet; Building 400 containing 25,632 rentable square feet; Building 1200 containing 72,776 rentable square feet; and (b) Suite 135 (containing 9,206 rentable square feet) in the building known as Building 100; Suites 500 (containing 8,109 rentable square feet), 525 (containing 2,836 rentable square feet) and 526 (containing 2,280 rentable square feet) in the building known as Building 500; and Suites 705 (containing 1,620 rentable square feet), 710 (containing 5,557 rentable square feet), 712 (containing 13,203 rentable square feet) and 728 (containing 12,582 rentable square feet) in the building known as Building 700 (collectively, the "Premises"), together with a non-exclusive right to use all roads, lawns, lakes, walkways, landscaped areas, and all parking spaces contiguous to the Premises ("Parking Areas") as shown on the site plan attached to the Lease (collectively, the "Common Areas"); and

WHEREAS, the term of the Lease currently expires on June 30, 2009; 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

WHEREAS, Landlord and Tenant desire to modify and amend the Lease to reflect such extension and certain other matters, all as hereinafter provided.

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 (the "Extended Term") of four (4) years from July 1, 2009 (the "Extended Term Commencement Date") through June 30, 2013 (the "Extended Term Expiration Date").

3. Effective as of the Extended Term Commencement Date:

(A) The Fixed Rent with respect to the Premises to be paid by Tenant to Landlord under the Lease during the Extended Term shall be as follows:

(1) For the period commencing on July 1, 2009 and ending on June 30, 2010 the Fixed Rent shall be $2,244,995.50 per year, or $187,082.95 per month;

(2) For the period commencing on July 1, 2010 and ending on June 30, 2011 the Fixed Rent shall be $2,301,120.39 per year, or $191,760.03 per month;

(3) For the period commencing on July 1, 2011 and ending on June 30, 2012 the Fixed Rent shall be $2,358,648.40 per year, or $196,554.03 per month; and

(4) For the period commencing on July 1, 2012 and ending on June 30, 2013 the Fixed Rent shall be $2,417,614.61 per year, or $201,467.88 per month.

The Fixed Rent with respect to the Premises 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.

(B) Landlord and Tenant agree that the Premises contain 195,217 rentable square feet and that effective as of the Extended Term Commencement Date, Tenant's pro rata share of the Park for the purpose of payment of Impositions, Common Area Costs and any other Rent as to which Tenant pays a pro rata share shall be 78.54%. Tenant shall continue to pay the foregoing items of Rent in the manner provided in the Lease.

4. Landlord shall replace the chiller and cooling tower serving Building 5 of the Premises (and shall use reasonable efforts to do so during calendar year 2008 on a timetable reasonably approved by Tenant), and shall replace the rooftop HVAC units (together with ancillary equipment serving same) serving the Premises on an as-needed basis, as reasonably determined by Landlord after good-faith consultation with Tenant (the foregoing work being collectively hereinafter referred to as the "HVAC Project"). All costs associated with HVAC Project (the "HVAC Costs") shall be borne by Landlord. Notwithstanding the foregoing, however, Landlord shall have no obligation to continue to perform the HVAC Project (and Landlord's obligations with respect thereto) when the HVAC Costs exceed $976,085 (the "HVAC Project Cost Cap"), as reasonably evidenced by Landlord to Tenant; provided, however, Landlord shall substantially complete any portion of the HVAC Project related to specific rooftop units in progress when the HVAC Project Cost Cap is reached. Plans and specifications for the HVAC Project shall be prepared by Landlord and presented to Tenant within forty-five (45) days of the execution of this Seventh Amendment and shall be subject to the written approval of Tenant, such approval not to be unreasonably withheld, delayed or conditioned (such plans and specifications, as so approved, being hereinafter referred to as the "HVAC Plans"). Landlord shall substantially complete the HVAC Project in a good and workmanlike manner in accordance with applicable laws, codes and ordinances causing as little disruption to Tenant's business as reasonably possible and in substantial accordance with the HVAC Plans.

5. Landlord shall make available to Tenant an allowance of up to $292,825.50 (the "Allowance") to be used for Tenant's non-structural alterations and improvements to the interior of the Premises which Tenant makes during the period ending on the term of the Lease (such alterations and improvements made during such period being hereinafter referred to as the "Alterations"). Landlord shall not charge any construction management or administrative fee in connection with the Alterations. All architects, engineers, contractors and subcontractors engaged in connection with the construction of the Alterations shall be subject to Landlord's reasonable approval. Tenant shall perform the Alterations in a good and workmanlike and lien-free manner and in accordance with applicable laws, codes and ordinances and the provisions of Section 5.09 of the Lease. The Allowance (or applicable position thereof) shall be paid to Tenant by Landlord within thirty (30) days of Landlord's receipt of Tenant's written notice that the portion of Tenant's Alterations for which Tenant seeks reimbursement has been substantially completed, such notice to be accompanied by (1) documented paid invoices, (2) lien releases reasonably satisfactory to Landlord, and (3) certification from Tenant's contractor or architect that the applicable work has been substantially completed in accordance with applicable laws, codes and ordinances and the provisions of Section 5.09 of the Lease. Any unused portion of the Allowance shall be retained by Landlord.

6. Tenant shall have options (each, an "Option" and collectively, "Options") to extend the term of the Lease for two (2) additional periods of five (5) years (each, a "Renewal Term"). In order to exercise the Option, Tenant must give written notice ("Tenant's Notice") to Landlord not less than nine (9) months prior to expiration of the initial term or the first Renewal Term (as the case may be) that Tenant wishes to extend the term of the Lease; provided, however, that Tenant shall not be entitled to exercise an Option unless each of the following conditions shall be fully satisfied at the time of its exercise: (i) the Lease shall be in full force and effect: (ii) the original Tenant named in the Lease, or an Affiliate thereof, or an approved Assignee shall be conducting business from the Premises: and (iii) Tenant shall not then be in default under any of the terms, provisions, covenants or conditions of the Lease. If Tenant properly exercises an Option as provided, the term shall be extended as so provided and Rent shall be adjusted to the "Prevailing Market Rent" (as hereinafter determined). If Tenant shall fail to give written notice to Landlord of Tenant's exercise of an Option as provided, Tenant shall be deemed to have waived its right to exercise such Option and to occupy any space in the Building beyond the Expiration Date (or the expiration of the first Renewal Term, as the case may be). Within thirty (30) days after receiving Tenant's Notice, Landlord shall provide Tenant with notice ("Landlord's Notice") of the Prevailing Market Rent. "Prevailing Market Rent" shall be defined as the arms length fair market annual rental rate per rentable square foot (together with annual escalations) under leases entered into on or about the date on which the Prevailing Market Rent is being determined hereunder for space reasonably comparable to the Premises in the Duluth, Georgia market. The determination of Prevailing Market Rent shall take into account any material economic differences between the terms of this Lease and any comparison lease, such as rent abatements, construction costs and other concessions and the manner, if any, in which the landlord under any such lease is reimbursed for operating expenses and taxes. If Tenant disagrees with Landlord's determination of Prevailing Market Rent, Tenant shall have the right, within thirty (30) business days after its receipt of Landlord's Notice, to submit its own determination of Prevailing Market Rent to Landlord. If Landlord and Tenant are unable to agree as to what Prevailing Market Rent is within ten (10) business days after Tenant's

submission to Landlord of Tenant's determination of Prevailing Market Rent, then such disagreement shall be resolved pursuant to the arbitration provisions of Article 12 of the Lease.

7. Lines 8-40 of section 19.01 of the Lease are hereby deleted and the following is substituted in lieu thereof:

"To Landlord:	IVG INSTITUTIONAL FUNDS GMBH, as Nominee for American Fund-OIK c/o Real Estate Capital Partners 114 West 47th Street, 23rd Floor New York, NY 10036 Attention: Karin Shewer
with a copy to:	Real Estate Capital Partners 460 Herndon Pkwy, Suite 155 Herndon, Virginia 20170 Attention: Andre R. Kinney
and to:	Sutherland Asbill & Brennan LLP 1114 Avenue of the Americas, 4th Floor New York, New York 10036 Attention: Eric L. Sidman, Esq.
To Tenant:	Primerica Life Insurance Company 3120 Breckinridge Boulevard Duluth, GA 30099-0001 Attention: Karen Fine
with a copy to:	Primerica Life Insurance Company 3120 Breckinsidge Boulevard Duluth, GA 30099-0001 Attention: General Counsel

8. 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 other than Cushman & Wakefield of Georgia, Inc. ("Tenant's Broker) and CB Richard Ellis, Inc. ("Landlord's Broker"). Landlord shall pay a commission to each of Tenant's Broker and Landlord's Broker pursuant to a separate written agreement. 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 8 being untrue, provided, however, the foregoing indemnity by Tenant shall not extend to the commission owed Tenant's Broker or Landlord's Broker by Landlord.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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. 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.

14. 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.

15. 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.

16. **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).**

17. 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.

18. 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 and (ii) 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.

19. This Amendment shall not be binding upon either party unless and until it is fully executed and delivered to both parties.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and yeas first above written.

LANDLORD:

IVG INSTITUTIONAL FUNDS GMBH,
as Nominee for American Fund-OIK

By:	/s/ Michael Ruhl	/s/ Anke Loidl
Name:	Michael Ruhl	Anke Loidl
Title:	Prokurist	Fund Manager

TENANT:

PRIMERICA LIFE INSURANCE COMPANY, a
Massachusetts corporation

By:	/s/ Karen Fine
Name:	Karen Fine
Title:	EVP

AGREEMENT OF SUBLEASE

between

CITIBANK, N.A., Sublandlord

and

NATIONAL BENEFIT LIFE INSURANCE COMPANY, Subtenant

<u>Premises</u>:

The 44th Floor
One Court Square
Long Island City, New York 11120

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<u>EXHIBITS:</u>

AGREEMENT OF SUBLEASE

AGREEMENT OF SUBLEASE (this **"Sublease"**), made as of the 12th day of June, 2009, between CITIBANK, N.A., a national banking association, with an address c/o Citi Realty Services, Two Court Square, 4th Floor, Long Island City, New York 11120, (**"Sublandlord"**), and NATIONAL BENEFIT LIFE INSURANCE COMPANY, a New York life insurance corporation, with a principal place of business at 333 West 34th Street, 10 th Floor, New York, New York 10001 (**"Subtenant"**).

R E C I T A L S:

A. WHEREAS, Reckson Court Square, LLC (**"Landlord"**), a Delaware limited liability company, and Sublandlord entered into a certain lease, dated as of May 12, 2005 (the **"Lease"**), pursuant to which Landlord leased to Sublandlord the entire building located (the **"Building"**) located at One Court Square, Long Island City, New York, all as more particularly described in the Master Lease (a redacted copy of which Lease is attached hereto as **Exhibit A** and by this reference made a part hereof);

B. WHEREAS, Sublandlord desires to sublease to Subtenant a portion of the Building being the entire rentable area of the forty fourth (44th) floor of the Building consisting of approximately 31,749 rentable square feet, as more particularly indicated by crosshatching on **Exhibit B** attached hereto (the **"Premises"**), and Subtenant desires to hire the Premises from Sublandlord on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is mutually agreed as follows:

1. Subleasing of Premises. Sublandlord hereby subleases to Subtenant, and Subtenant hereby hires from Sublandlord, the Premises, upon and subject to the terms and conditions hereinafter set forth. This Sublease is contingent upon the non-disapproval of this Sublease by the New York Insurance Department (the **"Non-Disapproval"**) on or before the Commencement Date (the **"Non-Disapproval Contingency"**). If the Non-Disapproval does not occur on or before the Commencement Date, then Subtenant shall have the option by written notice given to Sublandlord on the Commencement Date, time being of the essence with respect to the giving of such notice, to either terminate this Sublease for all purposes effective as of the Commencement Date (the **"Non-Disapproval Termination Option"**) or waive the Non-Disapproval Contingency set forth above. If the Non-Disapproval does not occur on or before the Commencement Date and the Subtenant does not on the Commencement Date exercise in writing the Non-Disapproval Termination Option, then Subtenant will be deemed to have irrevocably waived the Non-Disapproval Contingency and Subtenant's Non-Disapproval Termination Option shall automatically be deemed null and void.

2. Term; Renewal Options.

2.1 The term (the **"Term"**) of this Sublease shall commence on the later of (i) September 1, 2009 or (ii) the date that an executed counterpart of this Sublease is delivered to Landlord in accordance with Section 7.07(a) of the Master Lease (the later of such dates, the **"Commencement Date")** and shall terminate on the date that is one day prior to the fifth (5th) anniversary of the Commencement Date (the **"Expiration Date"**), or on such earlier date upon which the Term shall expire or be canceled or terminated pursuant to any of the conditions or covenants of this Sublease or the Master Lease, or pursuant to law, or such later date as the Term may be extended in accordance with Section 26 of this Sublease. Subtenant shall not have any option to extend the term of this Sublease except as expressly set forth in Section 26 herein.

2.2 If Sublandlord is unable or fails to deliver possession of the Premises on the Commencement Date (i) Sublandlord shall not be subject to any liability for failure to give possession, (ii) Subtenant waives the right to recover any damages which may result from such failure to give possession and agrees that the provisions of this Section 2.2 shall constitute an "express provision to the contrary" within the meaning of Section 223(a) of the New York Real Property Law, and (iii) the Commencement Date shall be postponed until the date of notice given to Subtenant stating that the Premises are ready for delivery to Subtenant.

3. Base Rent and Additional Rent.

3.1 Commencing on the Commencement Date Subtenant shall pay to Sublandlord, as base rent **("Base Rent"**) during the Term (subject to adjustment on January 1 as set forth below) the sum of Eight Hundred Nine Thousand Five Hundred Ninety Nine and 50/100 ($809,599.50) Dollars per annum, payable in equal monthly installments of Sixty Seven Thousand Four Hundred Sixty Six and 63/100 ($67,466.63) Dollars in advance no later than three (3) business days prior to the first (1st) day of each month during the Term. The installment of Base Rent for the first full calendar month of the Term following the Commencement Date shall be due and payable upon the execution of this Sublease. If the Commencement Date shall occur on a date other than the first day of any calendar month, the Base Rent payable hereunder for such month shall be prorated on a per-diem basis and shall be paid three (3) days prior to the first day of the first full month following the Commencement Date. Notwithstanding the foregoing to the contrary, upon written notice from Sublandlord to Subtenant, the Base Rent will be adjusted by Sublandlord on January 1 of each calendar year of the Term or any extensions thereof based upon the Subtenant's pro-rata share (which the parties agree is 2.27% calculated by taking the 31,749 rentable square feet of the 44th floor divided by the 1,401,609 rentable square feet of the building and then multiplying by 100) of increases or decreases in Sublandlord's operating costs (sum of all building operating costs, including but not limited to maintenance and repair, water and sewer charges, building management, taxes, cleaning, utilities, electric, HVAC, and janitorial supplies) for the Building. Such adjustment of Base Rent shall be determined by Sublandlord in its sole and absolute discretion.

3.2 In addition to the Base Rent reserved herein, Subtenant agrees to pay to Sublandlord as additional rental all other payments for which Sublandlord shall become responsible to Landlord under the Lease in respect of the Premises, Subtenant's use or occupancy thereof or by reason of any act or omission of Subtenant (collectively, the **"Additional Rent"**), including, without limitation, any payments accruing as a result of (i) any increases in insurance premiums as provided in Article 9 of the Master Lease resulting from any act or omission of Subtenant, (ii) any additional rent payable on account of Subtenant's use of extra heating, ventilation or air conditioning (before 8am and after 6pm on weekdays and anytime on weekends – overtime HVAC will be paid by Subtenant as Additional Rent at the rate of $75.00 per hour or portion thereof) and (iii) any additional rent payable on account of any services provided to Subtenant other than basic maintenance, repair and cleaning of the Premises. Notwithstanding the foregoing provisions of Section 3.1 and 3.2, Subtenant shall not be obligated to pay Sublandlord additional rent for real estate taxes, operating expenses, electric and water charges, except to the extent that the same may be increased as a result of Subtenant's particular manner of use or occupancy of the Premises.

3.3 If Subtenant shall fail to pay when due any installment of Base Rent, Additional Rent or other costs, charges and sums payable by Subtenant hereunder (such Additional Rent or other costs, charges and sums, together with Base Rent, hereinafter collectively referred to as the **"Rental"**), Subtenant shall pay to Sublandlord, in addition to such installment of Base Rent or Rental, as the case may be, as a late charge and as additional rent, a sum equal to interest at the Applicable Rate (hereinafter defined) per annum on the amount unpaid, commencing from the date such payment was due to and including the date of payment. The **"Applicable Rate"** shall be the rate equal to the lesser of (a) two (2) percentage points above the rate of interest announced from time to time by Citibank, N.A. as its prime, reference or corporate base rate, changing as and when said prime, reference or corporate base rate changes or (b) the maximum rate permitted by applicable law.

3.4 All Base Rent and other Rental shall constitute rent under this Sublease, and shall be payable to Sublandlord at its address as set forth in Article 13 hereof, unless Sublandlord shall otherwise so direct in writing.

3.5 Subtenant shall promptly pay the Rental as and when the same shall become due and payable without setoff, offset or deduction of any kind whatsoever, except as expressly set forth herein, and, in the event of Subtenant's failure to pay the same when due (subject to grace periods provided herein), Sublandlord shall have all of the rights and remedies provided for herein or at law or in equity, in the case of non-payment of rent.

3.6 Sublandlord's failure during the Term to prepare and deliver any statements or bills required to be delivered to Subtenant hereunder, or Sublandlord's failure to make a demand under this Sublease shall not in any way be deemed to be a waiver of, or cause Sublandlord to forfeit or surrender its rights to collect any Rental which may have become due pursuant to this Sublease during the Term. Subtenant's liability for Rental due under this Sublease accruing during the Term, and Sublandlord's obligation to refund overpayments of or adjustments to Rental paid to it by Subtenant, shall survive the expiration or earlier termination of this Sublease.

4. Use. Subtenant shall use and occupy the Premises for general office purposes and for no other purpose and otherwise in accordance with the terms and conditions of the Master Lease. Under no circumstances shall Tenant use the Premises for any use prohibited by Section 2.04 of the Master Lease

5. Covenants with Respect to the Master Lease.

5.1 Subtenant shall not do anything that would constitute a default under the Master Lease or omit to do anything that Subtenant is obligated to do under the terms of this Sublease so as to cause there to be a default under the Master Lease.

5.2 The time limits set forth in the Master Lease for the giving of notices, making demands, performance of any act, condition or covenant, or the exercise of any right, remedy or option, are changed for the purpose of this Sublease, by lengthening or shortening the same in each instance, as appropriate, so that notices may be given, demands made, or any act, condition or covenant performed, or any right, remedy or option hereunder exercised, by Sublandlord or Subtenant, as the case may be (and each party covenants that it will do so) within three (3) days prior to the expiration of the time limit, taking into account the maximum grace period, if any, relating thereto contained in the Master Lease. Each party shall promptly deliver to the other party copies of all notices, requests or demands which relate to the Premises or the use or occupancy thereof after receipt of same from Landlord.

6. Subordination to and Incorporation of the Master Lease.

6.1 Subtenant hereby acknowledges that it has read and is familiar with the provisions of the Master Lease and agrees that this Sublease is in all respects subject and subordinate to the terms and conditions of the Master Lease and to all matters to which the Master Lease is subject and subordinate. In addition, this Sublease shall also be subject to and Subtenant accepts this Sublease subject to any amendments, modifications or supplements to the Master Lease hereafter made, provided that Sublandlord shall not enter into any amendment, modification or supplement that would prevent or materially adversely affect the use by Subtenant of the Premises in accordance with the terms hereof, increase the obligations of the Subtenant or decrease its rights hereunder, shorten the Term hereof or increase the Rental required to be paid by subtenant hereunder. Subtenant shall protect, defend, indemnify and hold harmless Sublandlord for and against, any and all losses, damages, penalties, liabilities, costs and expenses, including, without limitation, reasonable and necessary attorneys' fees and reasonable and necessary disbursements, which may be sustained or incurred by Sublandlord by reason of Subtenant's failure to keep, observe or perform any of the terms, provisions, covenants, conditions and obligations (i) on Sublandlord's part to be kept, observed or performed under the Master Lease to the extent same shall have been incorporated herein and Subtenant is not incapable of observing or performing such covenant or obligation because it is personal to Sublandlord, (ii) on the part of Subtenant to be kept, observed or performed under this Sublease, including without limitation arising from Subtenant's holding over, failure to vacate or surrender the Premises upon expiration or sooner termination of this Sublease, or (iii) otherwise arising out of or with respect to Subtenant's use and occupancy of the Premises from and after the Commencement Date. The provisions of this Section 6.1 shall survive the expiration or earlier termination of the Master Lease and/or this Sublease, except to the extent any of the foregoing is caused by the sole negligence of Sublandlord.

6.2 Except as otherwise expressly provided in, or otherwise inconsistent with, this Sublease, or to the extent not applicable to the Premises, the terms, provisions, covenants, stipulations, conditions, rights, obligations, remedies and agreements contained in the Master Lease are incorporated in this Sublease by reference, and are made a part hereof as if herein set forth at length, Sublandlord being substituted for the "Landlord" under the Master Lease, Subtenant being substituted for the "Tenant" under the Master Lease, Premises being substituted for "Premises" under the Master Lease, "Base Rent" being substituted for "Fixed Rent" under the Master Lease, "Additional Rent" being substituted for "Additional Charges" under the Master Lease, except that the following provisions of the Master Lease are hereby modified, or deemed deleted therefrom or which deleted provision(s) shall have no force and effect as between Sublandlord and Subtenant:

(a) Notwithstanding anything to the contrary set forth in Article 1 of the Master Lease or elsewhere in the Master Lease, the term of this Sublease and Base Rent payable under this Sublease and the amount of the Security required of Subtenant shall be as set forth in Sections 2, 3 and 18 herein.

(b) All amounts payable hereunder by Subtenant shall be payable directly to Sublandlord.

(c) The provisions of Articles, 1, 3, 4, 7, 10, 11, 12, 13, 14, 15, 19, 20, 28, 29, 31, 33, 36, 39, 40, 41, 43, and 44, Sections 2.02, 2.03, 5.02, 5.03, 5.04, 9.06, 9.08, 9.09, 9.10, 16.04, 16.05, 35.17 Exhibits A, C, I, and J and the Schedules 1, 2 and 3 of the Master Lease shall not apply to this Sublease.

(d) The following portions of the Master Lease shall be modified for purposes of this Sublease as indicated below:

(i) Section 21.01 shall be modified so as to delete that portion of Section 21.01 beginning with the phrase, "other than those" on the 7th line down from the top of Section 21.01 through and including the phrase "provided in this lease" on the 12th line down from the top of Section 21.01.

7. Landlord's Performance Under Master Lease; Services, Repairs and Alterations

7.1 Except to the extent caused by Subtenant's negligence or willful misconduct, Sublandlord shall at Sublandlord's cost and expense, maintain and repair the Premises in its condition as of the Commencement Date, reasonable wear and tear and damage by fire and other casualty excepted. If any repairs or maintenance is required due to the negligence or willful misconduct of Subtenant, Subtenant shall reimburse Sublandlord for the cost thereof upon demand as Additional Rent hereunder.

7.2 Notwithstanding anything to the contrary contained in this Sublease or in the Master Lease, Sublandlord shall not be required to provide any of the services that Landlord has agreed to provide pursuant to the Master Lease (or required by law) or take any other action that Landlord has agreed to provide, furnish, make, comply with, or take, or cause to be provided, furnished, made, complied with or taken under the Master Lease, but Sublandlord agrees to use all diligent efforts, at Subtenant's sole cost and expense with respect to the Premises, to obtain the same from Landlord (provided, however, that Sublandlord shall not be obligated to use such efforts or take any action which might give rise to a default under the Master Lease), and Subtenant shall rely upon and look solely to Landlord for the provision, furnishing or making thereof or compliance therewith. Subtenant shall not have any claim against Sublandlord by reason of the Landlord's failure or refusal to comply with the provisions of the Master Lease, unless such failure or refusal is a result of Sublandlord's act or failure to act. If Landlord shall default in the performance of any of its obligations under the Master Lease, Sublandlord may, upon reasonable request and at the sole cost and expense of Subtenant (including but not limited to payment of all of Sublandlord's attorney's fees and costs), timely institute and diligently prosecute any action or proceeding which Subtenant and Sublandlord, in their reasonable judgment, deem meritorious, in order to have Landlord make such repairs, furnish such electricity, provide such services or comply with any other obligation of Landlord under the Master Lease or as required by law. However, notwithstanding the foregoing, Sublandlord shall have no obligation to institute or diligently prosecute any action or proceeding which Subtenant could bring directly against Landlord without Sublandlord being a party to such action or proceeding. Subtenant shall protect, defend, indemnify and hold harmless Sublandlord from and against any and all such claims arising from or in connection with such request, action or proceeding. This indemnity and hold harmless agreement shall include indemnity from and against any and all liability, fines, suits, demands, costs and expenses of any kind or nature, including, without limitation, reasonable attorneys' fees and disbursements, incurred in connection with any such claim, action or proceeding brought thereon. Subtenant shall not make any claim against Sublandlord for any damage which may arise, nor shall Subtenant's obligations hereunder be diminished, by reason of (i) the failure of Landlord to keep, observe or perform any of its obligations pursuant to the Master Lease, unless such failure is due to Sublandlord's negligence or misconduct, or (ii) the acts or omissions of Landlord, its agents, contractors, servants, employees, invitees or licensees. The provisions of this Section 7.2 shall survive the expiration or earlier termination of the Term hereof.

7.3 Subtenant shall not make or allow to be made any alterations, changes, additions or improvements (collectively,**"<u>Alterations</u>"**) to the Premises or any part thereof without the prior written consent of Landlord and Sublandlord, which consent Sublandlord will not unreasonably withhold, condition or delay. Prior to the commencement of any Alteration, Subtenant shall prepare for Sublandlord's approval complete and final architectural plans and specifications and engineering plans and specifications (**"<u>Subtenant's Plans</u>"**) for the Alterations at Subtenant's expense. Such Subtenant's Plans will reflect improvements of high quality and design in accordance with the Building standards and becoming of first-class office space in Long Island City, New York. Sublandlord shall deliver written approval of or objections to such Subtenant's Plans to Subtenant within fifteen (15) business days after Sublandlord's receipt of all of the Subtenant's Plans. If Sublandlord does not approve the Subtenant's Plans within such time period, Sublandlord's consent to Subtenant's Plans shall be deemed denied. Subtenant's Plans shall comply with all governmental requirements and Sublandlord's approval of Subtenant's Plans shall not constitute an implication, representation or certification that Subtenant's Plans and/or the Subtenant Work (as hereinafter defined) are in compliance with governmental requirements. If Landlord and Sublandlord shall consent to any Alterations to the Premises, such Alterations shall be subject to any terms, covenants, conditions and agreements which Landlord or Sublandlord may reasonably prescribe from time to time, which shall include (i) a requirement that Subtenant's laborer's work in harmony with Sublandlord's laborers, (ii) a requirement that Subtenant utilize only contractors and subcontractors' that are approved by Sublandlord, (iii) Subtenant providing Sublandlord with additional insurance coverage as reasonably requested by Sublandlord in connection with such Alterations, (iv) Subtenant providing Sublandlord with an indemnity reasonably satisfactory to Sublandlord in connection with such Alterations, and (v) a requirement that, prior to the commencement of any Alterations to the Premises, Subtenant deliver to Landlord and Sublandlord written acknowledgments from all materialmen, contractors, artisans, mechanics, laborers and any other persons furnishing any labor, services, materials, supplies or equipment to Subtenant with respect to the Premises that they will look exclusively to Subtenant for payment of any sums due in connection therewith and that Landlord and Sublandlord shall have no liability for such costs. All Alterations to the Premises made or requested by Subtenant shall be at Subtenant's sole cost and expense. Upon the expiration or sooner termination of the Term, Subtenant shall deliver the Premises to Sublandlord in the same condition it was in on the Term Commencement Date, reasonable wear and tear excepted. Any Alterations to the Premises, excepting movable furniture and trade fixtures, shall become the property of Landlord and shall be surrendered with the Premises, unless Landlord or Sublandlord shall direct Subtenant to remove any such Alterations. In such event, Subtenant shall on or before the Expiration Date remove same at its sole risk cost and expense and restore or repair in a good and workmanlike manner any damage to the

Premises occasioned by such removal and restore the Premises to the condition existing prior to such Alterations, normal wear and tear accepted. In the event Subtenant fails to restore or repair the Premises or to remove its personal property and trade fixtures, Sublandlord shall have the right, but not the obligation, to enter the Premises and perform such restoration, repair or removal at Tenant's expense and to charge Tenant as Additional Rent for the cost of such work.

8. Consents. Subtenant agrees that whenever Sublandlord's consent or approval is required hereunder (except in connection with Article 17 hereof, pursuant to which Sublandlord may withhold consent or approval it its sole and absolute discretion), or where something must be done to Sublandlord's satisfaction, Sublandlord will not unreasonably withhold or condition Sublandlord's consent; provided, however, that whenever the consent or approval of Landlord, the lessor under a superior lease, or the mortgagee under a mortgage, as the case may be, is also required pursuant to the terms of the Master Lease, if Landlord, the lessor under a superior lease, or the mortgagee under a mortgage shall withhold its consent or approval for any reason whatsoever, Sublandlord shall be deemed to have denied its consent or approval.

9. Termination of Lease.

9.1 In the event of a default under the Master Lease which results in the termination of the Master Lease, Subtenant shall in accordance with the provisions of Section 7.07 of the Master Lease, at the option of Landlord, attorn to and recognize Landlord as landlord hereunder and shall, promptly upon Landlord's request, execute and deliver all instruments necessary or appropriate to confirm such attornment and recognition. Subtenant hereby waives all rights under any present or future law to elect, by reason of the termination of Lease, to terminate this Sublease or surrender possession of the Premises. Sublandlord shall not be liable to Subtenant by reason of such termination of the Master Lease or by reason of a termination of the Master Lease by either Landlord or Sublandlord.

9.2 If any one or more of the following events shall occur, that is to say:

(a) The Subtenant shall become insolvent or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement or its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof, or consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property; or

(b) By order or decree of a court the Subtenant shall be adjudged bankrupt or an order shall be made approving a petition filed by any of its creditors or by any of the stockholders of the Subtenant, seeking its reorganization or the readjustments of its indebtedness under the federal bankruptcy laws or under any law or statute of the United States or of any state thereof, provided that if any such judgment or order is stayed or vacated within sixty (60) days after the entry thereof, any notice of cancellation shall be and become null, void and of no effect; or

(c) By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer having jurisdiction, a receiver, trustee or liquidator shall take possession or control of all or substantially all of the property of the Subtenant, and such possession or control shall continue in effect for a period of thirty (30) days; or

(d) The Subtenant shall voluntarily abandon, desert or vacate the Premises or discontinue its operations at the Premises or, after exhausting or abandoning any right of further appeal, the Subtenant shall be prevented for a period of thirty (30) days by action of any governmental agency other than the Sublandlord having jurisdiction thereof, from conducting its operations at the Premises, regardless of the fault of the Subtenant; or

(e) Any lien is filed against the Premises because of any act or omission of the Subtenant and shall not be discharged of record, or by bonding through an insurance company duly authorized to write such bonds in New York State, within thirty (30) days after the Subtenant has received notice thereof; or

(f) The letting hereunder or the interest or estate of the Subtenant under this Sublease shall be transferred directly by the Subtenant or shall pass to or devolve upon, by operation of law or otherwise, any other person, firm or corporation; or

(g) A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against the Subtenant and shall not be dismissed within sixty (60) days after the filing thereof; or

(h) The Subtenant violates the provisions of Section 17.1 of this Sublease; or

(i) The Subtenant shall fail duly and punctually to pay the rentals or to make any other payment required hereunder when due to the Sublandlord and shall continue in its failure to pay rentals or fees or to make any other payment required hereunder for a period of five (5) days after the due date thereof; or

(j) The Subtenant shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in this Sublease on its part to be kept, performed, or observed, within thirty (30) days after receipt of notice of default thereunder from the Sublandlord (except where fulfillment of its obligation requires activity over a period of time and the Subtenant shall have commenced to perform whatever may be required for fulfillment within thirty (30) days after receipt of notice and continues such performance without interruption except for causes beyond its control);

Then, upon the occurrence of any such event of default or at any time thereafter during the continuance thereof, in addition to all other rights and remedies of Sublandlord as a result of such default, Sublandlord shall have the right to terminate this Sublease upon at least five (5) business days written notice to Subtenant identifying the termination date hereof. In the event Sublandlord exercises its right to terminate this Sublease, this Sublease shall terminate on the date set forth in Sublandlord's termination notice as if such termination date were the original Expiration Date of the Term of this Sublease, but Subtenant shall remain liable under this Sublease as a result of such event of default.

9.3 No acceptance by the Sublandlord of rentals, fees, charges or other payments in whole or in part for any period or periods after a default of any of the terms, covenants and conditions hereof to be performed, kept or observed by the Subtenant shall be deemed a waiver of any right on the part of the Sublandlord to terminate the letting.

9.4 No waiver by the Sublandlord of any default on the part of the Subtenant in performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the Subtenant shall be or be construed to be a waiver by the Sublandlord of any other or subsequent default in performance of any of the said terms, covenants and conditions.

9.5 Without limiting any applicable cure periods available to the Subtenant as set forth in this Sublease, the rights of termination described above shall be in addition to any other rights of termination provided in this Sublease and in addition to any rights and remedies that the Sublandlord would have at law or in equity consequent upon any breach of this Sublease by the Subtenant, and the exercise by the Sublandlord of any right of termination shall be without prejudice to any other such rights and remedies.

9.6 Subtenant specifically waives the right of redemption provided or in New York Real Property Actions and Proceedings Law § 761, and any similar or successor statute.

9.7 Notwithstanding anything contained in this Sublease to the contrary, in the event that Subtenant at any time is not owned and controlled, directly or indirectly, by Sublandlord, then Sublandlord and Subtenant shall each have the option to terminate this Sublease upon no less than twelve (12) months (measured from the effective date of such change in ownership or control) written notice to the other party identifying the termination date hereof (the **"Early Termination Option"**). In the event Sublandlord or Subtenant validly exercises the Early Termination Option upon at least twelve (12) months prior written notice to the other party identifying the termination date hereof, this Sublease shall terminate on the date set forth in the termination notice as if such termination date were the original Expiration Date of the Term of this Sublease.

10. Sublease, Not Assignment. Notwithstanding anything contained herein, this Sublease shall be deemed to be a sublease of the Premises and not an assignment, in whole or in part, of Sublandlord's interest in the Master Lease.

11. Damage, Destruction, Fire and Other Casualty. Notwithstanding any contrary provision of this Sublease or the provisions of the Master Lease herein incorporated by reference, Subtenant shall not have the right to terminate this Sublease as to all or any part of the Premises, or be entitled to an abatement of Rent or any other item of Rental, by reason of a casualty or condemnation affecting the Premises unless Sublandlord is entitled to terminate the Master Lease or is entitled to a corresponding abatement with respect to its corresponding obligation under the Master Lease. If Sublandlord is entitled to terminate the Master Lease for all or any portion of the Premises by reason of casualty or condemnation, Subtenant may terminate this Sublease as to any corresponding part of the Premises by written notice to Sublandlord given at least five (5) business days prior to the date(s) Sublandlord is required to give notice to Landlord of such termination under the terms of the Master Lease. Notwithstanding anything contained in the Master Lease to the contrary, as between Sublandlord and Subtenant only, all insurance proceeds or condemnation awards received by Sublandlord under the Master Lease shall be deemed property of Sublandlord.

12. No Waivers. Failure by Sublandlord in any instance to insist upon the strict performance of any one or more of the obligations of Subtenant under this Sublease, or to exercise any election herein contained, shall in no manner be or be deemed to be a waiver by Sublandlord of any of Subtenant's defaults or breaches hereunder or of any of Sublandlord's rights and remedies by reason of such defaults or breaches, or a waiver or relinquishment for the future of the requirement of strict performance of any and all of Subtenant's obligations hereunder. Further, no payment by Subtenant or receipt by Sublandlord of a lesser amount than the correct amount or manner of payment of Rental due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and Sublandlord may accept any checks or payments as made without prejudice to Sublandlord's right to recover the balance or pursue any other remedy in this Sublease or otherwise provided at law or equity.

13. Notices. Any notice, statement, demand, consent, approval, advice or other communication required or permitted to be given, rendered or made by either party to the other, pursuant to this Sublease or pursuant to any applicable law or requirement of public authority (collectively, **"Notices"**) shall be in writing and shall be deemed to have been properly given, rendered or made only if sent by personal delivery, receipted by the party to whom addressed, or registered or certified mail, return receipt requested, posted in a United States post office station in the continental United States, addressed (i) to Subtenant at its address set forth below or at the Premises, and (ii) to Sublandlord, at its addresses set forth below. All such Notices shall be deemed to have been given, rendered or made when delivered and receipted by the party to whom addressed, in the case of personal delivery, or three (3) days after

the day so mailed. Either party may, by notice as aforesaid actually received, designate a different address or addresses for communications intended for it.

Sublandlord's addresses:

CITIBANK, N.A.,
c/o Citi Realty Services
Two Court Square, 4th Floor
Long Island City, New York 11120
Attention: Lease Administrator

In addition to the foregoing Notice provisions, copies of any and all notices of default or notices commencing or relating to any default by, or action, suit or proceeding against, Sublandlord arising under this Sublease or relating to the Premises or the Building, shall also reference this Sublease and shall be sent, in addition, to the following: Citigroup, Inc., 125 Broad Street, 7th Floor, New York, New York 10004, Attn.: General Counsel of Real Estate.

Subtenant's addresses:

Prior to the Term commencing, notices to Subtenant shall be sent to Subtenant at 333 West 34th Street, 10th Floor, New York, New York 10001, Attention: Krystyna Grabowska, Senior Vice President and after the Term commences, notices to Subtenant shall be sent to Subtenant at the Premises to the attention of Krystyna Grabowska, Senior Vice President.

14. Broker. 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 Sublease. 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 Article 14 being untrue. The provisions of this Article 14 shall survive the expiration or earlier termination of this Sublease.

15. Condition of the Premises/Move to Premises.

15.1 Subtenant represents that it has made or caused to be made a thorough examination of the Premises and is familiar with the condition of every part thereof. Subtenant agrees to accept the Premises in its "as is" condition on the date hereof, reasonable wear and tear between the date hereof and the Commencement Date excepted. Sublandlord has not made and does not make any representations or warranties as to the physical condition of the Premises, the use to which the Premises may be put, or any other matter or thing affecting or relating to the Premises, except as specifically set forth in this Sublease. Sublandlord shall have no obligation whatsoever to alter, improve, decorate or otherwise prepare the Premises for Subtenant's occupancy other than that Sublandlord shall install a file room with filing cabinets (otherwise referred to as **"The Record Management Area Equipment/ LAN Room"**) in the Premises (collectively, **"Sublandlord's Work"**) and perform the other work listed with **Exhibit D**, all at Sublandlord's cost and expense. Upon the expiration or earlier termination of this Sublease, Subtenant shall remove all the equipment in The Record Management Area Equipment/ LAN Room listed on **Exhibit D** and restore only The Record Management Area Equipment/ LAN Room to the condition it was in prior to the commencement of Sublandlord's Work.

15.2 On the Commencement Date or other mutually agreed upon date between Sublandlord and Subtenant, Sublandlord shall arrange for the moving of the portable contents of Subtenant's existing leased premises (including computer equipment) to the Premises at Sublandlord's expense, up to a maximum cost of $57,000. In the event that the cost of such move is in excess of $57,000.00, Subtenant shall pay such excess cost to Sublandlord within ten (10) days of demand therefor as Additional Rent hereunder. Notwithstanding the foregoing, Subtenant shall be responsible for the cost of delivering and installing new equipment, customer notifications, and auxiliary address changes under its business forms.

16. Consent of Landlord to This Sublease. Sublandlord and Subtenant each hereby acknowledge and agree Landlord's consent is not required for this Sublease in accordance with Article 7 of the Master Lease. However, in accordance with Section 7.07 of the Master Lease, Subtenant hereby acknowledges and agrees that the provisions of Section 7.07 of the Master Lease are hereby agreed to by Subtenant and are incorporated herein by reference as if fully set forth herein such that this Sublease shall qualify as a "Sublease Document" under the Master Lease. Accordingly, this Sublease is subject and subordinate to the Master Lease on all the terms and conditions of Section 7.07(b) of the Master Lease.

17. Assignment, Subletting and Mortgaging.

17.1 Subtenant shall not assign, sell, transfer (whether by operation or law or otherwise), pledge, mortgage or otherwise encumber this Sublease or any portion of its interest in the Premises, nor sublet all or any portion of the premises or permit any other person or entity to use or occupy all or any portion of the Premises, without the prior written consent of Sublandlord and Landlord. The granting or withholding of such consent may be exercised by Sublandlord in its sole discretion. Subtenant shall indemnify and hold Sublandlord harmless from and against any claim, loss, damage, cost and expense sustained or incurred by Sublandlord as a result of, or arising out of, a breach by Subtenant of the terms and covenants of this Section 17.1 of the Sublease. In connection with any assignment or subletting of the Premises by Subtenant, Subtenant shall pay any and all fees due under the Lease from Sublandlord to Landlord. Even if Sublandlord consents to an assignment or sublease, such assignment or sublease shall not be effective unless it complies with the provisions of Article 7 of the Master Lease. The provisions of this Section 17.1 of the Sublease shall survive the expiration or sooner termination of this Sublease.

Subtenant shall pay to Sublandlord all rent, additional rent or other payments and consideration received by Subtenant in connection with any subletting in excess of Rental payable by Subtenant to Sublandlord.

17.2 For the purposes of this Article 17, an assignment or subletting shall be deemed to have occurred upon: (i) the subletting or assignment to a subsidiary or affiliate of Subtenant or occupancy by Subtenant's subsidiaries or affiliates; (ii) the sale or transfer, whether pursuant to a single transaction or in a series of related or unrelated transactions, including without limitation by consolidation, merger or reorganization, of a majority of the voting stock of Subtenant or any beneficial interest therein, if Subtenant is a corporation, or any sale or other transfer, whether pursuant to one or more successive transactions, of a majority of the general partnership interests in Subtenant or any beneficial interest therein, if Subtenant is a partnership, except if the subtenant occupying the Premises at all times thereafter remains the named Subtenant under this Sublease (in which case it shall not be a default hereunder but Sublandlord shall have the right to terminate this Sublease in accordance with Section 9.7 hereof); and (iii) the sale or other transfer, whether pursuant to one or more successive transactions, of more than fifty (50%) percent, by value, of the assets of Subtenant used in conducting its business in the Premises, except if the subtenant occupying the Premises at all times thereafter remains the named Subtenant under this Sublease (in which case it shall not be a default hereunder but Sublandlord shall have the right to terminate this Sublease in accordance with Section 9.7 hereof).

17.3 If this Sublease be assigned, or if the Premises or any part thereof be sublet (whether or not Sublandlord and Landlord shall have consented thereto), Sublandlord, after default by Subtenant in its obligations hereunder, may collect rent from the assignee or subtenant and apply the net amount collected to the Rental herein reserved. No such assignment or subletting shall be deemed a waiver of the covenant set forth in this Article 17, or the acceptance of the assignee or subtenant as a tenant, or a release of Subtenant from the further performance and observance by Subtenant of the covenants, obligations and agreements on the part of Subtenant to be performed or observed herein. The consent by Sublandlord or Landlord to an assignment, sale, pledge, transfer, mortgage or subletting shall not in any way be construed to relieve Subtenant from obtaining the express consent in writing, to the extent required by this Sublease or the Master Lease, of Sublandlord and Landlord to any further assignment, sale, pledge, transfer, mortgage or subletting.

18. Security. So long as Subtenant is an affiliate of Sublandlord, no security deposit shall be required hereunder. However, at all times during the Term hereof that Subtenant is not an affiliate of Sublandlord, Subtenant shall deposit with Sublandlord a sum equal to three (3) months' Base Rent as security (the **"Security"**) for the faithful performance and observance by Subtenant of the terms, provisions and conditions of this Sublease, including, but not limited to, the payment of Base Rent and all other items of Rental and the surrender of the Premises to Sublandlord as herein provided. If Subtenant defaults in respect of any of the terms, provisions and conditions of this

Sublease, Sublandlord may apply or retain the whole or any part of the Security so deposited, as the case may be, to the extent required for the payment of any Base Rent or any other item of Rental as to which Subtenant is in default or for any sum which Sublandlord may expend or be required to expend by reason of Subtenant's default in respect of any of the terms, covenants and conditions of this Sublease, including, but not limited to, any damages or deficiency in the reletting of the Premises, whether such damages or deficiency accrue or accrues before or after summary proceedings or other re-entry by Sublandlord. If Sublandlord applies or retains any part of the Security so deposited, Subtenant, upon demand, shall deposit with Sublandlord the amount so applied or retained so that Sublandlord shall have the full deposit on hand at all times during the Term. If Subtenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this Sublease, the Security, together with accrued interest thereon, shall be returned to Subtenant after the Expiration Date and after delivery of possession of the Premises to Sublandlord in the condition required to be delivered to Landlord under the Master Lease, except as otherwise provided herein. Subtenant shall not assign or encumber or attempt to assign or encumber the monies deposited herein as security and neither Sublandlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

19. Holding Over. If Subtenant retains possession of the Premises or any part thereof after the expiration or earlier termination of the Term, without the express consent of Sublandlord, such holding over shall be deemed to be month to month only and shall be subject to all of the terms and conditions contained herein. In such event Subtenant shall pay Sublandlord a monthly rental equal to the greater of (i) two (2) times the Base Rent and additional rent payable hereunder during the last month of the Term or (ii) (x) Base Rent and additional rent in amounts equal to the rent Sublandlord is required to pay Landlord pursuant to Article 34 of the Master Lease; and (y) any and all other amounts, including, without limitation, consequential damages, Sublandlord is obligated to pay Landlord pursuant to said Article 34 or elsewhere in the Master Lease and under applicable laws. The provisions of this Paragraph 19 of the Sublease shall not be deemed to limit or constitute a waiver of any other rights of Sublandlord provided herein or at law.

20. Electric Current. Subtenant covenants and agrees that at all times its use of electric current shall not exceed the capacity of existing feeders to the Building or the risers or wiring installation, and Subtenant may not use any electrical equipment which, in Sublandlord's opinion, will overload such installations or interfere with the use thereof by other tenants of the Building, including Sublandlord. The change at any time of the character of electric service shall in no wise make Sublandlord liable or responsible to Subtenant for any loss, damage or expenses that Subtenant may sustain. Sublandlord makes no representation as to the suitability, character or nature of the electric current or water supply.

21. Rules of Sublandlord. Subtenant shall comply with the commercially reasonable rules that Sublandlord may from time to time create, modify, amend or delete; provided, however, that no rules may materially increase Subtenant's obligations under this Sublease or materially adversely affect Subtenant's use of the Premises.

22. Sublandlord’s Information Technology Systems. Subtenant shall not access, utilized or otherwise interfere with Sublandlord’s information technology systems, telephones, switches and switching equipment, racks, wiring, cabling, telecommunications, antenna, communication equipment, and like equipment or systems, whether now or hereafter installed. Subject to the prior sentence, Subtenant will install, access and utilize its own information technology systems, telephones, switches and switching equipment, racks, wiring, cabling, telecommunications, antenna communication equipment, and like equipment or systems. This includes, but is not limited to, the following equipment that is owned by Subtenant and will be installed and maintained by Subtenant:

- 6509 network switch and 2811 router shipped from Duluth, GA to LIC1 to be installed on 44th floor utilizing existing rack space. The devices being shipped from Duluth include power supply, router, switch and line cards necessary to support 48 ports/users.
- Move remaining Network line cards and 6509 network switch from 333 W. 34th Street to LIC1. These additional line cards are necessary to support remaining 192 ports/users (for a total of 240 ports/users).
- Relocate existing Wintel rack from 333 W. 34th to LIC1 44th floor computer room containing: 2 IBM Wintel x3650 Servers.
- Relocated existing AIX rack from 333 W. 34th to LIC1 (floor to be determined) containing: 2 IBM AIX p630s servers, 1 IBM HMC from 333 W. 34th to LIC1.
- All remaining NBL-owned technology-related equipment will be disconnected, moved and tested by PFS team with the physical move. This includes PCs, Printers, Fax, Impage, etc.
- Purchase and deliver new Image Equipment to LIC1, this is NBL owned and maintained equipment.

23. Existing Furniture. During the term of this Sublease, (i) the furniture listed on **Exhibit C** (the **“Existing Furniture”)** and presently located within the Premises shall remain on the Premises, (ii) so long as Subtenant is not in breach or default in the performance of its obligations under this Sublease, Subtenant shall have the right to use the Existing Furniture for its intended use, provided, however, that no part of Base Rent or other Rental shall be attributed to Subtenant’s use of the Existing Furniture, (iii) Subtenant shall, at Subtenant’s sole cost and expense, at all times maintain the Existing Furniture in good condition, ordinary wear and tear excepted, and (iv) Subtenant shall not remove or cause the removal of any of the Exiting Furniture from the Premises. Upon the expiration, but not the sooner termination, of the term of this

Sublease, Subtenant shall return the Existing Furniture to Sublandlord in the same condition as it was in on the Commencement Date, reasonable wear and tear and damage by fire or other casualty excepted. Subtenant shall indemnify and hold Sublandlord harmless from and against all costs, losses, damages, claims and expenses (including reasonable attorney's fees) resulting from or arising out of Subtenant's failure to so return the Existing Furniture.

24. USA Patriot Act. Each party hereby represents and warrants that:

(a) The Office of Foreign Assets Control of the United States Department of the Treasury (**"OFAC"**) has not listed such party or any of such party's affiliates, or any person that controls, is controlled by, or is under common control with such party, on its list of Specially Designated Nationals and Blocked Persons; and

(b) It is not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order, the United States Treasury Department, or United States Office of Homeland Security as a terrorist, Specially Designated National and Blocked Person, or other banned or blocked person, entity, nation or pursuant to any law, order, rule or regulation that is enforced or administered by the OFAC.

25. Miscellaneous.

25.1 Entire Agreement; Successors. This Sublease contains the entire agreement between the parties concerning the sublet of the Premises and sets forth all of the covenants, promises, conditions, and understandings between Sublandlord and Subtenant concerning the Premises. There are no oral agreements or understandings between parties hereto affecting this Sublease and this Sublease supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties hereto with respect to the subject matter hereof, and none shall be used to interpret or construe this Sublease. Any agreement hereafter made shall be ineffective to change, modify or discharge this Sublease in whole or in part unless such agreement is in writing and signed by the parties hereto. No provision of this Sublease shall be deemed to have been waived by Sublandlord or Subtenant unless such waiver be in writing and signed by Sublandlord or Subtenant, as the case may be. The covenants, agreements and rights contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and their respective permitted successors and assigns.

25.2 Severability. In the event that any provision of this Sublease shall be held to be invalid or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions of this Sublease shall be unaffected thereby.

25.3 Headings; Capitalized Terms. The paragraph headings appearing herein are for purpose of convenience only and are not deemed to be a part of this Sublease. Capitalized terms used herein shall have the same meanings as are ascribed to them in the Master Lease, unless otherwise expressly defined herein.

25.4 Binding Effect. This Sublease is offered to Subtenant for signature with the express understanding and agreement that this Sublease shall not be binding upon Sublandlord unless and until Sublandlord shall have executed and delivered a fully executed copy of this Sublease to Subtenant.

25.5 Insurance. All insurance policies required to be obtained by Subtenant under Article 26 of this Sublease or the Master Lease shall name Landlord and Sublandlord as additional insureds as their interests may appear.

25.6 Governing Law. This Sublease shall be governed by, and construed in accordance with, the laws of the state in which the Premises are located, without regard to the law of that State concerning choice of law.

25.7 Sublease Supersedes. In the event of a conflict or inconsistency between the provisions of this Sublease and the Master Lease, the provisions of this Sublease shall supersede and control. However, nothing contained herein shall affect the Landlord's rights under the Master Lease.

25.8 Further Assurances. The parties hereto agree that each of them, upon the request of the other party, shall execute and deliver such further documents, instruments or agreements and shall take such further action as may be necessary or appropriate to effectuate the purpose of this Sublease.

25.9 Counterparts. This Sublease may be executed in any number of counterparts, each of which shall be an original, but all of which shall together constitute one and the same instrument.

25.10 Jury Trial Waiver. THE PARTIES HERETO 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 SUBLEASE OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED BY EITHER PARTY IN CONNECTION HEREWITH OR ANY COURSE OF DEALING OR CONDUCT OF THE PARTIES, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PERSON. THIS WAIVER IS A MATERIAL INDUCEMENT TO SUBLANDLORD TO ENTER INTO THIS SUBLEASE.

25.11 Authority. Each party represents and warrants to the other that it has full authority and power to enter into and perform its obligations under this Sublease, that the person executing this Sublease is fully empowered to do so, and that no consent or authorization is necessary from any party to enter into this Sublease.

25.12 No Recording. Subtenant covenants and agrees that Subtenant shall not record this Sublease nor a memorandum hereof.

25.13 Authority. Each party represents and warrants to the other that it has full authority and power to enter into and perform its obligations under this Sublease, that the person executing this Sublease is fully empowered to do so, and that no consent or authorization is necessary from any party to enter into this Sublease.

26. Insurance: This Article 26 shall apply only if and when Subtenant is no longer owned and controlled (directly or indirectly) by Sublandlord. Prior to such time, Sublandlord shall include Subtenant within Sublandlord's insurance coverage.

26.1 Coverage. Subtenant shall assume the risk of damage to any fixtures, goods, inventory, merchandise, equipment, furniture and leasehold improvements and Sublandlord shall not be liable for injury to Subtenant's business or any loss of income therefrom relative to such damage. Subtenant shall at all times during the term of this Lease, and at its own cost and expense, procure and continue in force the following insurance policies and/or endorsements (individually "Policy" and collectively the "Policies"):

(a) Commercial general liability insurance, including bodily injury and property damage, personal injury and contractual liability, with respect to all claims, demands or actions by any person or entity, in and arising from, related to, or connected with the conduct and operation of Subtenant's business in the Premises or Subtenant's use of the Premises, with a minimum limit of One Million and No/100 Dollars ($1,000,000.00) per occurrence with a Five Million and No/100 Dollars ($5,000,000.00) aggregate combined single limit;

(b) A policy of "all risk" coverage insurance covering all its personal property, tenant improvements, and alterations, in, on, or about the Premises to the extent of at least one hundred percent (100%) of their full replacement value. The proceeds from any such policy shall be used by Subtenant for the replacement of personal property or the restoration of tenant improvements or alterations;

(c) Business interruption insurance with sufficient coverage to provide for payment of rent and other fixed costs for a period of not less than six (6) consecutive months during any interruption of Subtenant's business by reason of fire or other similar cause;

(d) Workers' compensation insurance as required by law, including employer's liability, with respect to all claims, demands or actions by any person or entity, in and arising from, related to, or connected with the operation of Subtenant's business;

(e) Such other insurance as Sublandlord may reasonably require from time to time.

26.2 Insurance Policies.

(a) The limits of said Policies shall not, however, limit the liability of Subtenant hereunder. If Subtenant fails to procure and maintain said insurance, Sublandlord may, but shall not be required to, procure and maintain same, but at the expense of Subtenant. Insurance required hereunder shall be with companies having an A.M. Best rating of A- VIII or better.

(b) Subtenant shall cause each of the Policies (except as to the Workers' compensation insurance and Subtenant's personal property insurance) to name Sublandlord and its affiliates, officers, directors, employees, agents and assigns and Landlord (and any other parties if required pursuant to the Lease) as additional insureds. Each of the Policies shall be primary and noncontributing with respect to any coverage that Sublandlord or Landlord may carry. Each of the Policies shall (i) be issued by insurance companies licensed to do business in the State of New York, (ii) include a waiver of subrogation by the insurer against Sublandlord and Landlord (and any other parties if required pursuant to the Lease), and (iii) contain an endorsement requiring thirty (30) days' written notice from the insurance company to Subtenant and Sublandlord before cancellation or change in the coverage, scope, or amount of any policy. On the Commencement Date and on renewal of any Policy and not less than thirty (30) days before expiration of the term of a Policy, Subtenant shall deposit with Sublandlord a copy of each of the Policies, or a certificate of each of the Policies, together with evidence of payment of premiums.

26.3 Waiver of Subrogation. The parties release each other, and their respective authorized representatives, from any claims for damage to any person or to the Premises and the Building and to the fixtures, personal property, tenant's improvements, and alterations of either Sublandlord or Subtenant in or on the Premises and the Building that are caused by or result from risks insured against under any insurance policies carried by the parties or required to be carried by either party under this Lease. Each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. If any insurance policy cannot be obtained with a waiver of subrogation, or is obtainable only by the payment of an additional premium charged above that charged by insurance companies issuing policies without waiver of subrogation, the party undertaking to obtain the insurance shall notify the other party of this fact. The other party shall have a period of ten (10) days after receiving the notice either to place the insurance with a company that is reasonably satisfactory to the other party and that will carry the insurance with a waiver of subrogation, or to agree to pay the additional premium if such a policy is obtainable at additional cost. If the insurance cannot be obtained or the party in whose favor a waiver of subrogation is desired refuses to pay the additional premium, charged, the other party is relieved of the obligation to obtain a waiver of subrogation rights with respect to the particular matter involved.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement of Sublease as of the day and year first above written.

SUBLANDLORD:

CITIBANK, N.A,

By: /s/ David P. Calley
Its: Vice President

SUBTENANT:

NATIONAL BENEFIT LIFE INSURANCE COMPANY

By: /s/ [Illegible]
Its: Pres. & CEO

Exhibit 10.25

INDUSTRIAL LEASE

BETWEEN

THE GREAT-WEST LIFE ASSURANCE COMPANY
and
801611 ONTARIO LIMITED

- AND -

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

DATE: June 21st, 2000

MASTERS/INDUST.MLS/07/21/94

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THIS LEASE is dated the 21st day of June, 2000

BETWEEN:

The Great-West Life Assurance Company
and 801611 Ontario Limited

(collectively "Landlord")
THE PARTY OF THE FIRST PART

- and -

Primerica Life Insurance Company of Canada

("Tenant")
THE PARTY OF THE SECOND PART

ARTICLE I
DEFINITIONS

Definitions

1.01 In this Lease and the schedules forming part of it, the following definitions apply:

(i) '**Additional Rent**' means the money or charges which the Tenant is required to pay under this Lease (except Minimum Rent) whether or not they are designated "Additional Rent" and whether they are payable to the Landlord or to third parties.

(ii) '**Architect**' means the architect which the Landlord names from time to time.

(iii) '**Common Areas and Facilities**' means those areas, facilities, utilities, improvements, equipment and installations which are in the Project and from time to time are not designated or intended by the Landlord to be leased to tenants of the Project, or are provided or designated from time to time by the Landlord for the use or benefit of the tenants in common with others entitled to their use or benefit, in the manner and for the purposes permitted by this Lease. The Common Areas and Facilities includes but is not limited to parking areas, the entrances and exits, landscaping, the structural elements, roof, driveways, common loading dock, sidewalks, landscaped areas, equipment, stairways, common interior areas, common washrooms, fire prevention, security and communications systems, columns, pipes, electrical, plumbing, drainage, mechanical, telephone, meter, mail, storage, janitor rooms, and the other installations including the HVAC System supplied by the Landlord, equipment or services located in the Project or related to it as well as the structures housing them.

(iv) '**Capital Tax**' means the amount of capital tax payable by the Landlord or the owners of the Project under the Corporations Tax Act of Ontario as amended or replaced from time to time or any other legislation imposing taxes on account of capital, calculated as if the Project were the only property of the Landlord or the owners of the Project.

(ivA) '**Change of Control**' means, in the case of any corporation or partnership, the transfer or issue by sale, assignment, subscription, transmission on death, mortgage, charge, security interest, operation of law or otherwise, of any shares, voting rights or interest which would result in any change in the effective control of such corporation or partnership unless such change occurs as a result of trading in the shares of a corporation listed on a recognized stock exchange in Canada or the United States and then only so long as the Landlord receives assurances reasonably satisfactory to it that there will be a continuity of management and of the business practices of such corporation notwithstanding such Change of Control.

(v) '**HVAC System**' means the heating, ventilating and air-conditioning system of the Project which is composed of all heating, ventilating and air-conditioning equipment and facilities provided or operated and maintained by the Landlord and includes from time to time, but is not limited to, any roof-top, ceiling or wall-mounted, or window heating, ventilating or air-conditioning units installed or maintained by the Landlord; the fuel and power facilities of the systems, and distribution piping, air-handling units and common fan coil and ventilation units which form part of the system; and monitoring, energy saving and control systems including the thermostat in each of the individual units supplied by the HVAC System and those ventilation systems which serve more than one tenant;

but does not include: (i) the individual, self-contained heating, ventilating and air-conditioning system in any premises the tenant or occupant of which installs and maintains the system; (ii) the distribution system within each tenant's premises, installed by or for the tenant; and (iii) the tenant maintained ventilation ducts, make-up air facilities, or booster units which are installed by or for individual tenants or a group of tenants, to satisfy requirements which are in excess of the standard maximum sensible cooling load established by the Landlord, or which result from the production of air which is not suitable for recirculation.

(vi) '**Indemnifier**' means the Person who has executed or agreed to execute the Indemnity Agreement which is attached to this Lease as Appendix "A".

(vii) '**Landlord**' means the party of the First Part, and for the purpose of Section 6.05.4 includes the officers, servants, contractors and agents of the Landlord.

(viii) '**Leasable Premises**' means those premises within the Project from time to time which are leased to tenants or which are designated by the Landlord for that purpose.

(viiiA) '**Lease Proposal**' means the written proposal to lease between Great-West Life Assurance Company as agent for the Landlord and the Tenant dated**the 13th day of June, 2000.**

(ix) '**Leased Premises**' means the premises leased to the Tenant, the boundaries of which extend, (i) (1) to the exterior face of all exterior walls, doors, and windows, (2) to the centre line of all interior walls separating the Leased Premises from adjoining Leasable Premises, with no deduction for space occupied by projections, structures, or columns, structural or non-structural and (ii) from the top surface of the structural subfloor to the bottom surface of the structural ceiling.

(ixA) '**Leasehold Improvements**' means leasehold improvements in the Leased Premises determined according to common law, and shall include, without limitation, all fixtures, improvements, installations, alterations and additions from time to time made, erected or installed in the Leased Premises by or on behalf of the Tenant or any previous occupant of the Leased Premises, including signs and lettering, partitions, doors and hardware however affixed and whether or not movable, all mechanical, electrical and utility installations and all carpeting and drapes with the exception only of furniture and equipment not in the nature of fixtures.

(x) '**Minimum Rent**' means the annual rent payable by the Tenant under Section 4.02.

(xi) '**Mortgagee**' means any mortgagee or hypothecary creditor (including any trustee for bondholders) of the Project or any part of it.

(xii) '**Operating Costs**' means the total amounts incurred, paid or payable by the Landlord or by others on behalf of the Landlord in maintaining and operating the Project, including without limitation and without duplication, the aggregate of:

(a) the total annual costs and expenses of the insurance carried by the Landlord (after deducting recoveries from tenants under clauses similar to Section 6.05.2) for the lands, buildings, improvements, equipment and other property in the Project owned or operated by the Landlord or for which the Landlord is liable;

(b) cleaning, snow removal, garbage and waste collection and disposal, and landscaping;

(c) lighting, electricity, and public utilities serving the Common Areas and Facilities and electricity for signs that are a part of the Common Areas and Facilities;

(d) policing, security, and supervision;

(e) salaries of personnel, including management and other supervisory personnel, employed to operate the Project, including contributions and premiums for fringe benefits, unemployment insurance, and workers' compensation insurance, pension plan contribution, and similar premiums and contributions;

(f) the cost of equipment and signs including Project directory board and identification and the repair and maintenance thereof;

(g) the cost of building supplies used by the Landlord in the maintenance and repair of the Common Areas and Facilities;

(h) repairs (including major repairs) and replacements to and maintenance and operation of the Common Areas and Facilities), including the HVAC System, except for repairs or replacements of inherent structural defects or weakness;

(i) depreciation or amortization of the costs, including repair and replacement, of the maintenance, cleaning and operating equipment and facilities, roof, HVAC System, master utility meters and all other fixtures, equipment and facilities that are part of Common Areas and Facilities unless they are charged fully in the Rental Year in which they are incurred, all in accordance with generally accepted accounting principles;

(j) interest calculated at 2% points above the prime rate upon the undepreciated or unamortized part of the cost referred to in (i) above;

(k) the cost of heating, ventilating and air conditioning the Common Areas and Facilities;

(l) the Taxes, (including school taxes and local improvement rates) if any, payable by the Landlord which are levied or assessed or allocated by the Landlord pursuant to section 6.01.1 hereof with respect to the Common Areas and Facilities and Capital Tax;

(m) an administrative fee of 20% of the cost referred to above but excluding those referred to in (i), (j) and (l) hereof.

From the total of the Operating Costs there is deducted:

(aa) net recoveries that reduce the expenses incurred by the Landlord in operating and maintaining the Project and the Common Areas and Facilities, received by the Landlord from tenants as a result of any act, omission, default or negligence of tenants or as the result of breaches by tenants of the provisions in their lease;

(bb) net proceeds from insurance policies taken out by the Landlord, to the extent that the proceeds relate to the costs and expenses incurred in the maintenance and operation of the Project and the Common Areas and Facilities; (if the Landlord defaults under Section 8.03, it will deduct an amount equal to the net proceeds that the Landlord would have been entitled to had it not defaulted under that section).

(xiii) ‘**Person**’ if the context allows, includes any person, firm, partnership or corporation, or any group of persons, firms, partnerships, or corporations or any combination of them.

(xiv) ‘**Project**’ means the lands described in Schedule “A” as those lands are altered, expanded, or reduced from time to time and any buildings, improvements, equipment and facilities erected on them or situated on or in them from time to time.

(xv) ‘**Proportionate Share**’ means a fraction which has as its numerator the floor area of the Leased Premises and as its denominator, the floor area of all Leasable Premises.

(xvi) ‘**Rent**’ means the Minimum Rent and Additional Rent payable under this Lease.

(xvii) ‘**Rentable Area**’ means in any lease in respect of any portion of Leasable Premises the total area expressed in square feet determined by aggregating: (a) the floor area of the Leased Premises; and (b) a Proportionate Share of the Common Area and Facilities.

(xviii) ‘**Rental Year**’ means successive periods of 12 calendar months except for the first Rental Year of the Term which commences on the first day of the Term and ends on the last day of December next following and the last Rental Year of the Term whether it is 12 calendar months or not, terminates on the expiration or earlier termination of this Lease.

(xix) ‘**Taxes**’ means all real property taxes, rates, duties and assessments (including local improvement taxes), impost charges or levies, whether general or special, that are levied, rated, charged or assessed against the Project or any part of it from time to time, (including, but not limited to, the Common

Areas and Facilities) by any lawful taxing authority, whether federal, provincial, municipal, school or otherwise and any taxes or other amounts which are imposed in lieu of, or in addition to, any such real property taxes whether of the foregoing character or not and whether in existence at the Commencement Date or not, and any such real property taxes levied or assessed against the Landlord on account of its ownership of the Project or its interest in it.

(xx) '**Tenant**' means the party of the Second Part and every Person mentioned as Tenant in this Lease and for purposes of Section 8.03 includes the servants, employees, agents, invitees and licensees of the Tenant and those over whom the Tenant may reasonably be expected to exercise control.

(xxi) '**Trade Fixtures**' means trade fixtures as determined at common law, but for greater certainty, shall not include: (a) heating, ventilating or air conditioning systems, facilities and equipment in or serving the Leased Premises; (b) floor coverings affixed to the floor of the Leased Premises; (c) light fixtures; (d) internal stairways and doors; and (e) any fixtures, facilities, equipment or installations installed by or at the expense of the Landlord pursuant to the Lease Proposal or otherwise.

(xxii) '**Transfer**' means an assignment of this lease in whole or in part, a sublease of all or any part of the Leased Premises, any transaction whereby the rights of the Tenant under this Lease or to the Leased Premises are transferred to another, any transaction by which any right of use or occupancy of all or any part of the Leased Premises is conferred upon anyone, any mortgage, charge or encumbrance of this Lease or the Leased Premises or any part thereof or other arrangement under which either this Lease or the Leased Premises become security for any indebtedness or other obligations and includes any transaction or occurrence whatsoever (including, but not limited to, expropriation, receivership proceedings, seizure by legal process and transfer by operation of law), which has changed or might change the identity of the Person having lawful use or occupancy of any part of the Leased Premises.

(xxiii) '**Transferee**' means the Person or Persons to whom a Transfer is or is to be made.

ARTICLE II - INTENT AND INTERPRETATION

Net Lease

2.01 Except as otherwise stated herein, this Lease is a completely carefree net lease to the Landlord. The Tenant will pay all charges, impositions, costs and expenses of every nature relating to the Leased Premises and the Landlord is not responsible for any costs, charges, expenses or any outlays of any nature whatsoever arising from or relating to the Leased Premises, or the use and occupancy of them.

Extended Meanings

2.02 Words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine gender and words importing Persons shall include firms, corporations and vice versa. The captions or marginal notes are descriptive only and do not form part of this Lease.

Entire Agreement

2.03 This Lease, as well as schedules and riders, if any, constitutes the entire agreement between the parties hereto with respect to the Leased Premises and may be amended only by an agreement in writing signed by the Landlord and the Tenant and no party hereto is bound by any representations, warranties, promises or agreements or inducements not embodied herein and in particular, no warranties of the Landlord not expressed herein are to be implied.

Governing Law

2.04 This Lease will be construed in accordance with and governed by the laws of the Province of Ontario.

Time of the Essence

2.05 Time is of the essence in this Lease and each part of it.

Construction of the Leased Premises

2.06 The provisions (if any) of the Lease Proposal relating to construction of the Premises and delay in the availability of the Leased Premises for occupancy by the Tenant shall remain in effect and shall not merge upon the execution of this lease. The Tenant shall abide by the provisions of the tenant leasehold improvement manual supplied by the Landlord for any construction it proposes to do prior to or upon occupancy of the Leased Premises, and any renovations to the Leased Premises after it takes occupancy.

ARTICLE III
GRANT AND TERM

Leased Premises

3.01 The Landlord leases to the Tenant, and the Tenant leases from the Landlord, the Leased Premises, designated as Unit No.**3** at **6715 Millcreek Drive**, Mississauga, Ontario. The Rentable Area of the Leased Premises consists of approximately ***13,125*** square feet ***in accordance with Certificate of Measurement dated August 3, 2000***. The approximate location of the Leased Premises is shown outlined on the plan attached as Schedule "B". If there is a discrepancy between the Landlord and the Tenant as to the Rentable Area of the Leased Premises the Rentable Area of the Leased Premises shall be the area as certified by the Landlord's architect in accordance with Section 1.01(xvii) hereof in the Definition portion of the Lease, whose decision shall be final and binding. The Minimum Rent shall be subject to adjustments based on the actual square foot area of the Rentable Area of the Leased Premises.

Commencement and Ending Date of Term

3.02 To have and to hold the Leased Premises, for and during the term ("Term") which will be, unless sooner terminated as hereinafter provided, for and during the period of **Seven (7) Years and Four (4) Months** from **the 1st day of January, 2001** ("Commencement Date") to **the 30th day of April, 2008** ("Expiry Date").

ARTICLE IV
RENT

Covenant to Pay

4.01 The Tenant will pay Minimum Rent and Additional Rent as provided in this Lease. All payments and charges payable by the Tenant pursuant to this Lease, shall for all purposes hereunder be deemed to be rent.

Minimum Rent

4.02 The Tenant shall, from January 1st, 2001 to April 30th, 2008, pay Minimum Rent to the Landlord in the sum of ***Seventy-Eight Thousand, Seven Hundred and Fifty Dollars & 00/100 ($78,750.00)*** per annum payable in equal consecutive monthly installments of ***Six Thousand, Five Hundred and Sixty-Two Dollars & 50/100 ($6,562.50)*** each in advance, on the first day of each calendar month of the Term. The Minimum Rent is based on an annual rate of **Six Dollars & 00/100 ($6.00)** per square foot of the Rentable Area of the Leased Premises, ***pursuant to a Certificate of Measurement dated August 3, 2000 verifying the Rentable Area being 13,125 square feet.***

4.03 If the Term commences on any day other than the first, or ends on any day other than the last day of a month, the Minimum Rent and Additional Rent for the fractions of a month at the commencement and at the expiration or termination of the Term shall be adjusted on a per diem adjustment of 365 days.

4.04 The Tenant will deliver to the Landlord at the beginning of each Rental Year a series of monthly post-dated cheques for the Rental Year for the aggregate of the monthly payments of Minimum Rent and any payments of Additional Rent estimated by the Landlord in advance as well as any payments required by this Lease to be paid monthly in advance.

4.06 If construction of the Leased Premises or the Project is not completed by the Commencement Date or if on that date, a previous tenant or occupant is overholding, and the Landlord is therefore unable to deliver vacant possession of the Leased Premises, the Landlord will exercise all its rights diligently in order to obtain completion of the construction and vacant possession, and the Rent payable under this Lease will abate until the Leased Premises are available for occupancy by the Tenant. The Landlord will not be liable to the Tenant for damages and this Lease will, subject to the abatement of Rent provided for in this Section 4.06, be in full force with no change to the Commencement Date or the Expiry Date.

4.07 If the Tenant defaults in the payment of rent, the Tenant shall pay interest on the unpaid rent from the due date to the date of payment at the rate per annum that is 6% points above the prime rate charged by a Canadian bank designated by the Landlord.

ARTICLE V
USE OF THE LEASED PREMISES

Use of the Leased Premises

5.01 The Tenant shall not use or occupy the Leased Premises for any purpose other than for **offices, warehousing, print shop and related uses** and will not use or permit the use of the Leased Premises or any part of them, for any other purpose. The Tenant will, throughout the Term, occupy the Leased Premises and operate its business in a diligent, active and continuous manner in the whole of the Leased Premises.

Nuisance and Waste

5.02 The Tenant will not do or omit to do or permit to be done or omit to be done upon or in respect of the Leased Premises anything the doing or omission of which is forbidden by law or would be or result in a nuisance, or use or operate any apparatus or appliance which may cause annoyance to the Landlord or any other occupant of the Project. The Tenant covenants that it will not use or permit to be used all or any part of the Leased Premises for any dangerous, noxious or offensive trade or business, or cause or permit the Leased Premises or any part thereof to be used for the purpose of any bankruptcy, liquidation or auction sale.

Observance of Law

5.03 The Tenant will at its expense, and subject to Sections 6.05.1 and 6.05.2, promptly, (a) comply with the requirements of all governmental authorities, including, federal, provincial and municipal legislative enactments, by-laws and other regulations now or subsequently in force which pertain to the Leased Premises, the Tenant’s use of the Leased Premises, or the conduct of any business in the Leased Premises, or the making of any repairs, replacements, alterations or changes to the Leased Premises, including energy conservation and (b) comply with the police, fire and sanitary regulations imposed by any governmental authorities or made by fire insurance underwriters, and (c) carry out all modifications or changes to the Leased Premises and the Tenant’s conduct of business in or use of the Leased Premises which are required by any of those authorities, provided that in the event of default by the Tenant under this paragraph the Landlord may itself comply and collect the cost thereof plus a twenty percent (20%) administration charge from the Tenant as rent in arrears.

Environmental Matters

5.04 The Tenant covenants with the Landlord that it will not bring upon, permit or use any substance, defined or designated as a hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal, provincial, municipal or local statute, regulation, by-law or ordinance now or hereafter in effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation, by-law or ordinance (hereinafter called “Toxic Materials”) in, on or under the Premises and the Tenant will promptly comply with all statutes, regulations, by-laws, and ordinances, and with all orders, decrees or judgments of governmental authorities of courts having jurisdiction, relating to the use, collection, storage, treatment, control, removal or clean up of Toxic Materials in, on or under the Premises if the Premised become contaminated with Toxic Materials as a result of operations or activities on the Premises, or incorporated in any Tenant's improvements thereon. The Landlord may, but shall not be obliged to, enter upon the Premises and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Tenant shall reimburse the Landlord on demand for the full amount of all costs and expenses incurred by the Landlord in connection with such compliance activities. The Tenant will indemnify and hold the Landlord harmless against any losses, damages, costs, expenses and liabilities suffered or incurred by the Landlord by reason of a breach of any of the covenants aforesaid which indemnity shall survive any surrender or termination of the Lease.

ARTICLE VI
TENANT'S COVENANTS

Taxes Payable by the Tenant

6.01.1 The Tenant shall pay, in each and every year during the Term, as Additional Rent, and discharge within 20 days after same shall become due and payable, all Taxes charged or assessed against or in respect of all improvements, equipment and facilities of the Tenant on or in the Leased Premises (whether installed by the Tenant or by the Landlord on behalf of the Tenant) and every tax and license fee in respect of any and every business carried on, thereon or therein in respect of the use or occupancy thereof by the Tenant (and every subtenant or licensee). The Tenant further covenants and agrees that upon written request of the Landlord, the Tenant will promptly deliver to it for inspection receipt for payment of all Taxes in respect of all improvements, equipment and facilities of the Tenant on or in the Leased Premises which were due and payable up to 1 month prior to such request, and in any event will furnish to the Landlord, if requested by the Landlord, evidence of payment satisfactory to the Landlord before the 21st day of January in each year covering payments for the preceding year.

6.01.2 In the event that there shall not be a separate real property tax bill and separate real property assessment notice for the Leased Premises and the Common Areas and Facilities, the Tenant shall pay a share of the Taxes against the Project (including the Common Areas and Facilities) within 10 days after demand therefor by the Landlord as allocated to the Leased Premises by the Landlord. The Landlord shall allocate all such Taxes firstly as between all Leasable Premises and the Common Areas and Facilities, and secondly with respect to the Taxes so allocated to the Leasable Premises, the Landlord shall make a further allocation of all such real property taxes as between each of the Leasable Premises on such basis as the Landlord acting reasonably shall in its sole opinion deem equitable.

6.01.3 The Tenant shall have the right to contest at its own expense so long as the Landlord is not involved in any cost, loss or penalty whatsoever, by appropriate legal proceedings, the validity of any tax, rate, including local improvement rates, assessments or other charges referred to in this Section 6.01 provided that the Tenant forthwith pays the same under protest or furnishes to the Landlord sufficient security by bond or otherwise to ensure the payment of same (together with the Landlord's reasonable expenses and costs, on a solicitor and client basis) in the event such appeal or application is unsuccessful.

Operating Costs

6.02 In each Rental Year, the Tenant will pay to the Landlord, as Additional Rent its Proportionate Share of the Operating Costs.

Utilities

6.03(a) The Tenant shall pay as the same becomes due respectively, all taxes and charges for public and private utilities, including water, gas, electrical power or energy, steam or hot water used upon or in respect of the Leased Premises. In this regard, the Tenant shall enter into such contracts or other arrangements in connection with the utilities which the Landlord requests it to and will pay whatever deposits or other amounts which are payable under those contracts or other arrangements. No administration fee is payable for amounts billed directly to the Tenant by a supplier of utilities and paid by the Tenant directly to the supplier.

(b) If the Leased Premises are not separately metered the Landlord shall allocate to the Leased Premises an equitable amount as reasonably determined by the Landlord having regard among other things without limitation to the Tenant's connected load and the then current applicable commercial rates for the municipality in which the Leased Premises is located, together with the Landlord's costs of determining the amount including, but not limited to, professional, engineering and consulting fees, and an administration fee of 20% of the total referred to above.

(c) Provided, without in any way limiting the provisions of this Section 6.03, if at any time during the Term, the Landlord shall determine, in its sole discretion, that the Tenant's use of any utility or service, including, without limitation, water, used or consumed on the Leased Premises is in any way unusual or of an excessive nature, the Landlord may, at its option and at the sole cost and expense of the Tenant, install in the Leased Premises a separate meter or sub meter with respect to any such utility or service, including, without limitation, a separate meter for the measurement of hot and cold water, whereupon the Tenant's cost in connection with any such utility or service shall he determined in accordance with such separate meter or sub meter.

(d) The Landlord is not liable for interruption or cessation of, or failure in the supply of utilities, services or systems in, to or serving the Project or the Leased Premises, whether they are supplied by the Landlord or others, and whether the interruption or cessation is caused by the negligence or not.

Payment of Additional Rent

6.04 Any Additional Rent or other amount payable by the Tenant to the Landlord pursuant to this Lease shall be paid as follows:

(a) The Landlord may reasonably estimate the amount of such Additional Rent at the commencement of each Rental Year and the Tenant shall pay to the Landlord monthly as Additional Rent, 1/12th of such estimated amount. If the amount of Additional Rent payments by the Tenant should be less than the actual amount due for such Rental Year, then in that event, the Tenant shall pay to the Landlord forthwith upon demand the amount of such deficiency.

(b) If the aggregate amount of Additional Rent payment made by the Tenant should be greater than the actual amount due for such Rental Year then, in that event, should the Tenant not be otherwise in default hereunder, the amount of such excess will be applied by the Landlord to the next succeeding instalment of Additional Rent due hereunder; and if there be any such excess for the last Rental Year of the Term, the amount thereof will be refunded by the Landlord to the Tenant within 30 days after the expiration of the Term provided the Tenant is not otherwise in default under the terms of this Lease.

(c) If this Lease commences on a date other than the first day of a calendar year or expires on a date other than the last day of a calendar year, the estimated Additional Rent for such periods of this Lease less than a full calendar year shall be adjusted on a pro rata basis.

(d) Within ***180 days*** after the end of the period for which estimated payments have been made, ***provided all required information has been made available to the Landlord,*** the Landlord will deliver to the Tenant, a statement of Operating Costs, Taxes and Utilities together with a statement of the Tenant's Proportionate Share of those amounts and costs.

Tenant's Insurance

6.05.1(a) The Tenant shall maintain the following insurance throughout the Term at its sole cost: (i) "All Risks" (including flood and earthquake) property insurance with deductibles not exceeding 3% of the amount insured, naming the Tenant, the Landlord, the owners of the Project and the Mortgagee as insured parties, containing a waiver of any subrogation rights which the Tenant's insurers may have against the Landlord and against those for whom the Landlord is in law responsible, and (except with respect to the Tenant's chattels) incorporating the Mortgagee's standard mortgage clause. Such insurance shall insure: (1) property of every kind owned by the Tenant or for which the Tenant is legally liable located on or in the Project including, without limitation, Leasehold Improvements, in an amount equal to not less than 90% of the full replacement cost thereof, subject to a stated amount co-insurance clause; and (2) extra expense insurance in such amount as will reimburse the Tenant for loss attributable to all perils referred to in this paragraph 6.05.1(a)(i) or resulting from prevention of access to the Leased Premises; (ii) comprehensive general liability insurance which includes the following coverage: owners protective; personal injury; occurrence property damage; and employers and blanket contractual liability. Such policies shall: contain inclusive limits of not less than $5,000,000; provide for cross liability; and name the Landlord as an insured; (iii) Tenant's "all risks" legal liability insurance for the replacement cost value of the Leased Premises; (iv) automobile liability insurance on a non-owned form including contractual liability, and on an owner's form covering all licensed vehicles operated by or on behalf of the Tenant, which insurance shall have inclusive limits of not less than $2,000,000; and (v) any other form of insurance which the Tenant or the Landlord, acting reasonably, or the Mortgagee requires from time to time in form, in amounts and for risks against which a prudent tenant would insure.

(b) All policies referred to in this Section 6.05.1 shall: (i) be taken out with insurers reasonably acceptable to the Landlord; (ii) be in a form reasonably satisfactory to the Landlord; (iii) be non-contributing with, and shall apply only as primary and not as excess to, any other insurance available to the Landlord; (iv) not be invalidated as respects the interests of the Landlord or the Mortgagee by reason of any breach of or violation of any warranty, representation, declaration or condition; and (v) contain an undertaking by the insurers to notify the Landlord by registered mail not less than 30 days prior to any material change, cancellation or termination. Certificates of insurance on the Landlord's standard form or, if required by the Landlord, certified copies of such insurance policies, shall be delivered to the Landlord forthwith upon request. If the Tenant fails to take out or to keep in force any insurance referred to in this Section 6.05.1 or should any such insurance not be approved by either the Landlord or the Mortgagee and should the Tenant not commence to diligently rectify (and thereafter proceed to diligently rectify) the situation within 48 hours after written notice by the Landlord to the Tenant (stating, if the Landlord or the Mortgagee, from time to time, does not approve of such insurance, the reasons therefor) the Landlord has the right without assuming any obligation in connection therewith, to effect such insurance at the sole cost of the Tenant and all outlays by the Landlord shall be paid by the Tenant to the Landlord without prejudice to any other rights or remedies of the Landlord under this lease.

Increase in Insurance Premiums

6.05.2 The Tenant shall not keep or use in the Leased Premises any article which may be prohibited by any fire insurance policy in force from time to time covering the Leased Premises or the Project. If: (a) the conduct of business in, or use or manner of use of, the Leased Premises; or (b) any acts or omissions of the Tenant in the Project or any part thereof, cause or result in any increase in premiums for any insurance carried by the Landlord with respect to the Project, the Tenant shall pay any such increase in premiums. In determining whether increased premiums are caused by or result from the use or occupancy of the Leased Premises, a schedule issued by the organization computing the insurance rate on the Project showing the various components of such rate, shall be conclusive evidence of the items and charges which make up such rate.

Cancellation of Insurance

6.05.3 If any insurer under any insurance policy covering any part of the Project or any occupant thereof cancels or threatens to cancel its insurance policy or reduces or threatens to reduce coverage under such policy by reason of the use of the Leased Premises by the Tenant or by any Transferee, or by anyone permitted by the Tenant to be upon the Leased Premises, the Tenant shall remedy such condition within 48 hours after notice thereof by the Landlord.

Loss or Damage

6.05.4 The Landlord shall not be liable for any death or injury arising from or out of any occurrence in, upon, at or relating to the Project or damage to property of the Tenant or of others located on the Leased Premises or elsewhere in the Project, nor shall it be responsible for any loss of or damage to any property of the Tenant or others from any cause, whether or not any such death, injury, loss or damage results from the negligence of the Landlord, its agents, employees, contractors, or others for whom it may, in law, be responsible. Without limiting the generality of the foregoing, the Landlord shall not be liable for any injury or damage to Person or property resulting from fire, explosion, falling plaster, falling ceiling tile, falling fixtures, steam, gas, electricity, water, rain, flood, snow or leaks from any part of the Leased Premises or from the pipes, sprinklers, appliances, plumbing works, roof, windows or subsurface of any floor or ceiling of the Project or from the street or any other place or by dampness or by any other cause whatsoever. The Landlord shall not be liable for any such damage caused by other tenants or Person on or in the Project or by occupants of adjacent property thereto, or the public, or caused by construction or by any private, public or quasi-public work. All property of the Tenant kept or stored on the Leased Premises shall be so kept or stored at the risk of the Tenant only and the Tenant releases and agrees to indemnify the Landlord and save it harmless from any claims arising out of any damage to the same including, without limitation, any subrogation claims by the Tenant's insurers.

Indemnification of the Landlord

6.05.5 Notwithstanding any other provision of this lease, the Tenant shall indemnify the Landlord and save it harmless from all loss (including loss of Minimum Rent and Additional Rent) claims, actions, damages, liability and expense in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising out of this lease, or any occurrence in, upon or at the Leased Premises, or the occupancy or use by the Tenant of the Leased Premises or any part thereof, or occasioned wholly or in part by any act or omission of the Tenant or by anyone permitted to be on the Leased Premises by the Tenant. If the Landlord shall, without fault on its part, be made a party to any litigation commenced by or against the Tenant, then the Tenant shall protect, indemnify and hold the Landlord harmless in connection with such litigation. The Landlord may at its option participate in, or assume carriage of, any litigation or settlement discussions relating to the foregoing, or any other matter for which the Tenant is required to indemnify the Landlord under this lease. Alternatively, the Landlord may require the Tenant to assume carriage of and responsibility for all or any part of such litigation or discussions.

ARTICLE VII
MAINTENANCE, REPAIRS AND ALTERATIONS

Maintenance and Repairs by the Tenant

7.01 Subject to Article IX, the Tenant will keep the Leased Premises and all improvements in or on them in a first-class condition. This obligation includes, but is not limited to, re-painting and re-decorating at reasonable intervals, making repairs and replacements to plate glass, mouldings, doors, hardware, partitions, walls, fixtures, lighting and plumbing fixtures, wiring, piping, ceilings and floors in the Leased Premises and maintaining, repairing and replacing all operating equipment in the Leased Premises unless it forms part of the Common Areas and Facilities. At the expiry or termination of this Lease, the Tenant will: (a) leave the Leased Premises in the same conditions as it was required to keep them in during the Term; (b) deliver all keys for the Leased Premises to the Landlord at the place then fixed for the payment of Rent; (c) give to the Landlord the combinations of any locks, safe, and vaults in the Leased Premises.

Landlord's Approval of the Tenant's Work

7.02(a) The Tenant will not make any repairs, alterations, replacements, decorations or improvements (collectively called the "Work") to the Leased Premises without first obtaining the Landlord's written approval. The Tenant will submit to the Landlord: (i) details of the proposed work including drawings and specifications; (ii) whatever indemnification against liens, costs, damages and expenses the Landlord requires; and (iii) evidence that the Tenant has obtained the necessary consents, permits, licenses and inspections from the governmental authorities having jurisdiction. The Work will be performed: (i) at the Tenant's sole cost; (ii) by competent workmen whose labour union affiliates are compatible with others employed by the Landlord and its contractors; (iii) in a good and workmanlike manner; (iv) in accordance with the drawings and specifications approved by the Landlord; and (v) subject to the reasonable restrictions imposed by the Landlord.

(b) Notwithstanding anything in this Lease to the contrary, if maintenance or Work on the Leased Premises or any improvements installed by or on behalf of the Tenant for the benefit of the Leased Premises; (i) affect the structure of the Leased Premises; (ii) is to be done outside the Leased Premises; or (iii) is to be done within the Leased Premises but on part of the Common Areas and Facilities, the maintenance or Work will be performed by the Landlord but at the Tenant's expense. Upon completion of the maintenance or Work, the Tenant will pay to the Landlord, upon demand, the Landlord's costs relating to the maintenance or Work including fees of any architectural or other consultants plus a sum equal to 20% of the total cost representing the Landlord's overhead and the payment will be made as Additional Rent on demand.

Repair Where Tenant at Fault

7.03 If the Project or any part of it requires repair, replacement or alteration: (a) because of the Tenant's negligence or misconduct; (b) due to the requirements of governmental authorities relating to the Tenant's conduct of business; or (c) as a result of the Tenant stopping up or damaging the heating apparatus, water pipes, drainage pipes or other equipment or facilities or parts of the Project, the cost of the repairs, replacements or alterations plus a sum equal to 20% of the cost for the Landlord's overhead will be paid by the Tenant to the Landlord on demand.

Tenant Not to Overload Floors or Other Facilities

7.04 The Tenant will not bring upon the Leased Premises or any part thereof any machinery, equipment, article or thing that by reason of its weight, size or use might damage the floors of the Leased Premises and that if any damage is caused to the Leased Premises by any machinery, equipment, article or thing or by overloading or by any act, neglect or misuse on the part of the Tenant or any of its servants, agents or employees or any Person having business with the Tenant will forthwith repair the same or pay to the Landlord the cost of making good the same.

Removal and Restoration by the Tenant

7.05 All Leasehold Improvements (other than Trade Fixtures) shall immediately upon their placement become the Landlord's property without compensation to the Tenant. Except as otherwise agreed by the Landlord in writing, no Leasehold Improvements shall be removed from the Leased Premises by the Tenant either during or at the expiry or sooner termination of the Term except that: (a) the Tenant may, during the Term, in the usual course of its business, remove its Trade Fixtures, provided that the Tenant is not in default under this Lease; (b) the Tenant shall, at the expiration or earlier termination of the Term, at its sole cost, remove its Trade Fixtures from the Leased Premises, failing which, at the option of the Landlord, the Trade Fixtures shall become the property of the Landlord and may be removed from the Leased Premises and sold or disposed of by the Landlord in such manner as it deems advisable; and (c) the Tenant shall, at the expiration or earlier termination of the Term, at its sole cost, either remove such of the Leasehold Improvements in the Leased Premises as the Landlord shall require to be removed, and restore the Leased Premises to the Landlord's then current base building standard to the extent required by the Landlord, or at the Landlord's option, pay to the Landlord the estimated cost of such removal and restoration as determined by the Architect, acting reasonably. If the Landlord requires the Tenant to perform such work, then: (i) the Tenant shall submit detailed demolition drawings to the Landlord for its prior approval, and such work shall be completed under the supervision of the Landlord; (ii) the Tenant shall, at its expense, repair any damage caused to the Project by such removal; and (iii) if the Tenant fails to complete such work within 30 days following the expiry or earlier termination of the Term, the Tenant shall pay compensation to the Landlord for each day following such 30th day until completion of such work, at a rate equal to the per diem Rent payable during the last month preceding the expiry or earlier termination of the Term, which sum is agreed by the parties to be a reasonable estimate of the damages suffered by the Landlord for the loss of use of the Leased Premises.

Liens

7.06 The Tenant will ensure that no lien is registered on the Project or any part of it, or against the Landlord's interest in the Project, or against the Tenant's interest in the Leased Premises by any person claiming by, through, under, or against the Tenant or its employees, agents, invitees, licensees, contractors or subcontractors. If the Tenant defaults under this Section, the Landlord may discharge the lien by paying the amount claimed to be due into court or directly to the lien claimant in the amount paid, as well as the costs and expenses (including solicitor fees on a solicitor and client basis) incurred as the result of the registration of the lien, including the discharge of the lien, will be paid by the Tenant to the Landlord on demand.

Signs and Advertising

7.07 The Tenant will not display any sign, picture, notice, lettering or decoration on the exterior of the Leased Premises without the prior written approval of the Landlord, which approval will not be unreasonably withheld. If the Landlord, acting reasonably, objects to a sign, picture, advertisement, notice, lettering or decoration in the interior of the Leased Premises that is visible from the exterior, the Tenant will immediately remove it. The Landlord will, at its expense, provide the Tenant with a sign for the purpose of corporate identification at the entrance to the Leased Premises. The Tenant shall provide lettering on such sign at its expense in accordance with the Landlord's sign policy for the Project.

Heating, Ventilating and Air-Conditioning

7.08 (a) The Tenant will operate and regulate the heating, ventilating and air-conditioning and equipment installed by the Landlord in accordance with building standards, serving the Leased Premises in order to maintain reasonable conditions of temperature and humidity within the Leased Premises. The Tenant will comply with the stipulations and with the Rules and Regulations of the Landlord pertaining to the operation and regulation of that equipment.

(b) The Tenant will pay to the Landlord, as Additional Rent, the charges described in Schedule “D” of this Lease.

Window Covering

7.09 Landlord shall, at its option place upon the interior of the windows of the Leased Premises all such window coverings necessary to cover the windows of the Leased Premises of uniform material and style so adopted by the Landlord for the entire Project. The window coverings installed shall remain the property of the Landlord.

ARTICLE VIII
LANDLORD’S COVENANTS

Taxes Payable by the Landlord

8.01 The Landlord will pay all Taxes which are levied, rated, charged or assessed against the Project or any part of it subject to Sections 6.01.1, 6.01.2 and 6.01.3 of this Lease. However, the Landlord may defer payment of any such Taxes or defer compliance with any statute, law, by-law, regulation or ordinance in connection with the levying of such Taxes, in each case to the fullest extent permitted by law, if it diligently prosecutes any contest or appeal of those Taxes.

Control of the Project by the Landlord

8.02 The Landlord will control the management and operation of the Project. In its control, management and operation of the Project the Landlord will have, among its other rights, the right to: (i) close all or any part of the Project to the extent which the Landlord’s counsel advises is legally sufficient to prevent a dedication of or the accrual of any rights or any person or the public in the Project; (ii) grant, modify and terminate easements and other agreements pertaining to the use and maintenance of all or any part of the Project; (iii) alter, add to, subtract from, construct improvements to, rearrange; build additional stories on and construct additional facilities adjoining or near the Project; (iv) relocate the facilities and improvements comprising the Project or erected on the Project, or relocate, alter or rearrange the Leased Premises, provided that the premises as relocated, altered or rearranged shall be in all material aspects comparable to the original Leased Premises as herein defined; (v) do such things on, or in the Project as are required to comply with any laws, by-laws, regulations, orders or directives affecting the Project; and (vi) do such other things on or in the Project as the Landlord, in the use of good business judgment determines to be advisable; provided that notwithstanding anything contained in this Section, access to the Leased Premises shall at all times be available. The Landlord shall not be in breach of its covenant for quiet enjoyment or liable for any loss, costs or damages, whether direct or indirect, incurred by the Tenant due to any of the foregoing.

Landlord’s Insurance

8.03 The Landlord shall throughout the Term carry: (a) insurance on the Project (excluding the foundations and excavations) and the machinery, boilers and equipment in or servicing the Project and owned by the Landlord or the owners of the Project (excluding any property which the Tenant and other tenants are obliged to insure under Section 6.05.1 or similar sections of their respective leases) against damage by fire and extended perils coverage; (b) public liability and property damage insurance with respect to the Landlord’s operations in the Project; and (c) such other form or forms of insurance as the Landlord or the Mortgagee reasonably considers advisable. Such insurance shall be in such reasonable amounts and with such reasonable deductibles as would be carried by a prudent owner of a reasonably similar building, having regard to size, age and location. Notwithstanding the Landlord’s covenant in this Section and notwithstanding any contribution by the Tenant to the cost of the Landlord’s insurance premiums, the Tenant acknowledges and agrees that: (a) the Tenant is not relieved of any liability arising from or contributed to by its negligence or its wilful act or omissions; (b) no insurable interest is conferred upon the Tenant under any insurance policies carried by the Landlord; and (c) the Tenant has no right to receive any proceeds of any insurance policies carried by the Landlord.

Maintenance and Repairs by the Landlord

8.04 Subject to Article IX, the Landlord will maintain and repair the Common Areas and Facilities as would a prudent owner of a similar project, having regard to size, age and location but the cost (except for the cost of repairing or replacing inherent structural defects or weakness’) will be included under Operating Costs.

Notices for Sale or to Let

8.05 The Landlord shall have the right during the Term of this Lease to place upon the Leased Premises a notice stating that the Project is for sale and shall, within 6 months prior to the expiration of the Term, have the right to place upon the Leased Premises a notice stating that the Leased Premises are for rent and, the Tenant shall not remove such notice or permit the same to be removed.

ARTICLE IX
DAMAGE AND DESTRUCTION AND EXPROPRIATION

Interpretation of Article IX

9.01 In this Article: (a) "Damage" means damage (including but not limited to, smoke and water damage and damage that amounts to destruction) that: (i) for the purpose of Section 9.02 results from a peril against which the Landlord is required to insure under Section 8.03 or against which the Landlord otherwise insures; and (ii) for the purpose of Section 9.03 results from any cause, and "Damage" has a corresponding meaning; (b) "Usable" means usable by the Tenant for the purposes contemplated by this Lease; (c) "Landlord's Work" and "Tenant's Work" means the work described as Landlord's Work and Tenant's Work respectively.

Landlord's Work:

1) Exterior walls of building
2) All exterior doors
3) Roof
4) Floor - finished concrete
5) Plumbing - water and sewage services to Landlord's designated point for Tenant's connection
6) Electrical - Main electrical services at 600 volts, 3 phase, 3 wire for standard occupancy, distribution by the Tenant
7) Sprinkler Main - for standard occupancy
8) H.V.A.C. - Heating and air-conditioning equipment, the location of which is to be determined by the Landlord for a maximum general lighting and miscellaneous electrical load of 6.0 watts per square foot of the Premises. Power wiring from roof top unit to a location adjacent to service entrance. Distribution by Tenant.

Tenant's Work:

1) All other improvements are to be the Tenant's responsibility.

Damage to the Leased Premises

9.02 Subject to Section 9.03, if the Leased Premises are Damaged, the Landlord will repair or reconstruct the Leased Premises promptly, to the extent of the Landlord's Work. If part or all of the Leased Premises is not Usable because of the Damage, Minimum Rent (but not Additional Rent) will abate proportionately to the part of the Leased Premises that is not Usable, to the whole of the Leased Premises, from the date of the damage until the earlier of: (i) the date when the whole of the Leased Premises is Usable again; or (ii) 30 days after substantial completion of the Landlord's Work. When the Landlord notifies the Tenant that it has completed enough of the Landlord's Work to enable the tenant to start the Tenant's Work, the Tenant will complete the Tenant's Work and re-open the whole of the Leased Premises for business as soon as possible but in any case within 30 days after the Landlord's notice.

Notwithstanding the foregoing, if the Damage which has occurred in the Leased Premises is such that in the reasonable opinion of the Landlord the Leased Premises cannot be rebuilt or made fit for the purposes of the Tenant within 90 days of the happening of the Damage, the Landlord may, at its option, terminate this lease on notice to the Tenant given within 30 days after Such Damage. If such notice of termination is given, Rent shall be apportioned and paid to the date of such Damage and the Tenant shall immediately deliver vacant possession of the Leased Premises in accordance with the terms of this lease.

Damage to or Expropriation of the Project

9.03(a) Despite anything else in this Lease, if: (i) more than 50% of the Leasable Premises are Damaged or expropriated, whether or not the Leased Premises are Damaged or expropriated; or (ii) more than 50% of the Common Areas and Facilities is Damaged or expropriated, whether or not the Leased Premises are Damaged or expropriated, the Landlord may, by written notice to the Tenant within 90 days after the Damage or expropriation, terminate this Lease, effective 30 days after the notice and all Rent will abate as of the effective date of the termination.

(b) If the Project is Damaged or expropriated to the extent described in Section 9.03(a) and the Landlord does not terminate this Lease, the Landlord will promptly rebuild or repair the Project to the extent of its obligations under its leases for leased premises, but the Landlord may use plans and specifications and working drawings that are different in content from those used in the original construction of the Project or any part of it and the rebuilt or repaired Project may be different in configuration or design from the Project before the Damage or expropriation.

(c) The Landlord and the Tenant will cooperate with each other if there is an expropriation of all or part of the Leased Premises or the Project, so that each may receive the maximum award that it is entitled to at law. To the extent, however, that a part of the Project, other than the Leased Premises, is expropriated, the full proceeds that are paid or awarded as a result, will belong solely to the Landlord, and the Tenant will assign to the Landlord any rights that it may have or require in respect of the proceeds or awards and will execute the documents that the Landlord reasonably requires in order to give effect to this intention.

Landlord's Architect's Certificate

9.04 A certificate issued by the Landlord's Architect will bind the parties concerning any of the matters that need to be determined under this Article.

ARTICLE X
ASSIGNMENT, SUBLETTING, PARTING WITH POSSESSION AND CORPORATE CONTROL

Assignments, Subleases and Transfers

10.01 The Tenant shall not enter into, consent to or permit any Transfer without the prior written consent of the Landlord in each instance, which consent shall not be unreasonably withheld but shall be subject to the Landlord's rights under Section 10.02. Notwithstanding any statutory provision to the contrary, it shall not be considered unreasonable for the Landlord to take into account the following factors in deciding whether to grant or withhold its consent: (a) whether such Transfer is in violation or in breach of any covenants or restrictions made or granted by the Landlord to other tenants or occupants or prospective tenants or occupants of the Project; (b) whether in the Landlord's opinion, the financial background, business history and capability of the proposed Transferee is satisfactory; and (c) if the Transfer is to an existing tenant of the Landlord. Consent by the Landlord to any Transfer if granted shall not constitute a waiver of the necessity for such consent to any subsequent Transfer. This prohibition against Transfer shall include a prohibition against any Transfer by operation of law and no Transfer shall take place by reason of the failure of the Landlord to give notice to the Tenant within 30 days as required by Section 10.02.

Landlord's Right to Terminate

10.02 If the Tenant intends to effect a Transfer, the Tenant shall give prior notice to the Landlord of such intent specifying the identity of the Transferee, the type of Transfer contemplated, the portion of the Leased Premises affected thereby, and the financial and other terms of the Transfer, and shall provide such financial, business or other information relating to the proposed Transferee and its principals as the Landlord or any Mortgagee requires, together with copies of any documents which record the particulars of the proposed Transfer. The Landlord shall, within 30 days after having received such notice and all requested information, notify the Tenant either that: (a) it consents or does not consent to the Transfer in accordance with the provisions and qualifications of this Article X; or (b) it elects to cancel this Lease as to the whole or part, as the case may be, of the Leased Premises affected by the proposed Transfer, in preference to giving such consent. If the Landlord elects to terminate this lease it shall stipulate in its notice the termination date of this Lease, which date shall be no less than 30 days nor more than 90 days following the giving of such notice of termination. If the Landlord elects to terminate this Lease, the Tenant shall notify the Landlord within 10 days thereafter of the Tenant's intention either to refrain from such Transfer or to accept termination of this Lease or the portion thereof in respect of which the Landlord has exercised its rights. If the Tenant fails to deliver such notice within such 10 days or notifies the Landlord that it accepts the Landlord's termination, this Lease will as to the whole or affected part of the Leased Premises, as the case may be, be terminated on the date of termination stipulated by the Landlord in its notice of termination. If the Tenant notifies the Landlord within such 10 days that it intends to refrain from such Transfer, then the Landlord's election to terminate this Lease shall become void.

Conditions of Transfer

10.03 A. If there is a permitted Transfer, the Landlord may collect rent from the Transferee and apply the net amount collected to the Rent payable under this lease but no acceptance by the Landlord of any payments by a Transferee shall be deemed a waiver of the Tenant's covenants or any acceptance of the Transferee as tenant or a release from the Tenant from the further performance by the Tenant of its obligations under this Lease. Any consent by the Landlord shall be subject to the Tenant and Transferee executing an agreement with the Landlord agreeing: (i) that the Transferee will be bound by all of the terms of this Lease and, except in the case of a sublease, that the Transferee will be so bound as if it had originally executed this Lease as tenant; and (ii) to amend the Lease to incorporate such terms, covenants and conditions as are necessary so that the Lease will be in accordance with the Landlord's standard form of industrial lease in use for the Project at the time of the Transfer, and so as to incorporate any conditions imposed by the Landlord in its consent or required by this Section 10.03.

B. Notwithstanding any Transfer permitted or consented to by the Landlord, the Tenant shall remain liable under this Lease and shall not be released from performing any of the terms of this Lease.

C. The Landlord's consent to any Transfer shall be subject to the condition that: (i) the minimum rent and additional rent payable by the Transferee shall not be less than the Minimum Rent and Additional Rent payable by the Tenant under this Lease as at the effective date of the Transfer, (including any increases provided for in this Lease); and (ii) if the minimum rent and additional rent to be paid by the Transferee under such Transfer exceeds the Minimum Rent and Additional Rent payable under this Lease, the amount of such excess shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than net rent or additional rent for such Transfer, either in the form of cash, goods or services (other than the proceeds of any financing as the result of a Transfer involving a mortgage, charge or similar security interest in this lease) the Tenant shall forthwith pay to the Landlord an amount equivalent to such consideration. The Tenant and the Transferee shall execute any agreement required by the Landlord to give effect to the foregoing terms.

D. Notwithstanding the effective date of any permitted Transfer as between the Tenant and the Transferee, all Minimum Rent and Additional Rent for the month in which such effective date occurs shall be paid in advance by the Tenant so that the Landlord will not be required to accept partial payments of Minimum Rent and Additional Rent for such month from either the Tenant or Transferee.

E. Any document evidencing any Transfer permitted by the Landlord, or setting out any terms applicable to such Transfer or the rights and obligations of the Tenant or Transferee thereunder, shall be prepared by the Landlord or its solicitors and all associated legal costs shall be paid by the Tenant.

Change of Control

10.04 If the Tenant is at any time a corporation or partnership, any actual or proposed Change of Control in such corporation or partnership shall be deemed to be a Transfer and subject to all of the provisions of this Article X. The Tenant shall make available to the Landlord or its representatives all of its corporate or partnership records, as the case may be, for inspection at all reasonable times, in order to ascertain whether any Change of Control has occurred.

No Advertising

10.05 The Tenant shall not advertise that the whole or any part of the Leased Premises are available for a Transfer and shall not permit any broker or other Person to do so unless the text and format of such advertisement is approved in writing by the Landlord. No such advertisement shall contain any reference to the rental rate of the Leased Premises.

Assignment by the Landlord

10.06 The Landlord shall have the unrestricted right to sell, lease, convey or otherwise dispose of all or any part of the Project and this Lease or any interest of the Landlord in this lease. To the extent that the purchaser or assignee from the Landlord assumes the obligations of the Landlord under this Lease, the Landlord shall thereupon and without further agreement be released from all liability under this Lease.

ARTICLE XI
ACCESS AND ALTERATIONS

Right of Entry

11.01 It shall be lawful for the Landlord and its agents, at all reasonable times during normal business hours during the Term, to enter the Leased Premises to inspect the condition thereof. Where an inspection reveals repairs are necessary, whether resulting from act of trespassers, Persons committing unlawful acts or otherwise the Landlord shall give the Tenant notice in writing that such repairs are to be commenced and thereupon the Tenant will make the necessary repairs in a good and workmanlike manner and the Landlord may enter and view the state of repair. Upon the Tenant's failure to repair upon notice as herein provided, the Landlord may repair the same and may charge the cost of repairs as Additional Rent payable within 15 days of demand plus a 20% administration charge.

ARTICLE XII
STATUS STATEMENT, ATTORNMENT AND SUBORDINATION

Status Statement

12.01 Within 10 days after the Landlord requests it from the Tenant, the Tenant will deliver to the Landlord, on a form supplied by the Landlord, a status statement or certificate to any proposed Mortgagee, purchaser, or other disposee of part or all of the Project and to the Landlord, stating that this Lease is in full force and effect, except only for any modifications that are set out in the statement or certificate; the commencement and expiry dates of the Lease; the date to which Rent has been paid under this Lease and the amount of any prepaid Rent or any deposits held by the Landlord; that there is not any uncured default on the part of the Landlord or if there is a default, the certificate will state the particulars; any other information or statement that a proposed Mortgagee, purchaser, or disposee may reasonably require.

Subordination and Attornment

12.02 This Lease is subject and subordinate to all mortgages and deeds of trust and all renewals, modifications, consolidations, replacements and extensions thereof which may now or at any time hereafter affect the Leased Premises in whole or in part and whether or not such mortgages and deeds of trust shall affect only the Leased Premises or shall be blanket mortgages and deeds of trust affecting other property as well. The Tenant shall at any time and from time to time on notice from the Landlord attorn to and become a tenant of a mortgagee or trustee under any such mortgage or deed of trust upon the same terms and conditions as set forth in this Lease and will promptly at any time and from time to time as required by the Landlord during the Term hereof execute all documents and give all further assurances to this proviso as may be reasonably required to effectuate the postponement of its rights and privileges hereunder to the holder or holders of such mortgages.

ARTICLE XIII
DEFAULT

Right to Re-Enter

13.01(a) If the Tenant:

(i) defaults in the payment of Rent and fails to remedy the default within 5 days after written notice;

(ii) commits a breach of this Lease that is capable of remedy, other than a default in the payment of Rent, and fails to remedy the breach within 10 days after written notice that:

  (1) specifies particulars of the breach; and

  (2) requires the Tenant to remedy the breach (or if the breach would reasonably take more than 10 days to remedy, fails to start remedying the breach within the ten day period, or fails to continue diligently and expeditiously to complete the remedy); or

(iii) commits a breach of this Lease that is not capable of remedy and receives written notice specifying particulars of the breach then, at the Landlord's option, the full amount of the current month's and the next three (3) months' instalments of Minimum Rent (calculated according to Section 13.02(b)) and Additional Rent will become due and payable and the Landlord may immediately re-enter the Leased Premises, repossess them and expel all Persons from the Leased Premises, and may remove all property from the Leased Premises, sell or dispose of it as the Landlord considers appropriate, or store it in a public warehouse or elsewhere at the cost of the Tenant, all without, service of notice, without legal proceedings, and without liability for loss or damage.

(b) In addition to anything else that is a breach of this Lease: if (i) the Tenant, or a Person carrying on business in a part of the Leased Premises, becomes bankrupt or insolvent; (ii) a receiver or a receiver and manager is appointed for all or a part of the property of the Tenant, or of another Person carrying on business in the Leased Premises; (iii) steps are taken or proceedings are instituted for the dissolution, winding up or liquidation of the Tenant or its assets; (iv) the Tenant makes or attempts to make a bulk sale of any of its assets regardless of where they are situated (except for a bulk sale made to a Transferee when the Transfer has been consented to by the Landlord); (v) the Tenant abandons or attempts to abandon the Leased Premises, or sells or disposes of property of the Tenant or removes it from the Leased Premises so that there does not remain sufficient property of the Tenant on the Leased Premises subject to distress to satisfy the Rent due or accruing for at least twelve (12) months; (vi) the Leased Premises are vacant or unoccupied for 5 consecutive days; (vii) the Tenant effects or attempts to effect a Transfer that is not permitted by this Lease; or (viii) this Lease or any of the Tenant's assets on the Premises are taken or seized under a writ of execution, a chattel mortgage, charge, debenture, or other security instrument; the Tenant will be considered to have breached this Lease, and the Landlord will have all rights and remedies available to it under this Lease and at law.

Right to Terminate or Relet

13.02 If the Landlord re-enters the Leased Premises under Section 13.01 or if it takes possession under legal proceedings, it may, without limiting its right to recover damages, either terminate this Lease, or relet the Leased Premises or a part of them for whatever term or terms (which may be for a term extending beyond the Term) and at whatever Rent and upon whatever other terms, covenants and conditions the Landlord considers advisable. On each such re-letting, the Rent received by the Landlord from the re-letting will be applied, first to the payment of amounts owed to the Landlord that are not Rent, second to the payment of any costs and expenses of the re-letting including brokerage fees and solicitors fees, (on a solicitor and his client's basis), and the costs of any alterations or repairs needed to facilitate the re-letting; third to the payment of Rent; and the residue, if any, will be held by the Landlord and applied in payment as it becomes due and payable. If Rent received from the reletting during a month is less than that to be paid during that month by the Tenant, the Tenant will pay the deficiency, to be calculated and paid monthly in advance on or before the first day of every month. No re-entry or taking of the Leased Premises by the Landlord will be construed as an election on its part to terminate this Lease unless a written notice of termination is given to the Tenant. If the Landlord re-lets without terminating it may afterwards elect to terminate this Lease for the previous default. If the Landlord terminates this Lease for a default, it may recover from the Tenant damages it incurs by reason of the default, including the cost of recovering the Leased Premises, solicitors' fees (on a solicitor and his client's basis) and including the worth at the time of the termination, of the excess, if any, of the amount of Rent required to be paid under this Lease for the remainder of the Term over the rental value, at the time, of the Leased Premises for the remainder of the Term, all of which amounts will be due immediately and payable by the Tenant to the Landlord.

Expenses

13.03 If legal proceedings are brought for recovery of possession of the Leased Premises, for the recovery of Rent, or because of a default by the Tenant, the Tenant will pay to the Landlord its expenses, including its solicitors' fees (on a solicitor and his client's basis).

Waiver of Exemption from Distress

13.04 Despite the Landlord and Tenant Act, none of the inventory, furniture, equipment or other property that is, or was at any time, owned by the Tenant is exempt from levy by distress for Rent.

The Landlord's Right to Cure the Tenant's Default or Perform the Tenant's Covenants

13.05 If the Tenant defaults in the payment of money that is required under this Lease to pay to a third party, the Landlord after giving 5 days notice in writing to the Tenant, may pay all or part of the amount payable. If the Tenant defaults under this Lease (except for a default in the payment of Rent) the Landlord may, after giving reasonable notice (it being agreed that 48 hours is reasonable notice of a default of Section 6.05), or, without notice in the case of an emergency, perform or cause to be performed all or part of what the Tenant failed to perform and may enter upon the Leased Premises and do those things that it considers necessary for that purpose. The Tenant will pay to the Landlord on demand, the Landlord's expenses incurred under this Section plus an amount equal to 20% of those expenses for the Landlord's overhead. The Landlord will have no liability to the Tenant for loss or damages resulting from its action or entry upon the Leased Premises.

Application of Money

13.06 The Landlord may apply money received from or due to the Tenant against money due and payable under this Lease.

Remedies Generally

13.07 Mention in this Lease of any particular remedy of the Landlord for a default by the Tenant does not preclude the Landlord from any other remedy in respect of it. No remedy will be exclusive or dependent upon any other remedy but the Landlord may from time to time exercise one or more of its remedies generally or in combination, those remedies being cumulative and not alternative. Whenever the Tenant seeks a remedy in order to enforce the observance or performance of one or more of the obligations of the Landlord under this Lease, the Tenant's only remedy will be for damages. The Tenant will not apply for injunctive relief and this provision may be pleaded as an estoppel in any proceedings taken by the Tenant to obtain injunctive relief.

ARTICLE XIV
MISCELLANEOUS

Rules and Regulations

14.01 The Landlord may adopt rules and regulations acting reasonably and they may differentiate between different types of businesses. Each rule and regulation, as revised from time to time, forms part of this Lease as soon as the rule, regulation or revision is made known to the Tenant. The Tenant will comply with each rule and regulation and each revision to it. No rule or regulation, however, will contradict the terms, covenants and conditions of this Lease. The Landlord is not responsible to the Tenant for the non-observance of a rule or regulation or of the terms, covenants or conditions of any other lease of Leasable Premises.

Overholding

14.02 If the Tenant shall continue to occupy the Leased Premises after the expiration of this Lease, with or without the consent of the Landlord and without any further written agreement, the Tenant shall be a monthly tenant at a monthly rental equal to one and one half times the monthly Minimum Rent and Additional Rent which it was responsible for paying during the last year of the Term and otherwise on the terms and conditions herein set forth, except as to the length of tenancy.

Successors

14.03 The rights and liabilities granted to or imposed upon the respective parties to this Lease, extend to and bind the successors and assigns of the Landlord and the heirs, executors, administrators and permitted successors and assigns of the Tenant. No rights, however, enure to the benefit of any assignee of the Tenant unless the assignment to the assignee has been approved by the Landlord in writing in accordance with Section 10.01. If there is more than one Tenant, they are all bound jointly and severally by the terms, covenants and conditions in this Lease.

Tenant Partnership

14.04 If the Tenant is a partnership ("Tenant Partnership") each Person who is presently a member of the Tenant Partnership, and each Person who becomes a member of any successor Tenant Partnership, will be and will continue to be liable jointly and severally for the full and complete performance of, and will be and continue to be subject to the terms, covenants and conditions of this Lease, whether or not that Person ceases to be a member of the Tenant Partnership or successor Tenant Partnership.

Waiver

14.05 The waiver by the Landlord or the Tenant of a default under this Lease is not a waiver of any subsequent default. The Landlord's acceptance of Rent after a default is not a waiver of any preceding default under this Lease even if the Landlord knows of the preceding default at the time of acceptance of the Rent. No term, covenant or condition of this Lease will be considered to have been waived by the Landlord or the Tenant unless the waiver is in writing. The Tenant waives any statutory or other rights in respect-of abatement, set-off or compensation in its favour that may exist or come to exist in connection with Rent.

Accord and Satisfaction

14.06 Payment by the Tenant or receipt by the Landlord of less than the required monthly payment of Minimum Rent is on account of the earliest stipulated Minimum Rent. An endorsement or statement on a cheque or letter accompanying a cheque or payment as Rent is not an acknowledgment of full payment or an accord and satisfaction, and the Landlord may accept and cash the cheque or payment without prejudice to its right to recover the balance of the Rent or pursue its other remedies.

Force Majeure

14.07 Despite the rest of this Lease, if the Landlord or the Tenant is, in good faith, delayed or prevented from doing anything required by this Lease, because of a strike; labour trouble; inability to get materials or services; power failure; restrictive governmental laws or regulations; riots; insurrection; sabotage; rebellion; war; act of God; or any other similar reason, that is not the fault of the party delayed, the doing of the thing is excused for the period of the delay and the party delayed will do what was delayed or prevented within the appropriate period after the delay. The preceding sentence does not excuse the Tenant from payment of Rent or the Landlord from payment of amounts that it is required to pay, in the amounts and at the times specified in this Lease.

If, due to Unavoidable Delay, the Landlord is delayed in the substantial completion of the Landlord's Work, as set out herein, the parties agree to extend the Commencement Date hereunder by the number of days of such delay; provided, however, that if such delay continues for more than 30 days, either party shall have the option of terminating this Lease on no less than 5 days written notice to the other party. The Tenant understands and agrees that there shall be no extension of the Commencement Date hereunder due to any delays caused by the Tenant or those for whom the Tenant is responsible for.

For the purposes of the foregoing paragraph, "Unavoidable Delay" means any delay by the Landlord in the performance of the Landlord's Work as set out herein caused in whole or in part by any acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, sabotage, war, blockades, insurrections, riots, epidemics, washouts, nuclear and radiation activity or fallout, arrests, civil disturbances, explosions, breakage of or accident to machinery, any legislative, administrative or judicial action which has been resisted in good faith by all reasonable legal means, any act, omission or event, whether of the kind herein enumerated or otherwise, not within the control of the Landlord, and which, by the exercise of control of the Landlord, could not have been prevented, but lack of funds on the part of the Landlord shall not constitute an Unavoidable Delay.

Notices

14.08 Any notice, request or demand herein provided for or given hereunder if given by the Tenant to the Landlord shall be sufficiently given if hand delivered or mailed by registered mail, postage prepaid, return receipt requested, addressed to the Landlord at: ***c/o GWL Realty Advisors, 90 Burnhamthorpe Rd. West, Suite #206, Mississauga, Ontario, L5B 3C3.*** Any notice herein provided for or given hereunder if given by the Landlord to the Tenant shall be sufficiently given if mailed as aforesaid addressed to the Tenant at the Leased Premises. A notice, demand, request or consent will be considered to have been given or made on the date that it is delivered, or, if mailed, 72 hours after the date of mailing. Either party may notify the other in writing of a change of address and the address specified in the notice will be considered the address of the party for the giving of notices under this Lease. If the postal service is interrupted or substantially delayed, any notice, demand, or request or other instrument will only be delivered in person. A notice given by or to one Tenant is a notice by or to all of the Persons who are the Tenant under this Lease.

Registration

14.09 The Tenant shall not register this Lease. However, the Tenant may register a Notice of Lease for the purposes of registration, provided such Notice of Lease shall describe the parties, the Leased Premises, the Term of this Lease and any renewals. Such Notice of Lease shall be prepared by the Tenant's solicitors, and shall be-subject to the prior written approval of the Landlord and its solicitors, at the Tenant's expense, and shall be registered at the Tenant's expense.

Quiet Enjoyment

14.10 The Landlord covenants with the Tenant for quiet enjoyment.

SIGNED, SEALED AND DELIVERED
in the presence of:

THE GREAT-WEST LIFE ASSURANCE COMPANY
(Landlord)

Per: /s/ J.A. STEVENSON
J.A. STEVENSON
DIRECTOR LEASING

Per: /s/ A.D. TAYLOR
A.D. TAYLOR
DIRECTOR, ASSET MANAGEMENT

Per: ____________________

and

801611 ONTARIO LTD.
(Landlord)

Per: /s/ J.A. STEVENSON
J.A. STEVENSON
DIRECTOR LEASING

Per: /s/ A.D. TAYLOR
A.D. TAYLOR
DIRECTOR, ASSET MANAGEMENT

Per: ____________________

PRIMERICA LIFE INSURANCE COMPANY OF CANADA
(Tenant)

Per: /s/ ILLEGIBLE

Per: /s/ ILLEGIBLE

SCHEDULE "D"

CHARGES FOR HEATING AND AIR-CONDITIONING

A. THE HVAC SYSTEM

The heating, ventilating and air-conditioning system ("HVAC System") of the Project is composed of all heating, ventilating and air-conditioning equipment and facilities provided or operated and maintained by the Landlord and includes from time to time, but is not limited to, any roof-top, ceiling or wall-mounted, or window heating, ventilating or air-conditioning units installed or maintained by the Landlord; the fuel and power facilities of the systems, and distribution piping, air-handling units and common fan coil and ventilation units which form part of the system; and monitoring, energy saving air control systems including the thermostat in each of the individual units supplied by the HVAC System and those ventilation systems which serve more than one tenant; but does not include: (i) the individual, self-contained heating, ventilating and air-conditioning system in any premises the tenant or occupant of which installs and maintains the system; (ii) the distribution system within each tenant's premises, installed by or for the tenant; and (iii) the tenant maintained ventilation ducts, make-up air facilities, or booster units which are installed by or for individual tenants or a group of tenants, to satisfy requirements which are in excess of the standard maximum sensible cooling load established by the Landlord, for which result from the production of air which is not suitable for recirculation.

B. THE HVAC CHARGE

(a) In each Rental Year, the total costs ("HVAC Costs") of the following services ("Services"): operating, maintaining, repairing and replacing the HVAC System, will be allocated by the Landlord as between the Interior Common Areas (if any) and the Leasable Premises, based where appropriate on the advise of the Landlord's engineer.

The HVAC costs include, but are not limited to, costs for labour including fringe benefits, domestic water, chemicals, lubricants, maintenance contracts, if any, and depreciation, and all costs incurred by the Landlord and in obtaining engineers' advice concerning Supplementary Charges (defined in Section "C" of this Schedule "D") and a fee of 20% of the total of the HVAC Costs allocated to the Leasable Premises and representing the Landlord's overhead.

(b) That part (if any) of the HVAC Costs which is allocated to the Interior Common Areas will be included in the costs described in Section 1.01(xii)(k) of this Lease.

(c) The Tenant will pay during each Rental Year, monthly in advance, as Additional Rent a charge ("HVAC Charge") being its share of the HVAC Costs determined by deducting from the HVAC Costs allocated to Leasable Premises, the total of the Supplementary Charges, if any, and multiplying the amount so obtained by a fraction, the numerator of which is the Rentable Area of the Leased Premises and the denominator of which is the total Rentable Area of those Leasable Premises or parts of them occupied throughout the period in respect of which the calculation is made and served by the HVAC System of the Project.

(d) Should Leasable Premises be occupied by tenants who are solely responsible for providing any of the Services, the Tenant's HVAC Charge as applied to that Service or those Services will be adjusted by excluding from the denominator referred to above in this Section B(c), the Rentable Area of those Leasable Premises.

(e) The Tenant's HVAC Charge may be estimated by the Landlord for whatever period the Landlord determines from time to time and the Tenant will pay as Additional Rent, to the Landlord, the Tenant's HVAC Charge as so determined, in monthly instalments in advance during that period.

C. SUPPLEMENTARY CHARGE

If the Landlord, on the advice of its engineer, determines that the Tenant's use of the HVAC System imposes abnormal demands on the system, the Tenant agrees to pay an amount determined by the Landlord, acting on the advice of its engineer, as a Supplementary Charge which Supplementary Charge will be payable on demand at times, and in the manner determined by the Landlord.

D. LANDLORD AND TENANT RESPONSIBILITIES

(a) The Landlord will operate, maintain, repair and replace the HVAC System, but the Tenant will be responsible for repairing and replacing equipment damaged because of misuse, or the failure of the Tenant to comply with Section 7.08(a) of this Lease.

(b) The Tenant will not nor will it permit anyone else to enter on the roof of any buildings in the Project for any purpose unless accompanied by a representative designated by the Landlord for that purpose. Damage caused to the Project or the HVAC System which occurs during any period of time when the Tenant is in default of this subparagraph (b), will be deemed to have been caused by the Tenant.

SCHEDULE "E"
Additional Provisions

Parking

Notwithstanding anything contained herein to the contrary, it is understood and agreed that the Tenant, at no expense, shall be entitled to three (3) reserved surface parking spaces in the parking lot area in front of the Building, in a location to be determined by the Landlord, but not policed. The Landlord, at its sole expense, shall provide the Tenant with signage bearing the Tenant's name Guest Parking in front of each parking space.

"As Is" Basis

The Tenant will take possession of the Leased Premises in their current condition, except for the existing washrooms, which may be demolished, but not without the Tenant's prior consent, and with the exception of the Landlord's work set out herein.

Landlord's Work

Provided this Lease Agreement is executed by all parties, the Landlord shall, by September 30th, 2000 and at its sole expense, construct ten percent (10%) air-conditioned office space to the Landlord's Building Standard finishes, excluding washrooms, in accordance with a space plan to be mutually agreed upon by both parties, which shall be agreed on or before July 11th, 2000.

The Landlord shall also, at its own expense, construct two (2) washrooms (Male and female) to the Landlord's Building Standard finishes.

Space Planning

It is understood and agreed that the Landlord shall, at its expense, provide a mutually acceptable space plan and one revision for the Tenant's layout in the Premises on or before July 11th, 2000. Should the Tenant require more than one revision, the cost shall be at the Tenant's expense.

Early Access

Notwithstanding the foregoing providing the Lease Agreement has been executed by all parties, the Tenant shall be granted access to the Premises on the date the Landlord's Work is substantially completed to the Commencement Date, for the purpose of preparing the Premises for occupancy (the "Early Access Period"). During this Early Access Period the Tenant shall not be obliged to pay Net Rent or Additional Rent. However, during this Early Access Period the Tenant shall be responsible to pay for utilities and garbage removal services. All other terms and conditions of the Lease shall be in full force and effect.

Option to Extend

Provided the Tenant is not in default under the Lease, the Tenant shall have one time Option to Extend this Lease under the following terms and conditions:

The Tenant shall have a one time Option to Extend the Lease, upon providing the Landlord with written notice of same no earlier than nine (9) months and no later than six (6) months prior to the expiration of the Lease Term, for a further period of five (5) years under the same terms and conditions except for Right of Extension, Early Access Period, Landlord's Work and the Rental Rate, which shall be at the then current Rental Rate for comparable space in the area in a building of similar size and condition.

Transfer of Lease - Default

Notwithstanding any provision specified herein to the contrary, provided the Tenant in occupancy of the whole of the Leased Premises is Primerica Life Insurance Company of Canada and is not in default under the terms of the Lease, the consent of the Landlord shall not be required with respect to a transfer of the Lease resulting from a bona fide corporate reorganization of the Tenant including a merger, amalgamation, or other such bona fide corporate restructuring of the Tenant (the "Permitted Transfer") provided that (a) the Tenant shall give at least thirty (30) days prior written notice of such Permitted Transfer and (b) the parties shall enter into an agreement whereby such transferee under the Permitted Transfer covenants directly with the Landlord to perform all of the terms, covenants and obligations of the Tenant under the Lease and (c) the Landlord is satisfied that the transferee under the Permitted Transfer has a financial worth at least equal to or greater than the financial worth of the Tenant as at the Commencement Date.

LEASE EXTENSION AND AMENDING AGREEMENT

This Agreement made August 19, 2008.

BETWEEN:

THE GREAT-WEST LIFE ASSURANCE COMPANY
AND
801611 ONTARIO LIMITED
(hereinafter collectively, called the "Landlord")

OF THE FIRST PART

- and -

PRIMERICA LIFE INSURANCE COMPANY OF CANADA
(hereinafter called the "Tenant")

OF THE SECOND PART

RECITALS:

A. By a lease dated June 21, 2000 (the **"Lease"**), the Landlord leased to the Tenant certain premises comprised of 13,125 square feet of certified Rentable Area on the ground floor designated as Unit 3, (the **"Leased Premises"**) in the building municipally known as 6715 Millcreek Drive, Mississauga, Ontario (the **"Project"**) for a term of 7 years and 4 months, expiring April 30, 2008;

B. The Landlord and the Tenant have agreed to extend the Term of the Lease for a further period of 10 years and to further amend the Lease upon the terms and conditions hereinafter set forth;

C. Except as otherwise expressly provided herein to the contrary, all capitalized terms used in this Agreement shall have the same meaning given to such terms in the Lease.

NOW THEREFORE in consideration of the sum of ten dollars ($10.00) now paid by each party to the other, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by both parties) the parties agree as follows:

1. **Recitals** The parties hereby acknowledge, confirm and agree that the foregoing recitals are true in substance and in fact.

2. **Extended Term** The Term of the Lease is hereby extended for a further period of 10 years (the **"Extended Term"**), commencing on May 1, 2008 (the **"Effective Date"**), and expiring on April 30, 2018 (the **"Extended Term Expiry Date"**).

3. **Terms and Conditions** The Extended Term shall be upon the same terms and conditions as are contained in the Lease save and except that:

   (a) there shall be no further right of renewal or extension beyond the Extended Term and the Tenant hereby waives any renewal or extension rights it may have under the Lease save and except for the option to extend contemplated in Section 4(k) hereof;

   (b) there shall be no allowance or inducement payable by the Landlord to the Tenant and no fixturing or rent free period provided. Any clauses in the Lease, relating to the Landlord's Work, leasehold improvement allowances, Minimum Rent free or Additional Rent free periods, Landlord's warranties, early occupancy, early access, additional rent estimates and any other such tenant inducements are not applicable to this Extended Term unless otherwise expressly stated in Section 4 hereof. For greater clarity, but without limiting the generality of the foregoing, the sections titled "As Is" Basis", "Landlord's Work", "Space Planning" and "Early Access" under Schedule "E" of the Lease are of no further force or effect and shall not apply to the Extended Term and any renewal or extension thereof;

   (c) the Landlord has no responsibility or liability for making any renovations, alterations or improvements in or to the Leased Premises (save and except as set out in Section 4 hereof) and the Tenant shall accept the Leased Premises in an "as is where is" condition. All further renovations, alterations or improvements in or to the Leased Premises are the sole responsibility of the Tenant and shall be undertaken and completed, at the Tenant's expense, and strictly in accordance with the Lease;

   (d) during the period from May 1, 2008 to and including April 30, 2011, annual Minimum Rent for the Leased Premises shall be $82,031.25 payable in equal monthly instalments of $6,835.94 on the first day of each and every month during such period of the Extended Term without setoff, deduction or abatement whatsoever. The aforementioned Minimum Rent is based on an annual rental rate of $6.25 per square foot of the Rentable Area of the Leased Premises.

During the period from May 1, 2011 to and including April 30, 2014, annual Minimum Rent for the Leased Premises shall be $88,593.75 payable in equal monthly instalments of $7,382.81 on the first day of each and every month during such period of the Extended Term without setoff, deduction or abatement whatsoever. The aforementioned Minimum Rent is based on an annual rental rate of $6.75 per square foot of the Rentable Area of the Leased Premises.

During the period from May 1, 2014 to and including April 30, 2018, annual Minimum Rent for the Leased Premises shall be $91,875.00 payable in equal monthly instalments of $7,656.25 on the first day of each and every month during such period of the Extended Term without setoff, deduction or abatement whatsoever. The aforementioned Minimum Rent is based on an annual rental rate of $7.00 per square foot of the Rentable Area of the Leased Premises.

Unless otherwise required by the Landlord, the Tenant will pay to the Landlord all monthly instalments of Minimum Rent and Additional Rent, plus applicable taxes, required to be paid by the Tenant under the Lease, in advance, by way of monthly cheque on the first day of each month of the Extended Term in accordance with the terms set out in the Lease.

(e) the Lease shall be further amended in accordance with Section 4 of this Agreement.

4. **Amendments** As of the Effective Date, the Lease shall be further amended as follows:

(a) Operating Costs:

(i) The following shall be added to the end of Section 1.01 (xii):

"For greater clarity, all Operating Costs that are of a capital nature in accordance with generally accepted accounting principles in the real estate industry for buildings similar to the Project (having regard to age, size and location) shall be amortized on a straight-line basis and taken as Operating Costs over the useful life of the item in question."

(ii) Capital Tax shall be added as an item of deduction or exclusion from Operating Costs and shall be added to the end of Section 1.01 (xii) as Section 1.01 (xii)(cc).

(b) Payment of Additional Rent: The following shall be added to the end of Section 6.04:

"6.04(e) Notwithstanding anything contained in this Lease to the contrary, upon written request made by the Tenant to the Landlord, the Landlord will provide the Tenant with reasonable additional supporting documentation as requested by the Tenant in respect of the Landlord's calculation of Operating Costs, Taxes and utilities."

(c) Insurance: The following shall be added to the end of Section 6.05.1:

"6.05.1(c) The Tenant shall have the option, either alone or in conjunction with Citigroup Inc., the Tenant's ultimate parent corporation, or any subsidiaries or affiliates of Citigroup Inc., to maintain self insurance and/or provide or maintain any insurance required by this Lease under blanket insurance policies maintained by the Tenant or Citigroup Inc., or provide or maintain insurance through such alternative risk management programs as Citigroup Inc. 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 Lease. Upon request, the Tenant shall provide the Landlord with certificates of insurance. If the Tenant does not elect to self-insure, then the Tenant's insurers will endeavour to provide the Landlord with not less than 30 days notice in the event the Tenant's policies are to be cancelled or materially changed. If the Tenant does self-insure, then it will be deemed to be the insurer in accordance with the terms of this Lease. In the event that the Tenant elects to self-insure for liability insurance, the Tenant will undertake the defense of any claim (including the defense of the Landlord as if it had been an additional insured on the Tenant's policy) at its sole cost and expense.

Notwithstanding anything to the contrary, the Tenant and those for whom it is responsible at law shall be released with respect to all claims required to be insured by the Landlord under this Lease or which are otherwise insured."

(d) Restoration: The following shall be added to the end of Section 7.05:

"Notwithstanding anything contained in this Lease to the contrary, the Tenant shall not be responsible for removing its leasehold improvements or restoring the Leased Premises to a base building condition at the expiration or earlier termination of this Lease provided, however, the Tenant shall, at its expense: (i) restore the Print Shop (as shown hatched on Schedule "A" hereof) to base building condition; (ii) remove its furniture, equipment and trade fixtures; (iii) remove any alterations or Leasehold Improvements constructed or installed without Landlord's prior written consent; and (iv) repair any damage caused to the Leased Premises as a result of the Tenant's removal of any of its chattels and equipment from the Leased Premises, and provided further that this shall not absolve the Tenant of its obligations to repair damage and maintain the Leased Premises as set out in this Lease."

(e) Non-Disturbance Agreement: The following shall be added to the end of Section 12.02:

"Upon written request of the Tenant, the Landlord shall assist the Tenant in obtaining written assurances from any mortgagee with an interest in the Project prior to that of the Tenant to the effect that so long as the Tenant is not in default under the terms of this Lease and attorns to such mortgagee, then the mortgagee will not disturb the Tenant's occupancy of the Leased Premises. All costs associated with obtaining such written assurances shall be borne by the Tenant and shall be paid by the Tenant to the Landlord within 15 days of request therefor."

(f) Overholding: Section 14.02 of the Lease is deleted in its entirety and the following is substituted in its place:

"14.02 If the Tenant shall continue to occupy the Leased Premises after the expiration of this Lease, with or without the consent of the Landlord and without any further written agreement, the Tenant shall be a monthly tenant at a monthly rental equal to one hundred twenty-five percent (125%) of the monthly Minimum Rent and Additional Rent which it was responsible for paying during the last year of the Term and otherwise on the terms and conditions herein set forth, except as to the length of tenancy."

(g) Notice: The Landlord's address for Notice pursuant to Section 14.08 of the Lease shall be c/o GWL Realty Advisors Inc., Sussex Centre, 50 Burnhamthorpe Road West, Suite 1500, Mississauga, ON L5B 3C2, Attention: Leasing Department.

(h) Parking: The section titled "Parking" under Schedule "E" of the Lease is deleted in its entirety and the following is substituted in its place:

"1. Parking

Throughout the Term including any extensions or renewals thereof, the Tenant shall be entitled to have the use of 4 unreserved parking spaces for every 1,000 square feet of office Rentable Area leased within the Leased Premises (the **"Tenant's Parking Allotment"**) in the surface parking facilities in front of the Leased Premises, on a first come, first served basis, free of charge, and otherwise in accordance with the terms and conditions contained in this Lease. Within the Tenant's Parking Allotment, the Tenant shall be entitled to designate, free of charge, up to 3 reserved stalls to be located at the front of the Leased Premises as reserved solely for the Tenant's clients and/or employees. All parking stalls shall be assignable to any permitted assignee or subtenant."

(i) The following clauses shall be added to Schedule "E" of the Lease:

"3. Landlord's Work

Prior to the Effective Date, the Landlord will, at its expense on a "once only" basis and utilizing its choice of materials and contractors, complete the following (the **"Landlord's Work"**):

(i) paint and re-carpet the office area of the Leased Premises in colours and materials to be selected by the tenant from the Landlord's base building standard; and

(ii) repair or replace the rear entrance door to the Leased Premises and replace the existing hot water tank with a larger water tank sufficient in size to satisfy the Tenant's requirements.

Any costs to the Landlord (other than costs resulting from the above-described Landlord's Work) resulting from the Tenant's use or layout of, or alterations or changes to, the Leased Premises shall be at the Tenant's sole cost.

All further renovations, alterations or improvements in or to the Leased Premises are the sole responsibility of the Tenant and shall be undertaken and completed at the Tenant's expense and strictly in accordance with the provisions of this Lease.

4. Relocation and Continuous Occupancy

Notwithstanding anything contained in this Lease to the contrary, the Landlord shall not be permitted to relocate the Leased Premises and there shall be no obligation on the part of the Tenant to continuously operate from the Leased Premises provided that the Tenant shall not be relieved of its obligation to pay Rent and perform and observe the other provisions of this Lease.

5. Option to Extend

Provided the Required Conditions (as defined below) have been met, the Tenant will have a non-transferable right (save and except to an affiliate corporation of the Tenant, as that term is defined under the Business Corporations Act (Canada)) to extend the Term for 2 periods of 5 years each, upon written notice given to the Landlord at least 6 months but not more than 12 months prior to the expiry of the then-current Term. Minimum Rent payable during the extension terms shall be based upon the then-prevailing fair market net rental for similar premises similarly located. Should the Tenant not exercise any extension right, then that extension right and all subsequent extension rights shall be lost and deemed null and void. If the parties cannot agree on the Minimum Rent payable during the extension term within 45 days following the date on which the Tenant has provided its notice to exercise, then the Minimum Rent will be determined by a single arbitrator jointly selected by the parties within 20 days after expiration of the 45 day period referred to above.

If the parties are unable to agree upon a single arbitrator within such 20 day period, then both parties will, within 7 days after the expiration of that 20 day period, advise the other party of their appointment of a single arbitrator and both arbitrators so appointed will jointly appoint a third arbitrator within 7 days after their own appointment. If any of the parties fails to appoint their own arbitrator within the 7 day period, then the arbitrator appointed by the other party will be deemed to have authority to determine the matter alone. If both parties fail to each appoint their own arbitrator, then the within option shall be null and void and of no effect.

The decision of the arbitrator as to the Minimum Rent or, where there is a panel of 3 arbitrators, the decision of a majority of such arbitrators, must be reached before the start of the extension term and all costs of the arbitration will be shared equally between the parties. If the arbitration decision has not been given prior to the start of the extension term, then from and after the first day of the extension term, the Tenant will pay the minimum rent which the Landlord sets forth as reflecting the fair market net rental and any necessary adjustments following the arbitration decision will be made retroactive to the first day of the extension term.

At the Landlord's option, the Tenant will execute an extension agreement, as prepared by the Landlord, to give effect to the extension term. Reference in this Lease to any rights to early occupancy or rent free periods, indemnities of the Landlord in favour of the Tenant or requirements on the Landlord's part to perform any work or to pay to the Tenant any construction allowance, inducement, loan or other amount in connection with this Lease or improvements installed in the Leased Premises, shall not apply to the extension term, such rights, indemnities and requirements being deemed to have expired with the expiry of the then-current Term of this Lease. Without limiting the generality of the foregoing, the Landlord's right to terminate as set out in Article X of this Lease shall apply during such extensions of term as set out herein.

"Required Conditions" means: (i) the Tenant has paid all Rent as and when due and punctually observed and performed the covenants and obligations of the Tenant under the Lease, as amended by a Lease Extension and Amending Agreement dated August 19, 2008; and (ii) no Transfer of the Lease (save and except to an affiliate corporation of the Tenant, as that term is defined under the Business Corporations Act (Canada)), as amended by a Lease Extension and Amending Agreement dated August 19, 2008, has occurred and Primerica Life Insurance Company of Canada (or an affiliate corporation thereof, as that term is defined under the Business Corporations Act (Canada)) is in occupation of and conducting business in the whole of the Leased Premises.

(j) Deletions: The sections titled "As Is" Basis", "Landlord's Work", "Space Planning", "Early Access" and "Option to Extend" under Schedule "E" of the Lease are deleted in their entirety as they are of no further force or effect.

5. **Authority** The Landlord and Tenant represent and warrant that they have the right, full power and authority to agree to extend the Term and amend the Lease as provided in this Agreement.

6. **Confidential** The Tenant shall not disclose to any person the financial or any other terms of this Agreement, except to its professional advisors, consultants and auditors, in their capacity as such and except as otherwise required by law.

7. **No Representations** No agreement, representations, warranties or conditions relating to the Leased Premises or the contents of this Agreement or the Lease have been made except as are expressly set out herein. The Tenant acknowledges that no indemnities of the Landlord in favour of the Tenant have been given under this Agreement and any indemnities of the Landlord in favour of the Tenant given under the Lease will not apply during the Extended Term or be restated under this Agreement, such indemnities being deemed to have expired with the expiry of the initial Term of the Lease.

8. **Confirmation** Save as otherwise provided herein, whenever the term **"Lease"** or **"lease"** is used in this Agreement (except in the recitals), it is understood and agreed to mean the Lease as amended by this Agreement. Save as otherwise provided herein, whenever the term **"Term"** is used in this Agreement (except in the recitals), it is understood and agreed to mean the Term as extended by this Agreement. The parties confirm that except as modified by this Agreement, the terms, covenants and conditions of the Lease remain unchanged and in full force and effect. All capitalized terms and expressions when used in this Agreement, unless a contrary intention is expressed herein, have the same meaning as they have in the Lease.

9. **Binding** This Agreement shall enure to the benefit of and be binding upon the parties hereto, the successors and assigns of the Landlord and the successors and permitted assigns of the Tenant.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

LANDLORD:
THE GREAT-WEST LIFE ASSURANCE COMPANY

By: /s/ Michael S. Bombardier
Name: Michael S. Bombardier
Title: Director, Asset Management

By: /s/ GLENN WAY
Name: GLENN WAY
Title: VICE PRESIDENT, ASSET MANAGEMENT

We have authority to bind the Corporation

LANDLORD:
801611 ONTARIO LIMITED

By: /s/ Michael S. Bombardier
Name: Michael S. Bombardier
Title: Director, Asset Management

By: /s/ GLENN WAY
Name: GLENN WAY
Title: VICE PRESIDENT, ASSET MANAGEMENT

We have authority to bind the Corporation

TENANT:
PRIMERICA LIFE INSURANCE COMPANY OF CANADA

By: /s/ John P. Adams
Name: John P. Adams
Title: CEO

By: /s/ D. Shannon
Name: D. Shannon
Title: General Counsel

We/I have authority to bind the Corporation.

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. <u>Broker-Dealer Regulation</u>. 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. <u>Provision of Materials and Fund Information</u>.

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.

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

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.

** Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

Exhibit 10.30

Agreement No.

MASTER VENDOR PRINTING SERVICES AGREEMENT

This Master Vendor Printing Services Agreement is effective as of April 1, 2004 between Citicorp Credit Services, Inc., having a place of business at One Court Square, Long Island City, New York 11120 ("CCSI") and Primerica Life Insurance Company having a place of business at 1320 Progress Industrial Blvd. Ste 100, Lawrenceville, VA 30043 ("Vendor"). It sets forth the terms and conditions governing the services that Vendor shall provide to CCSI.

ARTICLE 1. SCOPE OF AGREEMENT

CCSI or any CCSI Affiliate, as hereinafter defined, may order printing services ("Printing Services" or "Services") hereunder by entering into an Exhibit similar to Exhibit 1 described in Section 2.1 below, signed by both CCSI or the Affiliate and Vendor ("Exhibit" or "Affiliate Exhibit," respectively). For purposes of this Agreement, "Affiliate" shall mean any entity controlling, controlled by or under common control with a party to this Agreement during the term hereof. "CCSI Affiliate" shall mean any and all Affiliates of CCSI whose primary business is the issuance of credit and/or payment cards or services to consumers and/or businesses in the United States, Puerto Rico, Canada and Mexico. Any CCSI Affiliate executing an Affiliate Exhibit in accordance with the terms hereof, shall stand in the place of CCSI under this Agreement for purposes of the respective Affiliate Exhibit and shall be subject to all of the terms and conditions of this Agreement. Each such Affiliate Exhibit shall be deemed to be a two-party agreement between Vendor on the one hand and the CCSI Affiliate on the other hand. Each Affiliate Exhibit shall constitute a separate agreement and except for any provisions herein which are specifically excluded or modified in such Affiliate Exhibit, shall incorporate therein all the terms and conditions of this Agreement.

ARTICLE 2. VENDOR RESPONSIBILITIES

2.1 Vendor shall provide to CCSI the Printing Services described in the attached Exhibit 1, pursuant to the provisions of this Agreement. Performance and documentation standards, timetables, and Service fees (with applicable taxes separately itemized) are set forth in Exhibit 1. If additional services are to be covered by this Agreement, Vendor and CCSI or Vendor and any Affiliate shall prepare additional sequentially numbered Exhibits signed by both parties.

2.2 Vendor agrees that any work product it produces pursuant to this Agreement, or any pre-existing work product that it modifies in the course of providing Services, will be considered "work for hire" and the property of CCSI, unless otherwise agreed to in writing. If and to the extent that the work product is not a "work made for hire," Vendor hereby assigns all rights, title and interest in the work product, including but not limited to the copyright, to CCSI. Vendor shall not use such work for hire for the benefit of any party other than CCSI or its affiliates. Any work product that Vendor produced prior to this Agreement's effective date and did not modify for purposes of providing Services will not be subject to the provisions of this section.

2.3 Vendor may not engage any third party to perform any part of the Services without CCSI's prior written approval. Notwithstanding such approval, Vendor shall remain responsible for all obligations under this Agreement and for the acts or omissions of its agents or subcontractors.

2.4 To the extent Vendor performs Services on the premises of CCSI or its corporate affiliates, Vendor shall observe the working hours and policies, security measures and holiday schedules of CCSI.

2.5 Intentionally deleted.

2.6 While this Agreement is in effect and for a period of six (6) months after the termination of this Agreement, Vendor shall not hire or solicit the employment of any person whom CCSI employed during the period of this Agreement or the six-month period
preceding this Agreement's effective date. The obligations of this Article 2.6 shall survive the termination of this Agreement.

2.7 Vendor shall: a) comply with all applicable laws, including, but not limited to, all fair lending laws and regulations and the Gramm-Leach-Bliley Act and its regulations, while performing services; (b) obtain all necessary consents and authorizations prior to providing Services; (c) ensure that none of the Services will infringe on the proprietary or ownership rights of any party, (d) calculate, report, and remit all sales, use, excise, or similar taxes related to its performance of Services; (e) be solely liable for any taxes, penalties, or interest which may be imposed due to Vendor's failure to timely file returns or deposit appropriate taxes of any nature whatsoever; and (f) ensure that none of the Services, and none of the names, marks, or graphics used in connection with the Services or any work product created by Vendor pursuant to this Agreement, infringe on the proprietary, ownership or intellectual property rights including, but not limited to, the trademark, copyright and patent rights, of any party.

2.8 Vendor agrees to comply with the "Citigroup Privacy Promise for Consumers", attached to this Agreement as Schedule A and incorporated herein, to the extent such Privacy Promise relates to the Services performed by Vendor for CCSI. Vendor shall ensure that all employees providing Services to CCSI are aware of, and agree to comply with, the Citigroup Privacy Policy for Customers. Upon CCSI's request, Vendor shall provide CCSI written acknowledgment and agreement to comply with such Privacy Promise by each employee.

2.9 In order for this Agreement to be effective, Vendor shall complete the "Citibank Security Audit Questionnaire" attached to this Agreement as Schedule B.

ARTICLE 3. CCSI RESPONSIBILITIES

3.1 In consideration of the Services to be performed, CCSI shall pay Vendor the fees set forth in the respective Exhibit. And in accordance with the provisions of this Agreement, CCSI shall reimburse Vendor for reasonable and necessary out-of-pocket expenses that Vendor incurs while performing Services. Vendor shall obtain CCSI's approval in writing prior to incurring such additional expenses. CCSI's payment terms are net sixty (60) days from date of receipt of Vendor's invoice. All invoices shall be due and payable by CCSI within sixty (60) days after receipt by CCSI of the invoice. There will be no late payment service charge of any kind. CCSI may, upon notice to Vendor, withhold payment for non-conforming services, for the failure of Vendor or of the services to meet any product specifications and/or terms of this Agreement, for any disputed invoiced items or for any other related matters. Such non-payment shall not constitute a default or breach of this Agreement by CCSI.

3.2 From time to time, CCSI shall instruct Vendor how to submit itemized invoices or other expense documentation. With notice to Vendor, CCSI may withhold payments for unsatisfactory performance or for questionable expenses. Pending resolution of any disputed amount, such non-payment will not constitute CCSI's breach of this Agreement. CCSI shall reimburse authorized expenses submitted up to thirty (30) days after the termination of this Agreement. Upon termination of this Agreement, CCSI shall pay Vendor for any sums owed for Services that Vendor performed prior to the termination date if such sums are not in dispute.

3.3 CCSI shall: (a) comply with all applicable laws while performing its responsibilities; and (b) obtain all necessary consents and authorizations prior to performing its responsibilities.

ARTICLE 4. CONFIDENTIALITY

4.1 In performing Services, Vendor will have access to information that is confidential and proprietary to CCSI ("Information"). Information may include, without limitation: (a) names, addresses, and demographic, behavioral, and credit information relating to Citibank cardmembers or potential Citibank cardmembers; and (b) marketing strategies, targeting methods, and other CCSI business objectives. Vendor shall use Information only for the purpose of providing Services and shall not accumulate in any way or make use of Information for any other purpose. Vendor shall ensure that only its employees, authorized agents, or subcontractors who need to know Information to perform Services will receive Information and that such persons agree to be bound by the provisions of this Article 4. Without CCSI's prior written consent, Vendor may not disclose Information to any unauthorized party. Vendor shall treat Information with at least the same degree of care that it treats its own confidential information and shall exercise reasonable precautions to prevent disclosure of Information to unauthorized parties. Vendor shall notify CCSI immediately of any loss or unauthorized-disclosure or use of Information that comes to Vendor's attention.

4.2 The obligations with respect to Information shall not apply to Information that: (a) Vendor already knew; (b) Vendor received from a third party that had the right to make such disclosure: (c) CCSI specifically authorizes Vendor to disclose; (d) Vendor developed independently; (e) becomes part of the public domain through no fault of Vendor; or (f) Vendor was ordered to disclose by a court or agency with appropriate jurisdiction.

4.3 Vendor agrees that any unauthorized use or disclosure of Information may cause immediate and irreparable harm to CCSI for which money damages will not constitute an adequate remedy. In that event, Vendor agrees CCSI is entitled to seek injunctive relief.

4.4 Upon CCSI's demand, or upon the termination of this Agreement, Vendor shall comply with CCSI's instructions regarding the disposition of Information in Vendor's possession or control.

4.5 Unless necessary for the performance of Services, Vendor shall not use CCSI's name or the name of a CCSI affiliate in any sales publication or advertisement or make any public statement relating to CCSI or its affiliates without obtaining CCSI's prior written consent.

4.6 The obligations of this Article 4 shall survive the termination of this Agreement.

ARTICLE 5. AUDITS

5.1 In order to verify Vendor's compliance with this Agreement, CCSI shall have the right to conduct quarterly reviews of Vendor's performance hereunder ("Audit"). CCSI shall give Vendor reasonable advance notice of any Audit, and the parties shall schedule a mutually convenient time for any Audit. Notwithstanding the above, CCSI may conduct an Audit on twenty-four (24) hours prior written or telephonic notice to Vendor if CCSI reasonably believes that Information has been or is about to be disclosed in an unauthorized manner.

5.2 An Audit may include, without limitation, inspection and review of all aspects of Vendor's business practices related to Vendor's performance of Services. Vendor shall cooperate fully with CCSI in any Audit and shall give CCSI and its auditors access to its premises for conducting an Audit. Any authorized representative of CCSI may conduct an Audit.

5.3 If an Audit leads CCSI to conclude that Vendor breached the provisions of this Agreement or that any of Vendor's business practices related to its performance of Services present a risk of unauthorized disclosure of Information, Vendor shall use its best efforts to change such business practices as soon as possible to the reasonable satisfaction of CCSI.

ARTICLE 6. INSURANCE

While this Agreement is in effect, Vendor shall obtain and maintain all insurance coverages required by federal or state law, including, without limitation, workers' compensation and disability insurance. Vendor shall also maintain the following minimum insurance coverages: (a) commercial general liability insurance for bodily injury, death, and property damage with a per occurrence limit of at least $2,000,000.00, with such policy to include broad form contractual liability, advertisers liability, and personal injury coverage naming CCSI as an additional insured with respect to the Services provided under this Agreement; (b) worker's compensation and employer's liability coverage of at least $500,000.00 and (c) comprehensive crime coverage of at least $1,000,000.00 naming CCSI as a loss payee and additional insured. At CCSI's request, Vendor shall promptly provide to CCSI certificates from its insurers indicating the amount of insurance coverage, nature of such coverage, and expiration date of each applicable policy.

ARTICLE 7. INDEMNIFICATION

Each party shall indemnify and hold harmless the other party, its corporate affiliates, and their officers, directors, employees, and agents from and against all obligations of any nature whatsoever (including all reasonable attorneys' and experts' fees) resulting from a party's failure to perform in accordance with any of the terms and conditions of this Agreement; provided, however, that (a) the party to be indemnified ("Indemnified Party") notifies the other party promptly of any such claim, and (b) such claim is not attributable to any negligent act or omission by the Indemnified Party, its corporate affiliates, or any of their officers, directors, employees, or agents. The other party shall afford the Indemnified Party the opportunity to defend or participate in the defense of such claim. The other party shall make no settlement of an indemnified claim specifically naming or directly affecting the Indemnified Party without the Indemnified Party's prior written approval. This Article 7 shall survive the termination of this Agreement.

ARTICLE 8. TERM AND TERMINATION OF AGREEMENT

8.1 This Agreement is effective on the date first written above and will remain in effect for one year. Either party may terminate this Agreement for breach by the other party upon providing written notice of termination. However, CCSI may terminate this Agreement at any time upon providing thirty (30) days prior written notice to Vendor.

8.2 Breach of this Agreement by either party includes, without limitation, the following circumstances: (a) failure to perform any material obligation hereunder that remains uncured after twenty (20) days prior written notice; (b) the admission in writing of the inability to pay debts generally as they become due or the taking of any corporate action tantamount to such admission; (c) ceasing to do business as a going concern; (d) making any assignment for the benefit of creditors; (e) selling all or substantially all of its stock or assets; or (f) having such stock or assets acquired by or transferred to any third party.

8.3 If bankruptcy proceedings are commenced with respect to either party ("Debtor") and if this Agreement has not otherwise terminated, then the other party may suspend all further performance of this Agreement until Debtor assumes or rejects this Agreement pursuant to Section § 365 of the Bankruptcy Code or any similar or successor provision. The other party's suspension of further performance pending Debtor's assumption or rejection will not be a breach of this Agreement and will not affect the other party's right to pursue any of its rights under this Agreement.

8.4 The rights of the parties to terminate this Agreement are not exclusive of any other rights and remedies they may have at law for damages or otherwise, except the right specifically precluded in Article 9 below.

ARTICLE 9. MISCELLANEOUS PRINTING SERVICES REQUIREMENTS

9.1 CCSI shall appoint a person as its representative ("CCSI's Representative") under this Agreement. CCSI's Representative shall represent CCSI with respect to the quality and acceptability of the Services provided by Vendor. Services not completed to CCSI's satisfaction shall be re-performed at no additional cost to CCSI and without prejudice to any remedies otherwise available to CCSI in law or in equity.

9.2 All Printing Services produced by Vendor under this Agreement shall be shipped F.O.B. destination, freight prepaid, unless otherwise requested by CCSI.

9.3 In order to better assure protection of CCSI's proprietary information, Vendor agrees that for the duration of this Agreement, including the period of notice prior to the effective date of termination, Vendor shall keep all CCSI Work and material physically separate and apart from any work being performed by Vendor for any of CCSI's competitors.

9.4 Quality control is an important part of the production of the Printing Services under this Agreement. Therefore, CCSI's Representative shall have the right to conduct quality control reviews of the Printing Services being provided by Vendor at any time during Vendor's normal business hours, without unreasonably disrupting Vendor's normal business activities, by:

(a) visiting any facility where the Printing Services are being produced;

(b) verifying Printing Services quality levels; and

(c) conducting other activities reasonably related to obtaining information for quality control review purposes.

9.5 Vendor shall cooperate fully with CCSI in any quality control review which CCSI's Representative performs, and shall provide information and explain procedures and operations to CCSI or its representative. CCSI shall distribute the results of each quality control review to Vendor. Upon receipt of such results, Vendor shall use its best efforts to immediately correct any deficiencies noted by CCSI, and shall fully correct such deficiencies within fifteen (15) days of receipt. In the alternative, Vendor shall (within five (5) days of receipt) notify CCSI that it disputes the results of CCSI's quality control review, and the parties shall make a good faith attempt to resolve the dispute. If the parties are unable to resolve the dispute, CCSI may terminate this Agreement in accordance with the provisions of Section 8.1.

9.6 Vendor shall keep abreast of major developments in the Vendor's industry and shall promptly advise CCSI of any developments which might affect the furnishing of Printing Services hereunder. If, during the term of this Agreement, Vendor's costs are changed due to using improvements such as either the adoption of new production methods, processes, techniques, or materials or the use of additional, new, or different equipment or facilities, prices to CCSI shall be changed by mutual consent of the parties to fairly reflect such change in costs. However, prices shall not be increased unless CCSI has given Vendor written approval prior to Vendor's use of the new method, process or equipment.

9.7 Title and risk of loss and damage to Printing Services purchased by CCSI under this Agreement shall vest in CCSI when the Printing Services are received, inspected and accepted by CCSI at destinations to be designated by CCSI. Prior to such vesting in CCSI, Vendor shall file any claims for such Printing Services that may be lost, damaged or otherwise, at no charge to CCSI.

9.8 Vendor shall not make public use of any CITIBANK identification. As used herein, "CITIBANK identification", means any copy or semblance of any trade name, trademark, service mark, insignia, symbol, logo, designation or other product or service identification of CITIBANK or any of its subsidiaries or other affiliates (all "CITIBANK entities"), or any evidence of inspection by or for any CITIBANK entity. Vendor shall remove or obliterate any CITIBANK identification prior to any sale, use or disposition of any items rejected or not procured by CCSI.

9.9 Upon CCSI's written request, certain CITIBANK trademarks, trade names, insignia, symbols, decorative designs, packaging designs, or evidences of CCSI's inspection (hereinafter "Marks") will be properly affixed by Vendor to the Printing Services furnished or its packaging. Such Insignia will not be affixed, used or otherwise displayed on the material furnished or in connection therewith without CCSI's written approval. The manner in which such Insignia will be affixed must be approved in writing by CCSI. CCSI shall retain all right, title and interest in any and all packaging designs, finished artwork, and separations furnished to Vendor.

9.10 Vendor shall use CITIBANK marks (hereinafter "Marks") only with Printing Services provided in accordance with this Agreement and in accordance with CCSI's present and future standards of quality. CCSI shall have the right to inspect Printing Services or its packaging as provided herein to determine compliance with said standards. Upon Vendor's failure to conform with CCSI's standards of quality, CCSI shall notify Vendor and Vendor shall promptly cease to use the Marks until the standards of quality have been met to the satisfaction of CCSI and such satisfaction is evidenced in writing by CCSI.

9.11 Vendor shall comply with conditions set forth herein and in writing from time to time by CCSI with respect to the style, appearance, and manner of use of the Marks. A notice, acceptable to CCSI, *e.g.,* a footnote identifying the Marks as a trademark of CITIBANK, shall be used on all marketing, publicity, and other written material using the Marks, to identify CITIBANK'S proprietary rights. One copy of all such proposed material which displays the Marks shall be provided to CCSI for review prior to final production of such material.

9.12 Vendor admits the validity of, the popularity of, and the goodwill associated with the Marks and agrees not to challenge the Marks in any forum. Any and all rights that may be acquired by the use of the Marks by Vendor shall inure to CCSI's sole benefit.

9.13 Vendor acknowledges that said goodwill is a property right belonging to CCSI and that CCSI is the owner of all property and other rights in the Marks. Vendor shall not use the Marks or any part thereof as part of Vendor's corporate name or use any name or trademark confusingly similar to the Marks other than as provided herein. Vendor shall not register in any country any marks resembling or confusingly similar to the Marks. CCSI makes no warranties regarding CCSI's ownership of any rights in or the validity of said Marks. Upon termination or expiration of this Agreement, Vendor's right to use the Marks shall cease to exist.

9.14 Printing Services rejected or not purchased by CCSI which utilized such Insignia shall have all such Insignia removed prior to any sale, use, or disposition thereof.

9.15 At any time during the production of the Printing Services, CCSI may condemn or reject any or all of the Printing Services if the same are not in accordance with this Agreement and shall give written notice to Vendor of such default. Vendor will thereupon have twenty-four (24) hours to respond and recommend necessary steps to move forward, and seventy-two (72) hours to remedy the default. If Vendor fails to timely remedy the default, CCSI reserves the right to produce any or all Printing Services, to provide labor, equipment and materials, and to complete or have completed by a third party any part or all of the Printing Services. The cost of completion by CCSI shall be deducted from the unpaid balance, if any, due or which may become due Vendor under this Agreement. If there is no unpaid balance or if the cost of completion by CCSI is in excess of the unpaid balance, Vendor shall reimburse CCSI for such cost, less the amount of the unpaid balance, if any.

9.16 CCSI's Representative and any other persons designated by CCSI's Representative or CCSI shall at all times during normal business hours or immediately in the event of a declared disaster situation by CCSI, have access to Vendor's production facility or to the Printing Services for purposes of inspection and general representation of CCSI interests. Vendor shall provide safe and proper facilities for such inspection and representation subject to its security procedures.

9.17 Vendor shall make every effort, in accordance with Article 4, to prevent access by third parties to Vendor's facilities which are associated with work performed under this Agreement and to prevent inspection of Services and work by third parties which sell products and services similar to CCSI. In addition, Vendor shall ensure that all delivery trucks/trailers in which materials are stored shall be locked and sealed not only when such delivery trucks/trailers contain CCSI materials, but also when they are empty.

9.18 If Vendor has knowledge that anything prevents or threatens to prevent the timely performance of the production of the Printing Services under this Agreement, Vendor shall immediately notify CCSI's Representative thereof and include all relevant information concerning the delay or potential delay.

9.19 Vendor warrants and certifies that all products, including packaging and packaging components, provided to CCSI under this Agreement have been accurately labeled, in accordance with the requirements of 40 CFR Part 82 entitled "Protection of Stratospheric Ozone, Subpart E - The Labeling of Products Using Ozone Depleting Substances." Vendor agrees to indemnify, defend and save harmless CCSI, its corporate affiliates and their officers, directors and employees from and against any losses, damages, claims, demands, suits, liabilities, fines, penalties, and expenses (including reasonable attorney's fees) that may be sustained by reason of Vendor's non-compliance with such applicable law or the terms of this warranty and certification.

9.20 Vendor warrants that all packaging materials furnished under this Agreement and all packaging associated with Printing Services furnished under this Agreement were not manufactured using and do not contain chlorofluorocarbons. "Packaging" means all bags, wrappings, boxes, cartons and any other packing materials used for packaging. Vendor shall indemnify and hold CCSI harmless for any liability, fine or penalty incurred by CCSI to any third party or governmental agency arising out of CCSI's good faith reliance upon said warranty.

9.21 Vendor warrants to CCSI that no lead, cadmium, mercury or hexavalent chromium have been intentionally added to any packaging or packaging component (as defined under applicable laws) to be provided to CCSI under this Agreement. Vendor further warrants to CCSI that the sum of the concentration levels of lead, cadmium, mercury and hexavalent chromium in the package or packaging component provided to CCSI under this Agreement does not exceed 100 parts per million. Upon request, Vendor shall provide to CCSI Certificates of Compliance certifying that the packaging and/or packaging components provided under this Agreement are in compliance with the requirements set forth above in this clause. Vendor shall indemnify and hold CCSI harmless for any liability, fine or penalty incurred by CCSI to any third party or governmental agency arising out of CCSI's good faith reliance upon said warranties or any Certificates of Compliance.

9.22 During the term of this Agreement, CCSI may require Vendor to purchase paper specified by CCSI's Representative from the CCSI designated paper Vendor ("Paper Vendor") to be used exclusively for the Services provided under this Agreement. Vendor shall pay Paper Vendor the most recent CCSI negotiated price for paper. Vendor shall bill CCSI for paper as a separate line item.

9.23 When ordering paper from Paper Vendor, Vendor shall specify the quantity in pounds, grade, sizes and sheets or rolls. Vendor's orders to Paper Vendor shall specify delivery schedules consistent with CCSI's instructions and as necessary to allow Vendor to meet the delivery schedule for Printing Services pursuant to this Agreement. Paper delivery requirements shall be included in production schedules and shall include sufficient lead-time to permit processing of orders, manufacture, and delivery of Printing Services to CCSI location. Vendor's orders shall include the following certification: *"This paper is being ordered exclusively for the printing of material furnished to CCSI and will not be used for any other purpose."*

9.24 If Paper is not delivered according to schedule, Vendor shall immediately notify CCSI's Representative. If CCSI's Paper Vendor is unable to fill Vendor's orders for paper, CCSI may substitute equivalent grades of paper.

9.25 Vendor shall examine all paper shipped by CCSI's Paper Vendor and promptly notify CCSI and Paper Vendor of any defect which makes the paper unsuitable for use. Vendor shall comply with CCSI's instructions regarding the disposition of defective paper.

9.26 Should the expiration or termination of this Agreement cause Vendor to have an excess of paper on hand, and if CCSI does not execute another agreement with Vendor under which said paper may be used, CCSI shall purchase and Vendor shall sell, at the prices originally paid by Vendor, all such paper.

9.27 In addition to the price of the paper, Vendor shall be responsible for paying federal manufacturers' or retailers' excise and state and local sales, use, or excise taxes. Title and risk of loss shall vest in Vendor at purchase.

9.28 The provisions set forth in this Article 9 shall apply regardless of who purchases the paper. If a paper problem is identified during production, Vendor shall resolve any problems with the Paper Vendor related to the replacement of paper, and/or credit from the Vendor to CCSI or Vendor. CCSI shall not be liable for additional costs incurred by Vendor due to paper problems, and Vendor's sole recourse shall be to the Paper Vendor.

9.29 Vendor shall not be charged with any liability for delay or non-delivery of Printing Services when due to sovereign acts of the United States Government, acts of God or the public enemy, compliance in good faith with any applicable governmental regulation or order (whether or not it proves to be invalid), fires, riots, labor disputes, unusually severe weather or any other cause beyond the reasonable control of Vendor. Vendor shall give CCSI reasonable written notification of any material or indefinite delay due to such causes. Vendor shall take the necessary steps to overcome any delay in delivery of Printing Services to CCSI. The delivery date shall be extended for a time equal to that of the excusable delay and this Agreement shall be deemed to have been amended to extend the term of this Agreement by the same period of time.

ARTICLE 10. <u>WAIVER OF JURY TRIAL</u>

This Agreement and the respective rights and obligations of the parties shall be governed by the laws of the state of New York. VENDOR AND CCSI HEREBY WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING OR LITIGATION BROUGHT AGAINST THE OTHER WITH RESPECT TO THIS AGREEMENT OR VENDOR'S PERFORMANCE OF SERVICES.

ARTICLE 11. <u>INDEPENDENT CONTRACTOR</u>

Vendor shall perform the Services as an independent contractor, and nothing contained in this Agreement or otherwise shall be deemed to create any employment, partnership, or joint venture between Vendor and CCSI. Vendor acknowledges that Services performed are solely within its control, and neither Vendor nor any of its employees will hold itself out as anything but an independent contractor to CCSI.

ARTICLE 12. <u>NOTICES</u>

Any notice or communication required under this Agreement will be effective when received and sufficient if given in writing and delivered by certified mail, registered mail, or by an overnight delivery service of general commercial use (such as UPS, Federal Express, or Airborne) addressed as follows:

To CCSI: Citicorp Credit Services, Inc.
One Court Square
17th Floor
Long Island City, New York 11120
Attention: Mohanarajah Nallarajah

To Vendor: Primerica Financial Services
1320 Progress Industrial Blvd. Ste 100
Lawrenceville, VA 30043
Attention: Brent Slayton

ARTICLE 13. <u>ENTIRE AGREEMENT; AMENDMENT; ASSIGNMENT</u>

13.1 This Agreement, together with any attached Exhibits, shall constitute the entire Agreement between CCSI and Vendor with respect to Services and shall supersede all prior agreements respecting those Services.

13.2 This Agreement is and shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors, and permitted assigns and may not be changed or modified except in a writing signed by both parties.

13.3 This Agreement and its obligations may not be assigned by either party except upon written consent of the other party. However, CCSI may assign any of its rights or obligations under this Agreement to a corporate affiliate with the necessary resources to perform this Agreement upon providing written notice to Vendor.

ARTICLE 14. <u>WAIVER; SEVERABILITY; SURVIVABILITY</u>

14.1 A failure or delay of either party to enforce any of the provisions of this Agreement may in no way be construed to be a waiver of such provision.

14.2 Any provision of this Agreement that is invalid, illegal, or unenforceable for any reason shall be ineffective only to the extent of such invalidity, illegality, or unenforceability, without affecting in any way the remaining provisions or rendering any other provision of this Agreement invalid, illegal, or unenforceable.

14.2.1 The rights and obligations of the parties under this Agreement that by their nature continue beyond the expiration of this Agreement, including but not limited to Section 2.6 and Articles 4 and 7 shall survive any termination or expiration of this Agreement.

ARTICLE 15. **PERSONAL DEALING AND NON-SUBORNATION**

Vendor warrants that no officer, director, employee of CCSI, or any of their immediate family members, (i) has received or will receive anything of value of any kind from Vendor or its personnel in connection with this Agreement, or (ii) has a business relationship of any kind with Vendor or its personnel. Vendor further warrants that Vendor has not and will not make (or offer to make) any payments to, or confer (or offer to confer) any benefit upon, any employee, agent or fiduciary of any third party, with the intent to influence the conduct of such employee, agent or fiduciary in any manner relating to the subject of this Agreement. In addition, Vendor warrants that no officer, director, employee of Vendor and no family members of any of them has received and will not accept anything of value of any kind from any subcontractor or other third party relating to the subject of this Agreement and has not and will not be influenced by any subcontractor’s or other third party’s offer to make payment to, or to confer any benefit upon, Vendor or any officer, director, employee of Vendor or any of their family members with the intent to influence the conduct of Vendor in any manner relating to the subject of this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be signed as of the date first written above.

CITICORP CREDIT SERVICES, INC.

By: /s/ Milind Kothare
Name: Milind Kothare, SVP
Title: Citicorp Credit Services, Inc.
Expense Mgmt./Citi Cards Finance
GEID #0000821845
1 Court Sq./34th FL./Zn. 2
Long Island City, NY 11120
(718) 248-7177
Date: 3/30/2004

PRIMERICA LIFE INSURANCE COMPANY

By: /s/ Brent A. Slayton
Name: Brent A. Slayton
Title: Senior Vice President
Date: 3/22/04

/OGC

Agreement No.

Exhibit 1
Scope of Work and Compensation

This is Exhibit 1 to the Master Vendor Printing Services Agreement effective as of April 1st, 2004 (the "Agreement") between Citicorp Credit Services, Inc. ("CCSI") and Primerica Life Insurance Company ("Vendor"). The terms and conditions of the Agreement are incorporated herein.

I. Services:

Vendor shall provide printing services (the "Services") as requested by CCSI's Representative. CCSI's Representative will initiate written orders with Vendor and will provide approved artwork to Vendor via an approved format (e.g., disk from Advertising Agency). All logos and brand specifications will be provided and approved in writing by CCSI. Vendor shall produce and submit a final proof to the CCSI Representative and shall obtain CCSI's written approval prior to Vendor production. Vendor shall provide daily/weekly updates to CCSI's Representative regarding the production status of the printed materials.

II. Specifications:

CCSI shall provide written specifications to Vendor on an order-by-order or program-by-program basis.

III. Timetable:

Vendor shall perform Services for CCSI as requested during the term of the Agreement. Vendor shall be awarded work based on estimated costs and the ability to meet CCSI's delivery requirements.

IV. Pricing:

Vendor shall quote the estimated price and delivery schedule on an order-by-order or program-by-program basis. Such quotes must be approved in writing by CCSI prior to Vendor's commencement of work on the respective order.

Exhibit 10.31

INTERAFFILIATE SERVICES AGREEMENT

This Agreement, dated as of January 21, 2005 by and between Primerica Life Insurance Company ("Vendor"), a corporation with offices at 3141 Oakcliff Industrial Street, Doraville, GA 30340, and Citibank, FSB ("Customer"), a corporation having its principal place of business at 1000 Technology Drive, O'Fallon, MO 63304.

1. SCOPE OF SERVICES

Vendor shall perform the Services described below in Exhibit A, as an independent contractor on a non-exclusive basis and nothing contained herein shall be deemed to create any partnership, joint venture, or relationship of principal and agent between the parties hereto or any of their affiliates or subsidiaries, or to provide either party with any right, power, or authority, whether express or implied, to create any such duty or obligation on behalf of the other party.

2. COMPENSATION FOR SERVICES

As compensation for Services, the Customer shall pay to the Vendor: As agreed to on a project basis described in Exhibit A. The parties agree that in determining the cost of the Services provided by Vendor to Customer, the compensation methodologies shall be (i) based upon fair market value of the Services provided; and (ii) applied in a fair and reasonable manner and in accordance with both generally accepted accounting principles and customary accounting practices consistently applied.

3. COMPLIANCE WITH LAWS

Each party hereto agrees that it shall comply with all applicable federal, state, and local laws, ordinances, regulations and codes in performing its obligations hereunder, including the procurement of licenses, permits and certificates where required. If at any time during the term of this Agreement, a party is informed or information comes to its attention that it is or may be in violation of any law, ordinance, regulation, or code (or if it is so decreed or adjudged by any court, tribunal or other authority), that party shall immediately take all appropriate steps to remedy such violation and comply with such law, regulation, ordinance or code in all respects. Further, each party shall establish and maintain all proper records (particularly, but without limitation, accounting records) required by any law, code of practice or corporate policy applicable to it from time to time.

4. INDEMNIFICATION

Each party to this Agreement shall indemnify and hold harmless the other party and its directors, officers, employees, and agents from and against any action or threatened action, suit, or proceeding arising out of or as a result of the indemnifying party's performance under this Agreement and against any and all claims, expenses, losses, or damages (including reasonable attorney's fees) that result from the alleged acts or omissions of the indemnifying party, provided, however that in no event shall a party to this Agreement be obligated for any claims, expenses, losses, or damages resulting from the negligent or willful acts or omissions of the other party, its agents, employees or subcontractors. A party seeking indemnification under this Agreement shall (i) give prompt written notice to the indemnifying party as to the existence of the indemnifiable event; (ii) provide such information, cooperation, and assistance as may reasonably be necessary for the defense of such action or claim; and (iii) grant full authority to the indemnifying party to defend or settle such action or claim. A party seeking indemnification shall not compromise or settle any action or claim without the consent of the indemnifying party.

5. CONFIDENTIALITY AND NON-DISCLOSURE

The Customer and the Vendor agree that all information provided pursuant to this Agreement by each party to the other party is confidential and proprietary to the party providing the information and no party shall use any information provided by the other party for any purpose other than as permitted or required for performance under this Agreement. Each party agrees not to disclose or provide any information provided by the other party to any third party (with the exception of (i) any affiliate or subsidiary, which is bound to retain the confidentiality of the information; (ii) employees who have a need-to-know in the course of performing services pursuant to this Agreement, provided that such employees are bound to retain the confidentiality of the information; (iii) third party vendors as necessary for the Vendor to provide Services to the Customer under this Agreement; and (iv) the Customer's disclosure of data to its external auditors) without the express written consent of the other party, and each party agrees to take all reasonable measures, including, without limitation, measures taken by each party to safeguard its own confidential information to prevent any such disclosure by employees, agents, or contractors. Nothing provided herein shall prevent any party from disclosing information that (i) is or hereafter becomes part of the public domain through no fault of that party; (ii) is received from or furnished to a third party without similar restriction of the third party's rights; (iii) is independently developed by it; (iv) is disclosed pursuant to requirements of law; or (v) is already known to it. If either party hires another person to assist it in the performance of this Agreement, or assigns any portion of its rights or delegates any portion of its responsibilities or obligations under this Agreement to another person, the assigning or delegating party shall cause its assignee or delegate to be bound to retain the confidentiality of the information.

6. ASSIGNMENTS

Neither party may assign any of its rights, obligations and responsibilities under this Agreement without the prior written consent of the other party, except that either party may assign such obligations and responsibilities at any time to any of its subsidiaries or affiliates having reasonably adequate resources to perform the obligation under this Agreement. All terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their successors and authorized assigns.

7. CORPORATE AUTHORITY/FURTHER ASSURANCES

Each party represents that it has taken all necessary corporate action to authorize the execution and consummation of this Agreement and will furnish the other party with satisfactory evidence of same upon request. Each party agrees to negotiate in good faith the execution of such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the effective execution of the transactions contemplated hereby, and will continue to do so during the term of this Agreement.

8. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri as if the Agreement were made in Missouri for performance entirely within the State of Missouri.

9. THIRD PARTY

Nothing contained in this Agreement, either express or implied, is intended or shall be construed to confer upon or give any person or entity, other than the parties hereto or their successors and assigns, any rights or remedies under or by reason of this Agreement.

10. COMPLETE AGREEMENT

This Agreement is the sole agreement between the parties with respect to the subject matter of the Services, and supersedes all prior oral or written agreement for the Services. This Agreement may not be altered, amended or modified except in a writing incorporated hereto, and signed by the parties. A waiver of any portion of this Agreement shall not be deemed a waiver or renunciation of other portions. There are no other agreements, either express or implied, with regard to the subject matter.

11. TERMINATION

This Agreement may be terminated by either party on ten (10) days written notice.

12. SUBCONTRACTORS.

The Vendor may retain a subcontractor or subcontractors after approval by the Customer to perform any number of Services on behalf of the Customer; provided that the Vendor shall ensure that each subcontractor shall be subject to and comply with the terms and conditions of this Agreement.

12. REGULATORY.

Service Provider agrees that the Client's applicable regulators shall have the right to examine the servicing relationship between Service Provider and Client pursuant to this Agreement, along with Service Provider's records of the Services.

13. AUDIT.

Each Party shall give to the other Party and its counsel, accountants and other representatives reasonable on-site access, during normal business hours, to all of that Party's files, books and records reasonably and materially related to this Agreement and the Services provided hereunder. Client shall have the right, during normal business hours, to inspect Service Provider's books and records in order to verify the amount and calculation of fees pursuant to this Agreement and the Services of Service Provider. Service Provider shall keep adequate records of its Services hereunder. Each Party shall pay its own respective costs and expenses in connection with this provision.

14. SEVERABLITY.

If any provision of this Agreement is deemed to be illegal, invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected, and this Agreement shall continue in full force and effect.

Agreed,

Primerica Life Insurance Company

By: /s/ Brent Slayton
Name: Brent Slayton
Title: Senior Vice President

Citibank, FSB

By: /s/ Eileen Derks
Name: Eileen Derks
Title: Vice President

/OGC

EXHIBIT A
SERVICES TO BE PROVIDED

Performance Standards:

Citibank, FSB will use Primerica Life Insurance Company as its vendor for managing letter shop production, printing, mailing and other marketing projects associated with direct mail marketing based upon specifications provided to PFS. Final approval for each project will be provided by Citibank, FSB.

Primerica will subcontract certain letter shop and mailing functions to its vendor:

Mail Sort Inc.
1580 Boggs Road, Ste 100
Duluth, GA 30096-4679

Documentation Standards:

As agreed to by both parties for each project.

Term of Agreement:

Continuous until terminated pursuant to section 11 of Agreement.

Services Fees:

As agreed to on a project basis.

Exhibit 10.32

VENDOR SERVICES AGREEMENT

This Agreement is effective as of _ 2 / 11, 1999, between Citibank, Consumer Finance having a place of business at 750, Washington Boulevard, Stamford, CT 06901 (“CCF”) and Primerica Life Insurance Company, having a place of business at 3141 Oakcliff Industrial Estate, Doraville, GA 30340 (“Vendor”). It sets forth the terms and conditions governing the services that Vendor shall provide to CCSI.

ARTICLE 1. VENDOR RESPONSIBILITIES

1.1 Vendor shall provide to CCF the services described in the attached Exhibit 1 (“Services”) pursuant to the provisions of this Agreement. Performance and documentation standards, term of Agreement, timetables, and Service fees (with applicable taxes separately itemized) are set forth in Exhibit 1. If additional services are to be covered by this Agreement, Vendor and CCF shall prepare additional sequentially numbered Exhibits signed by both parties.

1.2 Vendor agrees that any work product it produces pursuant to this Agreement, or any pre-existing work product that it modifies in the course of providing Services, will be considered “work for hire” and the property of CCF, unless otherwise agreed to in writing. If and to the extent that the work product is not a “work made for hire,” Vendor hereby assigns all rights, title and interest in the work product, including but not limited to the copyright, to CCF. Vendor shall not use such work for hire for the benefit of any party other than CCF or its affiliates. Any work product that Vendor produced prior to this Agreement’s effective date and did not modify for purposes of providing Services will not be subject to the provisions of this section.

1.3 Vendor may not assign any part of the Services without CCF’s prior written approval. Notwithstanding such approval, Vendor shall remain responsible for all obligations under this Agreement and for the acts or omissions of its agents or subcontractors.

1.4 To the extent Vendor performs Services on the premises of CCF or its corporate affiliates, Vendor shall observe the working hours and policies, security measures and holiday schedules of CCF.

1.5 Unless CCF has given its prior written consent, Vendor shall not perform any services for any party (other than CCF or its corporate affiliates) that directly or through a corporate affiliate issues or markets personal loans or lines of credit

1.6 While this Agreement is in effect and for a period of six (6) months after the termination of this Agreement, Vendor shall not hire or solicit the employment of any person whom CCF employed during the period of this Agreement or the six-month period preceding this Agreement’s effective date. The obligations of this Article 1.6 shall survive the termination of this Agreement.

1.7 Vendor shall: (a) comply with all applicable laws, including all Fair Lending laws and regulations, while performing Services; (b) obtain all necessary consents and authorizations prior to providing Services; (c) ensure that none of the Services will infringe on the proprietary or ownership rights of any party; (d) calculate, report, and remit all sales, use, excise, or similar taxes related to its performance of Services; (e) be solely liable for any taxes, penalties, or interest which may be imposed due to Vendor’s failure to timely file returns or deposit appropriate taxes of any nature whatsoever; and (f) ensure that none of the Services, and none of the names, marks, or graphics used in connection with the Services or any work product created by Vendor pursuant to this Agreement, infringe on the proprietary, ownership or intellectual property rights including, but not limited to, the trademark, copyright and patent rights, of any party.

ARTICLE 2. CCF RESPONSIBILITIES

2.1 In consideration of the Services to be performed, CCF shall pay Vendor the fees set forth in Exhibit 1. And in accordance with the provisions of this Agreement. CCF shall reimburse Vendor for reasonable and necessary out-of-pocket expenses that Vendor incurs while performing Services. Vendor shall obtain CCF’s approval in writing prior to incurring such additional expenses.

2.2 From time to time, CCI shall instruct Vendor how to submit itemized invoices or other expense documentation. With notice to Vendor, CCF may withhold payments for unsatisfactory performance or for questionable expenses. Pending resolution of any disputed amount, such non-payment will not constitute CCF's breach of this Agreement. CCF shall reimburse authorized expenses submitted up to thirty (30) days after the termination of this Agreement. Upon termination of this Agreement, CCF shall pay Vendor for any sums owed for Services that Vendor performed prior to the termination date if such sums are not in dispute.

2.3 CCF shall: (a) comply with all applicable laws while performing its responsibilities; and (b) obtain all necessary consents and authorizations prior to performing its responsibilities.

ARTICLE 3. CONFIDENTIALITY

3.1 In performing Services, Vendor will have access to information that is confidential and proprietary to CCF ("Information"). Information may include, without limitation: (a) names, addresses, and demographic, behavioral, and credit information relating to Citibank customers or potential Citibank customers; and (b) marketing strategies, targeting methods, and other CCF business objectives. Vendor shall use Information only for the purpose of providing Services and shall not accumulate in any way or make use of Information for any other purpose. Vendor shall ensure that only its employees, authorized agents, or subcontractors who need to know Information to perform Services will receive Information and that such persons agree to be bound by the provisions of this Article 3. Without CCF's prior written consent, Vendor may not disclose Information to any unauthorized party. Vendor shall treat Information with at least the same degree of care that it treats its own confidential information and shall exercise reasonable precautions to prevent disclosure of Information to unauthorized parties. Vendor shall notify CCF immediately of any loss or unauthorized disclosure or use of Information that comes to Vendor's attention.

3.2 The obligations with respect to Information shall not apply to Information that: (a) Vendor already knew; (b) Vendor received from a third party that had the right to make such disclosure; (c) CCF specifically authorizes Vendor to disclose; (d) Vendor developed independently; (e) becomes part of the public domain through no fault of Vendor; or (f) Vendor was ordered to disclose by a court or agency with appropriate jurisdiction.

3.3 Vendor agrees that any unauthorized use or disclosure of Information may cause immediate and irreparable harm to CCF for which money damages may not constitute an adequate remedy. In that event, Vendor agrees that injunctive relief may be appropriate.

3.4 Upon CCF's demand, or upon the termination of this Agreement, Vendor shall comply with CCF's instructions regarding the disposition of Information in Vendor's possession or control.

3.5 Unless necessary for the performance of Services, Vendor shall not use CCF's name or the name of a CCF affiliate in any sales publication or advertisement or make any public statement relating to CCF or its affiliates without obtaining CCF's prior written consent.

3.6 The obligations of this Article 3 shall survive the termination of this Agreement.

ARTICLE 4. YEAR 2000 COMPLIANCE CERTIFICATION AND WARRANTY

4.1 Any software products that Vendor utilizes in providing Services to CCF hereunder shall comply in all respects with the CCF standards described herein for the Year 2000. Such software products shall be Year 2000 compliant if they perform the following: (a) the management and manipulation of all time-related data (including, without limitation, dates, duration, days of the week, and single-century, multi-century, and Leap Year formulas) without causing an abnormally ending scenario within any application and without generating incorrect values involving such time-related data; and (b) the inclusion of a reference to the century, in accordance with ISO Standard 8601, in all date-related interface functionalities and fields. Vendor shall provide CCF with periodic updates of its Year 2000 compliance performance, and if Vendor does not provide such updates, CCF may terminate this Agreement.

4.2 Vendor shall cooperate with CCF to evaluate whether CCF's internal operations utilized in connection with the provision of the Services hereunder are compatible and will function effectively with Vendor's Year 2000 compliant version of any software products needed to perform the Services. Vendor shall identify any modifications to CCFs internal operations which will be required in order to facilitate the compatibility and efficient functioning of CCF's internal operations with Vendor's Year 2000 compliant software. Vendor agrees to facilitate any interface testing recommended or required by CCF to ensure efficient operational functionality.

4.3 Vendor acknowledges that CCF may require independent verification that Vendor's software products used in connection with providing the Services comply with CCF's Year 2000 standards. Vendor agrees that third parties retained by CCF may access, copy, and use software products related to the Services solely for the purposes of evaluating and certifying such compliance.

4.4. Vendor represents and warrants that it will be capable of performing all Services specified in this Agreement, both prior to and following January 1, 2000, with no disruption or inclusion of incorrect date data in the Services. In the event that Services contain incorrect date data, CCF may terminate this Agreement or request that Vendor correct the services and the internal systems which caused such errors within 30 days. In addition, Vendor shall indemnify and hold CCF harmless from and against any cost, loss, damage or expense (including reasonable attorney's fees) incurred by CCF as a result of a breach of any of the foregoing warranties.

5. AUDITS

5.1 In order to verify Vendor's compliance with this Agreement, CCF shall have the right to conduct quarterly reviews of Vendor's performance hereunder ("Audit"). CCF shall give Vendor reasonable advance notice of any Audit, and the parties shall schedule a mutually convenient time for any Audit. Notwithstanding the above, CCF may conduct an Audit on twenty-four (24) hours' prior written or telephonic notice to Vendor if CCF reasonably believes that Information has been or is about to be disclosed in an unauthorized manner.

5.2 An Audit may include, without limitation, inspection and review of all aspects of Vendor's business practices related to Vendor's performance of Services. Vendor shall cooperate fully with CCF in any Audit and shall give CCF and its auditors access to its premises for conducting an Audit. Any authorized representative of CCF may conduct an Audit.

53 If an Audit leads CCF to conclude that Vendor breached the provisions of this Agreement or that any of Vendor's business practices related to its performance of Services present a risk of unauthorized disclosure of Information, Vendor shall use its best efforts to change such business practices as soon as possible to the reasonable satisfaction of CCF.

ARTICLE 6. INSURANCE

While this Agreement is in effect, Vendor shall obtain and maintain all insurance coverages required by federal or state law, including, without limitation, workers' compensation and disability insurance. Vendor shall also maintain the following minimum insurance coverages: (a) comprehensive general liability Insurance for bodily injury, death, and property damage with a per occurrence limit of at least $2,000,000.00, with such policy to include broad form contractual liability, advertisers liability, and personal injury coverage; (b) worker's compensation and employer's liability coverage of at least $500,000.00; and (c) fidelity bond coverage of at least $1,000,000.00. At CCF's request, Vendor shall promptly provide to CCF certificates from its insurers indicating the amount of insurance coverage, nature of such coverage, and expiration date of each applicable policy.

ARTICLE 7. INDEMNIFICATION

Each party shall indemnify and hold harmless the other party, its corporate affiliates, and their officers, directors, employees, and agents from and against all obligations of any nature whatsoever (including all reasonable attorneys' and experts' fees) resulting from a party's failure to perform in accordance with any of the terms and conditions of this Agreement; provided, however, that (a) the party to be indemnified ("Indemnified Party") notifies the other party promptly of any such claim, and (b) such claim is not attributable to any negligent act or omission by the Indemnified Party, its corporate affiliates, or any of their officers, directors, employees, or agents. The other party shall afford the Indemnified Party the opportunity to defend or participate in the defense of such claim. The other party shall make no settlement of an indemnified claim specifically naming or directly affecting the Indemnified Party without the Indemnified Party's prior written approval. This Article 7 shall survive the termination of this Agreement.

ARTICLE 8. TERM AND TERMINATION OF AGREEMENT

8.1 This Agreement is effective on the date first written above and will remain in effect through the time period specified in Exhibit 1. Either party may terminate this Agreement for breach by the other party upon providing written notice of termination. However, CCF may terminate this Agreement at any time upon providing thirty (30) days' prior written notice to Vendor.

8.2 Breach of this Agreement by either party includes, without limitation, the following circumstances: (a) failure to perform any material obligation hereunder that remains uncured after twenty (20) days' prior written notice; (b) the admission in writing of the inability to pay debts generally as they become due or the taking of any corporate action tantamount to such admission; (c) ceasing to do business as a going concern; (d) making any assignment for the benefit of creditors; (e) selling all or substantially all of its stock or assets; or (f) having such stock or assets acquired by or transferred to any third party.

8.3 If bankruptcy proceedings are commenced with respect to either party ("Debtor") and if this Agreement has not otherwise terminated, then the other party may suspend all further performance of this Agreement until Debtor assumes or rejects this Agreement pursuant to Section § 365 of the Bankruptcy Code or any similar or successor provision. The other party's suspension of further performance pending Debtor's assumption or rejection will not be a breach of this Agreement and will not affect the other party's right to pursue any of its rights under this Agreement.

8.4. The rights of the parties to terminate this Agreement are not exclusive of any other rights and remedies they may have at law for damages or otherwise, except the right specifically precluded in Article 9 below.

ARTICLE 9. JURISDICTION AND WAIVER OF JURY TRIAL

This Agreement and the respective rights and obligations of the parties shall be governed by the laws of the state of New York. VENDOR AND CCSI HEREBY WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING OR LITIGATION BROUGHT AGAINST THE OTHER WITH RESPECT TO THIS AGREEMENT OR VENDOR'S PERFORMANCE OF SERVICES.

ARTICLE 10. INDEPENDENT CONTRACTOR

Vendor shall perform the Services as an independent contractor, and nothing contained in this Agreement or otherwise shall be deemed to create any employment, partnership, or joint venture between Vendor and CCF. Vendor acknowledges that Services performed are solely within its control, and neither Vendor nor any of its employees will hold itself out as anything but an independent contractor to CCF.

ARTICLE 11. NOTICES

Any notice or communication required under this Agreement will be effective when received and sufficient if given in writing and delivered by certified mail, registered mail, or by an overnight delivery service of general commercial use (such as UPS, Federal Express, or Airborne) addressed as follows:

To CCF:	Citibank Consumer Finance 750 Washington Boulevard, 9th Floor Stamford, CT 06901 Attention: Rajive Chadha, Vice President
To Vendor:	Primerica Financial Services 3141 Oakcliff Industrial Estate Doraville GA 30340 Attention: Mitch Slayton

ARTICLE 12. ENTIRE AGREEMENT; AMENDMENT; ASSIGNMENT

12.1 This Agreement, together with any attached Exhibits, shall constitute the entire Agreement between CCF and Vendor with respect to Services and shall supersede all prior agreements respecting those Services.

12.2 This Agreement is and shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors, and permitted assigns and may not be changed or modified except in a writing signed by both parties.

12.3 This Agreement and its obligations may not be assigned by either party except upon written consent of the other party. However, CCF may assign any of its rights or obligations under this Agreement to a corporate affiliate with the necessary resources to perform this Agreement upon providing written notice to Vendor.

ARTICLE 13. WAIVER; SEVERABILITY

13.1 A failure or delay of either party to enforce any of the provisions of this Agreement may in no way be construed to be a waiver of such provision.

13.2 Any provision of this Agreement that is invalid, illegal, or unenforceable for any reason shall be ineffective only to the extent of such invalidity, illegality, or unenforceability, without affecting in any way the remaining provisions or rendering any other provision of this Agreement invalid, illegal, or unenforceable.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be signed as of the date first written above.

CITIBANK, Consumer Finance		**PRIMERICA LIFE INSURANCE COMPANY**	
By:		By:	/s/ Mitch Slayton
Name:		Name:	Mitch Slayton
Title:		Title:	E.V.P.
Date:		Date:	5/13/99

Exhibit 10.33

INTRA-CITI SERVICE AGREEMENT ("ICSA")

This ICSA is entered into as of the date hereof, by and between the Service Provider and the Customer designated herein (collectively, the "Parties"). The Parties acknowledge they are entering into this ICSA pursuant to the provisions of the General Terms and Conditions for Intra-Citi Services Agreements (Effective Date: September 1, 2007) (the "GTC"). The Parties further acknowledge and agree that the provisions of the GTC and the provisions of each Country Addendum ("CA") and Performance Level Standards Document ("PLSD") that is applicable to the Services contemplated by this ICSA are hereby incorporated by reference and shall apply to this ICSA as though such provisions were set forth herein in their entirety.

SECTION I. AGREEMENT OVERVIEW

1. ICSA# / Identifier	109	
2. ICSA Service Description: (skip to SECTION II if CGICS box checked at right)	Check Box CGICS / NON CGICS (Check One only) ☐ CGICS ☑ Non CGICS	Note: A check mark in the CGICS box at left, evidences that the Parties have agreed that the product and service description and pricing posted on the CGICS intranet site (as amended from time-to-time to reflect Services performed on or after the Effective Date) is incorporated into this ICSA.
3. Detailed Services Description: (Required if non CGICS box checked in Item 2.)	Service Provider will provide printing, creative and distribution services as requested from time to time by Customer. Customer will initate written orders with Service Provider to include product and service specifications and pricing. Customer will approve all work through an agreed-upon review process prior to final production.	

SECTION II. CONTACT NAMES
(i.e., CFO, Director of Finance, Treasurer, etc)

1a. Customer Contact Name	Dan Waszelewski	**1b. Service Provider Contact Name**	Brian McDaniel

SECTION III. PARTIES INVOLVED
(See Legal Vehicle Organization Structure (LVOS) for Legal Vehicle listing)
http://www.citigroup.net/citigroupbusinessservices/citifinance/lvos/

1a. Customer Legal Vehicle Name	Citi Retail Services Division of Citicorp Trust Bank, fsb	**1b. Service Provider Legal Vehicle Name**	Primerica Life Insurance Company
2a. Customer Legal Entity Location (Country) (If Legal Vehicle in 1.a. has foreign branches, insert Country of consumption of the Services)	United States	**2b. Service Provider Legal Entity Location (Country)** (If Legal Vehicle in 1.b. has foreign branches, insert Country in which Services rendered)	United States
3a. Customer FRS BU # (s) (Includes, but is not limited to, the FRS BU# (s) identified here)	18595	**3b. Service Provider FRS BU # (s)** (Includes, but is not limited to, the Legal Vehicle FRS BU#(s) identified here)	19510

SECTION IV. PRICING
(Skip to SECTION V if CGICS box checked in Item 2 of SECTION I.)

1. Arm's Length Pricing Method Selected (select from dropdown menu)	**Cost Plus Mark-up**	**If "Other", please describe**
2. Unit of Measure/Volume (if applicable)	To be provided in applicable work order	

3. Unit Cost (if applicable) To be provided in applicable work order

SECTION V. PAYMENT

1. Timing (frequency of cash settlement) Monthly, unless otherwise provided in the applicable work order

2. Currency (select from dropdown menu) USD United States Dollars

3. Payment Booking Details (Customer)

Select Payment Type
(Choose either Cost Center with Corp Code or DDA/Staar# with Staar Contact)

	Cost Center with Corp Code	DDA/Staar# with Staar Contact	Business Unit# (BU)	FRS G/L Account #	ICE Code
Reference	Wire Transfer		18595		

4. Payment Booking Details (Service Provider)

Select Payment Type
(Choose either Cost Center with Corp Code or DDA/Staar# with Staar Contact)

	Cost Center with Corp Code	DDA/Staar# with Staar Contact	Business Unit# (BU)	FRS G/L Account #	ICE Code
Reference			19510	ISO 1826000	91

SECTION VI. OTHER PROVISIONS

1. Amendments to GTC, CAs, and PLSDs. The Parties acknowledge that the GTC and applicable CAs and PLSDs may be amended/updated from time-to-time and understand that any amended GTC, CA, or PLSD will be identified and posted to the CGICS Intranet Site. The Parties agree to be bound by any amended GTC, CA or PLSD.

2. Except to the extent prohibited by a CA applicable to this ICSA, the Services covered hereunder may be subcontracted or outsourced to another Citi affiliate and any such Citi affiliate shall be subject by the terms of any CA that applies to these Services.

3. Other (insert text in box)

SECTION VII. APPROVAL

IN WITNESS WHEREOF, the Parties hereto, through their duly authorized officers, have executed this ICSA.

	Customer	Service Provider
Signature:	/s/ George D Waszelewski	/s/ Brent A. Slayton
Print Name:	George D Waszelewski	Brent A. Slayton
Title:	AVP	SVP
Date:	2-25-2009	2/26/2009
Effective Date:		

Exhibit 10.34

MASTER
PURCHASE AGREEMENT

Commencement Date: 7/1/05

Party:	VENDOR	CUSTOMER
Name:	Primerica Life Insurance Company	Citicorp North America, Inc.
Address:	1320 Progress Industrial Blvd. Lawrenceville, GA 30043	399 Park Avenue New York, New York 10043
State of Incorporation:	Massachusetts	Delaware

IN CONSIDERATION of the mutual covenants and undertakings contained herein, and intending to be legally bound, Vendor and Customer (as designated above) agree as follows.

1. DEFINITIONS

1.1 Specific Words or Phrases. For purposes of this Agreement, each word or phrase listed below shall have the meaning designated. Other words or phrases used in this Agreement may be defined in the context in which they are used, and shall have the respective meaning there designated.

"Affiliate" means and includes any entity that directly or indirectly controls, is controlled by, or is under common control with Customer, where "control" means the ownership of, or the power to vote, at least twenty percent (20%) of the voting stock, shares or interests of such entity. An entity that otherwise qualifies under this definition will be included within the meaning of "Affiliate" even though it qualifies after the execution of this Agreement.

"Agreement" means the terms of this Master Purchase Agreement (sometimes referred to herein as "Master Agreement"), together with the appendices and other exhibits attached hereto or incorporated herein by reference; provided, however, that for each particular Purchase Order, reference to "Agreement" shall be construed solely as a reference to the agreement that arises as a result of the execution of the Purchase Order, which agreement shall be a two party agreement between Vendor and the specific entity (either the entity designated above as "Customer" or an Affiliate) that executes the Purchase Order.

"Customer" means, for the general purposes of the Master Agreement, the entity designated above as "Customer". However, for the particular purposes of any agreement that arises as a result of a Purchase Order, reference to "Customer" shall be construed solely as a reference to the specific entity (either the entity designated above as "Customer" or an Affiliate) that executes the Purchase Order.

"Defect" means a defect or nonconformity in a Product that prevents the Product from conforming with the applicable Specifications.

"Intellectual Property Rights" means all patents and patent applications, trade marks (whether registered or unregistered and including any goodwill acquired in such trade marks), service marks, trade names, business names, copyrights, moral rights, design rights, rights in know-how, rights in confidential information, rights in inventions (whether patentable or not) and all other intellectual property and proprietary rights (whether registered or unregistered, and any application for the foregoing), and all other equivalent or similar rights which may subsist anywhere in the world.

"Party" means either the "Vendor" or "Customer", individually as the context so requires; and **"Parties"** means the "Vendor" and "Customer", collectively.

"Personnel" means and includes a Party's or an Affiliate's directors, officers, employees, agents, auditors, consultants and subcontractors.

"Products" means and includes the products made available to Customer and the Affiliates by Vendor under this Master Agreement.

"Purchase Order" means a transactional document (which may be entitled "Purchase Order" or "Schedule" and in all such cases is intended to be considered a "Purchase Order" for all purposes under this Agreement) that is submitted pursuant to this Master Agreement by either the entity designated above as "Customer" or any Affiliate, and describes the Products to be provided by Vendor to such Customer / Affiliate.

"Specifications" means and includes the specifications specified in Appendix B- Specifications to this Agreement as well as any additional specifications that are set forth on the applicable Purchase Order for the Products and any additional design characteristics.

1.2 **Common Words.** The following words shall be interpreted as designated: (i) "or" connotes any combination of all or any of the items listed; (ii) where "including" is used to refer to an example or begins a list of items, such example or items shall not be exclusive; and, (iii) "specified" requires that an express statement is contained in the relevant document.

2. TERM AND TERMINATION

2.1 **Term.** This Master Agreement shall commence as of the Commencement Date designated above, and shall continue in effect for a period of three (3) years from such date through (the "Term") unless earlier terminated or extended by mutual agreement of the Parties. Customer shall have the option to renew this Master Agreement after expiration of the Term for either one or two successive one (1) year periods beginning on the calendar day immediately following the date on which the Term expires. Three (3) months before the expiration of the Term, Customer shall notify Vendor in accordance with the notice requirements set forth in **Section 15** hereof of its intent to renew. Each Purchase Order shall only become effective when duly signed on behalf of the Parties to be bound thereby, and shall continue in effect thereafter through the date of termination specified by either Party in accordance with the provisions hereof. For the avoidance of doubt, the termination of the Master Agreement shall not result in the termination of any Purchase Order, each Purchase Order being terminable only in accordance with its own provisions.

2.2 **Termination for Cause.** If either Party breaches a material obligation under a Purchase Order and fails to cure such breach within thirty (30) days from the date it receives from the non-breaching Party a notice of the breach and a demand for cure, then the non-breaching Party may thereafter terminate the applicable Purchase Order immediately on notice. Notice of termination for any Purchase Order shall not be construed to be notice of termination for any other Purchase Order.

3. PROVISION OF PRODUCTS

3.1 **Obligation to Sell.** This Master Agreement does not by itself commit Customer or any Affiliates to purchase any products or services. Rather, this Master Agreement merely sets forth the terms and conditions that will govern the sale of Vendor's Products to Customer or an Affiliate as a result of the submission of a Purchase Order by Vendor and Customer or an Affiliate.

3.2 **Purchase Order.** Purchase Order may be submitted to Vendor under this Master Agreement by either the entity designated above as "Customer" or any Affiliate. The entity that submits a Purchase Order to Vendor shall be considered the "Customer" for all purposes of the Purchase Order; and the Purchase Order shall be considered a two party agreement between Vendor and such entity. Each Purchase Order shall be substantially in the form of **Appendix A,** shall incorporate by reference the provisions of this Master Agreement as though such provisions were set forth therein in their entirety, and shall set forth: (i) a description of the Products (or other materials) to be purchased, (ii) the delivery site, (iii) the scheduled delivery date, (iv) the purchase price and any applicable fees or charges, (v) the applicable discount, and, (vi) such additional terms and conditions as may be mutually agreed upon by Vendor and the respective Customer.

3.3 **Changes to Purchase Order.** Customer may, at its option, change the delivery location or the delivery date for any Product listed on a Purchase Order, or otherwise add or delete Products to or from a Purchase Order, by serving Vendor with notice of the change or delay at least five (5) business days prior to the scheduled delivery date specified on the Purchase Order. The Purchase Order shall be deemed to have been amended as necessary and appropriate to reflect the changes set forth in Customer's notice.

4. DELIVERY, RISK OF LOSS AND STORAGE

4.1 **Delivery.** Vendor will deliver the Products to the scheduled delivery location, within five (5) days of Vendor's receipt of the applicable Purchase Order.

4.2 **Risk of Loss.** Vendor shall bear all risks of physical loss or damage to each Product through the date the Product has been delivered to a secure area within Customer's designated delivery location. Thereafter, the risks of physical loss or damage to such Product shall transfer to Customer (exclusive of any loss or damage caused by Vendor or its Personnel). If Customer is permitted under this Agreement to return a Product to Vendor, then the risk of physical loss or damage for the Product will revert to Vendor upon Customer's tendering the Product to a commercial carrier designated by Vendor. Customer's maximum liability for physical loss or damage to any Product shall be the purchase price for the Product.

4.3 **Storage.** In the event Customer requests that Vendor store the Products at Vendor's facilities, such request shall be as set forth in the applicable Purchase Order. Vendor shall provide to Customer its security measures and procedures for the applicable storage facility prior to the execution of the applicable Purchase Order.

5. INSPECTION AND ACCEPTANCE

5.1 **Inspection.** After a Product has been delivered to Customer's premises pursuant to a Purchase Order, Customer will be entitled to inspect the Product to determine if it conforms Specifications. No Product shall be deemed to have been accepted unless Customer notifies Vendor that the Product conforms to the Specifications. Acceptance of a Product shall not be deemed to constitute a waiver by Customer of any rights it may have based on Vendor's warranties.

5.2 **Acceptance or Rejection.** If Customer determines a Product conforms to the Specifications, Customer will notify Vendor that Customer accepts the Product, and title to the Product shall transfer to Customer (or Customer's designee) as of the date of Customer's acceptance. If Customer determines that a Product does not conform to the applicable Specifications, then Customer will provide Vendor with a notice describing the Defect. Vendor will, at no additional cost to Customer, replace the Product with a conforming Product. After Vendor has replaced a Product, Customer will be entitled to reinspect such Product. If (through no fault of Customer) Vendor fails to provide, within the five (5) day period, a replacement Product that conforms to the Specifications, then Customer may reject the Product and terminate the applicable Purchase Order (in whole or in part) upon notice to Vendor, without financial liability or obligation (for the portion terminated).

6. FEES AND PAYMENT TERMS

6.1 **Prices.** The purchase price and all other fees to be paid by Customer for the Products provided by Vendor pursuant to this Agreement shall not exceed the pricing set forth in Appendix C- Pricing to this Agreement. All such fees and other charges shall be based upon the fees published in Vendor's then current price list, reduced by the applicable discounts to which Customer and its Affiliates are entitled.

6.2 **Delivery and Related Charges.** Unless otherwise specified on the applicable Purchase Order, the purchase price and all other fees to be paid by Customer for the Products provided by Vendor pursuant to this Agreement shall not include transportation charges. Unless otherwise agreed, Customer will pay all transportation charges associated with delivering the Products to the delivery location. Vendor will pay all transportation, packing and a placement charge associated with Customer's return of a Product that Customer has the right to return under this Agreement.

6.3 **Taxes.** Vendor may invoice Customer for sales or use taxes properly levied against or upon (i) the furnishing of the Products to Customer by Vendor pursuant to this Agreement, or (ii) Customer's use thereof. However, Customer shall not be obligated to pay any penalties, interest, or late charges imposed as a result of Vendor's failure to remit such taxes to the taxing authority on a timely basis. In addition, if Vendor fails to provide Customer with timely notice of any tax audit that could result in an increase in the amount of sales or use taxes assessed hereunder, then Customer shall not be required to pay any additional taxes assessed as a result of such audit. Vendor shall be solely responsible for the payment of all other taxes, including personal property taxes, franchise taxes, corporate excise or corporate privilege, property or license taxes, all taxes relating to Vendor's Personnel, and all taxes based on the net income or gross revenues of Vendor.

6.4 **Terms of Payment.** No amount arising under this Agreement shall be due from Customer prior to Customer's receipt of a fully executed copy of this Agreement and the applicable Purchase Order, and Customer's receipt of an invoice: (i) referencing this Agreement and the applicable Purchase Order; (ii) separately itemizing the charges for the Products or other items covered therein, and setting forth, in reasonable detail, the basis for the charges; and (iii) including, in the case of any reimbursable expenses or other charges (including taxes), receipts or other documentation acceptable to Customer. Unless otherwise specified on a Purchase Order, Vendor may invoice Customer for the purchase price on or after the date the Product has been accepted by Customer. Vendor may invoice Customer for any other charges payable under this Agreement after the occurrence of the event giving rise to the payment obligation underlying the invoice. All invoices shall be submitted to Customer at the billing address designated on the applicable Purchase Order. Each properly and accurately prepared invoice shall be payable within sixty (60) days after its receipt by Customer. Customer will not be liable for interest or other late fees on past due invoices. Vendor specifically covenants that it will not use any methods of electronic repossession for any reason. For three years after an invoice has been paid, Vendor will maintain and (upon Customer's reasonable request) make available the records necessary to substantiate the correctness of the invoices. In addition, if requested by Customer, Vendor shall make available to Customer detailed transactional information related to products and services that have been acquired by Customer and Affiliates under this Agreement. The transactional information will be provided by Vendor in an electronic data format specified by Customer and will include: (i) standard invoice and product attributes contained in Vendor's systems, and (ii) sufficient details to allow Customer and its Affiliates to link the invoice and product attributes to Customer's invoice payment.

6.5 **Disputed Invoices.** Upon notice to Vendor, Customer may withhold payments for any item(s) on Vendor's invoice that Customer reasonably disputes. Pending settlement or resolution of the issue(s), Customer's non-payment of these items shall not constitute default by Customer, and shall not entitle Vendor to suspend or delay its furnishing of Products.

7. REPRESENTATIONS AND WARRANTORS

7.1 **Authority and Non-Infringement.** Vendor represents and warrants that Vendor has all rights and authority required to enter into this Agreement and each Purchase Order, and to convey to Customer good, clear and marketable title to the Products. Subject to the applicable terms and conditions of this Agreement and the applicable Purchase Order, Customer and Affiliates will be entitled to possess the Products and to use and enjoy the benefit of all Products without adverse interruption or disturbance by Vendor or any entity asserting a claim under or through Vendor. Vendor further represents and warrants that the Products and all other materials of whatsoever nature furnished under this Agreement, and the use thereof by Customer or the Affiliates in accordance with the terms and conditions of this Agreement, will not infringe (whether directly, contributorily, by inducement or otherwise), misappropriate or violate the Intellectual Property Rights of any third party, or violate the laws, regulations or orders of any governmental or judicial authority.

7.2 **Personal Dealing and Non-Subornation.** Vendor warrants that no officer, director, employee of Customer, or any of their immediate family members, has received or will receive anything of value of any kind from Vendor or its Personnel in connection with this Agreement, or (ii) has a business relationship of any kind with Vendor or its Personnel. Vendor further warrants that Vendor has not and will not make (or offer to make) any payments to, or confer (or offer to confer) any benefit upon, any employee, agent or fiduciary of any third party, with the intent to influence the conduct of such employee, agent or fiduciary in any manner relating to the subject of this Agreement.

7.3 **Conformity to Specifications.** Vendor warrants that at the time of delivery each Product (i) will conform to the applicable Specifications, and (ii) will be free from any defects in material and workmanship.

7.4 **Standard of Service.** Vendor warrants that all services provided by Vendor pursuant to this Agreement, or any other agreement relating to the Products, will be performed in a timely and professional manner, in conformity with standards generally accepted in the Vendor's industry, by qualified and skilled individuals.

7.5 **Favorable Provisions.** Vendor warrants that the terms (including pricing) of this Agreement are or will be comparable to or better than the terms (including pricing) offered by Vendor to any of its similarly situated commercial customers of equal or lesser size for comparable Products. If Vendor agrees to more favorable terms with any such customer during the term of this Agreement, such terms will be made available to Vendor within thirty (30) days from the execution of such agreement.

7.6 **Disclaimer.** EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT OR ESTABLISHED BY APPLICABLE LAW AS RIGHTS THAT CANNOT BE WAIVED OR LIMITED BY CONTRACT, VENDOR DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

8. CONFIDENTIAL INFORMATION

8.1 **"Confidential Information".** Customer's "Confidential Information" means and refers to all tangible or intangible information and materials, in any form or medium (and without regard to whether the information or materials are owned by Customer or by a third party), whether furnished or disclosed to Vendor by Customer or an Affiliate, or otherwise obtained, accessed or observed by Vendor from Customer or an Affiliate, that satisfies at least one of the following criteria:

8.1.1 Information or materials related to Customer's, an Affiliates' or any of their respective customer's business, trade secrets, customers (including identities, characteristics and activities), business plans, strategies, forecasts or forecast assumptions, operations, methods of doing business, records, finances, assets, technology (including software, data bases, data processing or communications networking systems), data or information or materials that reveal research, technology, practices, procedures, processes, methodologies, know how, or other systems or controls by which Customer's or an Affiliate's products, services, applications and methods of operations or doing business are developed, conducted or operated, and all information or materials derived therefrom or based thereon;

8.1.2 Information or materials designated or identified as confidential by Customer or an Affiliate, whether by letter or by an appropriate proprietary stamp or legend, prior to or at the time such information or materials are disclosed by Customer or an Affiliate to Vendor;

8.1.3 Information disclosed orally or visually, or written or other form of tangible information or materials without an appropriate letter, proprietary stamp or legend, if it would be apparent to a reasonable person, familiar with Customer's (or an Affiliates') business and the industry in which it operates, that such information or materials are of a confidential or proprietary nature; or,

8.2 **Duty of Care.** Vendor will exercise at least the same degree of care with respect to the Confidential Information that Vendor exercises to protect its own confidential information; and, at a minimum, Vendor will maintain adequate security measures to safeguard the Confidential Information from unauthorized disclosure, access, use and misappropriation. Without limiting the generality of the foregoing, Vendor will only use or reproduce the Confidential Information to the extent necessary to enable Vendor to fulfill its obligations under this Agreement. In addition, Vendor will disclose the Confidential Information only to those of the Vendor's Personnel who have a "need to know" such Confidential Information (and only to the extent necessary) in order to fulfill the purposes contemplated by the Agreement. Prior to disclosing Confidential Information to any of its Personnel, Vendor will ensure that each of its Personnel who will be providing services for Customer is bound by a written non-disclosure agreement with terms and conditions no less restrictive than those set forth herein. If Vendor becomes aware of any threatened or actual unauthorized access to, use or disclosure of, or any inability to account for, the Confidential Information, Vendor will promptly notify the Customer and will assist Customer with its efforts to terminate such access, to curtail such threatened or actual unauthorized use or disclosure, or to recover such information or materials. Vendor will be liable to the Customer for any non-compliance by its agents or contractors to the same extent it would be liable for non-compliance by its employees.

8.3 **Exclusions.** The obligations of confidentiality assumed under this Agreement shall not apply to the extent Vendor can demonstrate, by clear and convincing evidence, that such information:

8.3.1 is or has become generally available to the public, without any breach by Vendor of the provisions of this Agreement or any other applicable agreement between the Parties;

8.3.2 was rightfully in the possession of Vendor, without confidentiality restrictions, prior to Vendor's receipt pursuant to this Agreement;

8.3.3 was rightfully acquired by Vendor from a third party who was entitled to disclose such information, without confidentiality or proprietary restrictions;

8.3.4 was independently developed by Vendor without using or referring to the Confidential Information; or,

8.3.5 is subject to a written agreement pursuant to which the Customer authorized Vendor to disclose the subject information.

8.4 **Legally Required Disclosures.** The obligations of confidentiality assumed under this Agreement shall not apply to the extent that Vendor is required to disclose the Confidential Information under any applicable law, regulation or an order from a court, regulatory agency or other governmental authority having competent jurisdiction, provided that Vendor:

8.4.1 promptly notifies Customer of the order in order to provide the Customer an opportunity to seek a protective order;

8.4.2 provides the Customer with reasonable cooperation in its efforts to resist the disclosure, upon reasonable request by the Customer and at the Customer's expense; and,

8.4.3 disclose only the portion of the Confidential Information that is required to be disclosed under such law, regulation or order.

8.5 **Accounting for Confidential Information.** Except as otherwise expressly provided in this Agreement, upon the request of Customer at any time after the termination of this Agreement, Vendor will return (or purge its systems and files of, and suitably account for) all tangible Confidential Information supplied to, or otherwise obtained by, Vendor in connection with this Agreement. Vendor will certify in writing that it has fully complied with its obligations under this Section within seven (7) days after its receipt of a request by Customer for such a certification. For the avoidance of doubt, this **Section 8.5** shall not be construed to limit Customer's right to seek relief from damages that are caused by Vendor's default.

9. PUBLICITY

Vendor will not disclose the identity of Customer as a customer of Vendor or the existence, nature or terms of this Master Agreement or any Purchase Order, without the prior written consent of Customer, which Customer may withhold in its sole discretion. Neither Party will use the other Party's proprietary indicia, trademarks, service marks, trade names, logos, symbols or brand names (collectively "Marks"), or otherwise refer to or identify the other Party in advertising, publicity releases, or promotional or marketing publications or correspondence to third parties without, in each case, securing the prior written consent of the other Party.

10. INDEMNITY

10.1 **Infringement Indemnity.** Vendor will defend, hold harmless and indemnify Customer, its Affiliates, and their Personnel (collectively the "Indemnitees") from and against any and all losses, claims, liabilities, costs and expenses (including taxes, fees, fines, penalties, interest, reasonable expenses of investigation and attorneys' fees and disbursements) as incurred (collectively "Damages") arising out of, or relating to, a claim by a third party that the Products furnished by Vendor to Customer (or that the use thereof) infringes (whether directly, contributorily, by inducement or otherwise) misappropriates or violates such third party's Intellectual Property Rights. Vendor's indemnity obligation under this Section shall not extend to claims based on: (i) an unauthorized modification of a Product made by an Indemnitee where the Product would not be infringing without such modification, or (ii) customized portions of a Product designed in a accordance with written specifications provided by Customer where the Product would not be infringing without such customized portions.

10.2 **General Indemnity.** Vendor will defend, hold harmless and indemnify the Indemnitees from and against any and all third-party claims for Damages arising out of or relating to Vendor's breach of the obligations assumed under **Section 8** of this Agreement.

10.3 **Indemnification Procedures.** If an Indemnitee seeks indemnification under this Agreement, the Indemnitee will: (i) give prompt notice to Vendor concerning the existence of the indemnifiable event; (ii) grant authority to Vendor to defend or settle any related action or claim; and, (iii) provide, at Vendor's expense, such information, cooperation and assistance to Vendor as may be reasonably necessary for Vendor to defend or settle the claim or action. An Indemnitee's failure to give prompt notice shall not constitute a waiver of the Indemnitee's right to indemnification and shall affect Vendor's indemnification obligations only to the extent that Vendor's rights are materially prejudiced by such failure or delay. Notwithstanding anything to the contrary set forth herein, (i) an Indemnitee may participate, at its own expense, in any defense and settlement directly or through counsel of its choice, and (ii) Vendor will not enter into any settlement agreement on terms that would diminish the rights provided to the Indemnitee or increase the obligations assumed by the Indemnitee under this Agreement, without the prior written consent of the Indemnitee. If Vendor elects not to defend any claim, the Indemnitee will have the right to defend or settle the claim as it may deem appropriate, at the cost and expense of Vendor, and Vendor will promptly reimburse the Indemnitee for all costs, expenses, settlement amounts and other Damages.

10.4 **Mitigation of Damages.** If any Product becomes, or (in Vendor's opinion) is likely to become, the subject of any such third party claim, then Vendor (at its sole cost and expense) may either: (i) procure the right for the Indemnitee to continue using such Product as contemplated hereunder; (ii) modify such Product to render it non-infringing (provided such modification does materially degrade the Product's functionality); or (iii) replace such Product with an equally suitable, functionally equivalent, compatible, non-infringing Product. If none of the foregoing are commercially practicable despite Vendor using reasonable efforts and if Customer is not permitted to continue using the Product, then Customer shall be entitled to recover from Vendor the following.

10.5 **Notification of 3rd Party Claims.** Vendor will promptly notify Customer concerning any threat, warning, claim or action against Vendor or its customers or suppliers, that could have an adverse impact on Customer's use of any Product provided or made available to Customer pursuant to this Agreement.

11. INSURANCE REQUIREMENTS

11.1 **Required Coverage.** During the term of this Agreement and for so long as any Purchase Order has not yet been completed or terminated, Vendor will maintain insurance coverage with limits no less than those set forth below, and with insurers and under forms of policies satisfactory to Customer.

11.1.1 Professional Liability Insurance ("Errors and Omissions") in the minimum amount of $10,000,000 per occurrence, covering losses from operating errors, omissions, negligence, breach of contract and misrepresentations related to Vendor's obligations under this Agreement.

11.1.2 General Liability providing coverage against liability for bodily injury, death, and property damages in the minimum amount of $10,000,000 per occurrence.

11.1.3 Workers Compensation insurance coverage at the statutory limits required for each state in which the Vendor will operate in fulfilling its obligations under this Agreement, and Employer's liability coverage in the minimum amount of $1,000,000 per occurrence.

11.1.4 Umbrella Liability providing excess liability coverage in the minimum amount of $5,000,000 per occurrence, to supplement the primary coverage provided in the policies listed above.

11.2 **Certificates of Insurance.** Vendor will deliver Certificates of Insurance to Customer within ten (10) days after the Master Agreement has been executed. Each Certificate shall provide that no less than thirty (30) days notice will be given in writing to Customer prior to cancellation, termination, or redemption of any one of the policies. At least thirty (30) days before the expiration of an insurance policy, Vendor will deliver to Customer a Certificate of Insurance attesting to the renewal of such insurance. In addition, each policy required pursuant to **Subsections 11.1.1, 11.1.2** and **11.1.4** shall (by endorsement) name Customer and the Affiliates as additional insured. Customer's acceptance of delivery of a certificate of insurance that does not conform to the requirements of this Section shall not relieve Vendor of its obligation to provide insurance conforming to the requirements hereof.

11.3 **No Limitation.** The requirements set forth above as to types, limits and approval of insurance coverage to be maintained by Vendor will not in any manner limit the liabilities and obligations assumed by Vendor under this Agreement.

12. LIMITATION OF LIABILITY

EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED IN THIS SECTION, NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY (OR TO ANY PERSON OR ENTITY CLAIMING THROUGH THE OTHER PARTY) FOR LOST PROFITS OR FOR SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL OR EXEMPLARY DAMAGES ARISING OUT OF OR IN ANY MANNER CONNECTED WITH THIS AGREEMENT OR THE SUBJECT MATTER HEREOF, REGARDLESS OF THE FORM OF ACTION AND WHETHER OR NOT SUCH PARTY HAS BEEN INFORMED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED, THE POSSIBILITY OF SUCH DAMAGES. THE LIMITATIONS OF LIABILITY SET FORTH IN THIS AGREEMENT SHALL NOT APPLY TO DAMAGES, (i) RESULTING FROM THE GROSS NEGLIGENCE, BAD FAITH OR WILLFUL MISCONDUCT OF A PARTY OR ITS PERSONNEL, (ii) STEMMING FROM PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE CAUSED BY A PARTY OR ITS PERSONNEL, OR (iii) ARISING FROM CLAIMS FOR WHICH EITHER PARTY HAS AGREED TO INDEMNIFY THE OTHER PARTY PURSUANT TO THE PROVISIONS OF THIS AGREEMENT.

13. SUBCONTRACTORS

Vendor will not use a subcontractor to perform Vendor's obligations under this Agreement without obtaining Customer's prior written approval. Customer's approval of a subcontractor shall not constitute a waiver of any rights Customer may have based on Vendor's representations and warranties. Vendor will be fully responsible for all acts and omissions of its subcontractors. Nothing in this Agreement shall be construed to create any contractual relationship between Customer and any subcontractor, nor any obligation on the part of Customer, to pay or to ensure the payment of any money due any subcontractor.

14. ASSIGNMENT

Customer may, with notice to Vendor, assign this Agreement or any of its rights or interests hereunder, or delegate any of its obligations hereunder, to (i) an Affiliate, (ii) Customer's successor pursuant to a merger, reorganization, consolidation or sale, or (iii) an entity that acquires all or substantially all of that portion of Customer's assets or business for which the Vendor's Products or services were acquired or being used. Except as otherwise provided above, neither Party may assign this Agreement nor any of its rights or interests hereunder, nor delegate any obligation to be performed hereunder, without the prior written consent of the other Party. Any attempted assignment or delegation in contravention of this Section shall be null and void, and of no force or effect. This Agreement shall be binding upon, and shall inure to the benefit of, the legal successors and permitted assigns of the Parties.

15. NOTICES

Any notice, demand or other communication (collectively "notice") required or permitted under this Agreement shall be made in writing and shall be deemed to have been duly given (i) when delivered personally to the representative(s) designated to receive notices for the intended recipient, or (ii) when mailed by certified mail (return receipt requested) or sent by overnight courier to the representative(s) designated to receive notices for the intended recipient at the address set forth in the introductory paragraph of this Master Agreement or in the applicable Purchase Order, as appropriate. Notices concerning the Master Agreement shall be given to the person who signed the Master Agreement on behalf of the intended recipient. Notices concerning a Purchase Order shall be given to the person designated on, or (if no designation is made) the person signing, the Purchase Order on behalf of the intended recipient. Any notice from Vendor that either (i) relates to the Master Agreement, or (ii) alleges Customer committed a material breach shall also be sent to Customer's General Counsel's Office, to the attention of the managing attorney responsible for intellectual property and technology. Either Party may change its address(es) or representative(s) for receiving notices upon notice to the other.

16. COMPLIANCE WITH LAW

In performing its obligations under this Agreement, Vendor will comply, and will cause its Personnel to comply, with the requirements of all applicable laws, ordinances, regulations, codes and executive orders. Vendor further warrants that all Products provided hereunder shall be designed, produced, installed, furnished and in all respects provided, certified and maintained in conformance with all codes, ordinances, regulations and laws, and administrative and regulatory requirements (of all governmental authorities having appropriate jurisdiction) in effect at the time of such design, production, installation or furnishing.

17. CHOICE OF LAW AND JURISDICTION

17.1 **Governing Law.** The substantive laws of the State of New York shall in all respects govern this Agreement as though this Agreement was entered into, and was to be entirely performed within, the State of New York. For the avoidance of doubt, nothing stated in this Agreement will prejudice or limit the rights or remedies of either Party to enforce any award or decree under the laws of any jurisdiction where property or assets of the other Party may be located.

17.2 **Jurisdiction.** All claims or disputes arising out of or in connection with this Agreement shall be heard exclusively by any of the federal or state court(s) of competent jurisdiction located in the Borough of Manhattan, New York City, NY, USA. To that end, each Party irrevocably consents to the exclusive jurisdiction of, and venue in, such court(s), and waives any, (i) objection it may have to any proceedings brought in any such court, (ii) claim that the proceedings have been brought in an inconvenient forum, and (iii) right to object (with respect to such proceedings) that such court does not have jurisdiction over such Party. Without limiting the generality of the forgoing, Vendor specifically and irrevocably consents to personal and subject matter jurisdiction for such claims or disputes in the federal or state court sitting in New York City, NY, USA, and to the service of process in connection with any such claim or dispute by the mailing thereof by registered or certified mail, postage prepaid to Vendor, at the address for notice set forth in, or designated pursuant to, this Agreement.

18. REMEDIES

18.1 **Equitable Relief.** Vendor and Customer each acknowledge that the failure to perform their respective duties under **Sections 8** or **9** of this Agreement may cause the other Party to suffer irreparable injury for which such injured Party will not have an adequate remedy available at law. Accordingly, the injured Party may seek to obtain injunctive or other equitable relief to prevent or curtail any such breach, threatened or actual, without posting a bond or security and without prejudice to such other rights as may be available under this Agreement or under applicable law. For purposes of this Agreement, "equitable relief means and includes those remedies traditionally and historically granted by courts of equity, including without limitation, injunction, attachment, declaratory relief, lis pendens, receivership and replevin.

18.2 **Recovery of Fees.** If Customer terminates a Purchase Order pursuant to **Section 5.2** hereof, then Customer will be entitled to recover from Vendor all amounts paid by Customer pursuant to the Purchase Order on account of (i) the defective Product, and (ii) the services or other products furnished by Vendor to Customer in conjunction with such Product, that Customer is unable to utilize effectively or completely as a result of Vendor's failure to fulfill (in a timely manner) its obligation to furnish a conforming Product or to correct the Defect. Upon Customer's receipt of such amounts, Customer will return to Vendor the affected Product and such related products.

18.3 **Cumulative Remedies and Offsets.** Except as otherwise expressly provided in this Agreement, all remedies in this Agreement are cumulative and in addition to (not in lieu of) any other remedies available to a Party at law or in equity. In the event of a claim by Customer for loss or damages for which Vendor is responsible, Customer shall be entitled to adjust the amounts claimed against future or outstanding payments due, or which may become due, to Vendor.

19. WAIVER

No course of dealing, failure by either Party to require the strict performance of any obligation assumed by the other hereunder, or failure by either Party to exercise any right or remedy to which it is entitled, shall constitute a waiver or cause a diminution of the obligations or rights provided under this Agreement. No provision of this Agreement shall be deemed to have been waived by any act or knowledge of either Party, but only by a written instrument signed by a duly authorized representative of the Party to be bound thereby. Waiver by either Party of any default shall not constitute a waiver of any other or subsequent default.

20. FORCE MAJEURE

A Party will be excused from a delay in performing, or a failure to perform, its obligations under this Agreement to the extent such delay or failure is caused by the occurrence of any contingency beyond the reasonable control, and without any fault, of such Party. In such event, the performance times shall be extended for a period of time equivalent to the time lost because of the excusable delay. However, if an excusable delay continues more than sixty (60) days, the Party not relying on the excusable delay may, at its option, terminate the affected Purchase Order(s) in whole or in part, upon notice to the other Party. In order to avail itself of the relief provided in this Section for an excusable delay, the Party must act with due diligence to remedy the cause of, or to mitigate or overcome, such delay or failure. For purposes of this Section, the phrase "due diligence" shall, at a minimum, require Vendor to maintain a contingency plan (and provide evidence of its current and periodic testing if requested by Customer) for the continuation of business so that despite any disruption in Vendor's ability to fulfill its service obligations from any particular location or through the efforts of any particular individuals, Vendor will be able to fulfill its service obligations from an alternative/backup location.

21. CUSTOMER'S POLICIES AND PROCEDURES

21.1 **General.** Vendor will ensure (i) that its Personnel comply with the corporate policies promulgated by Customer or an Affiliate that are designed to adhere to applicable laws and regulations, and with the security and work place policies and procedures in effect for any facility of Customer or an Affiliate where services are performed (including Information Security Standards and any supplementary practices or procedures provided by Customer to Vendor), and (ii) that all services are performed in a manner that will minimize any interference with Customer's normal business operations.

21.2 **Diversity Initiative.** Vendor acknowledges that Customer has implemented a Supplier Diversity Program which, among other initiatives, encourages the use of minority and women-owned businesses ("Diverse Suppliers") as suppliers and subcontractors to the fullest possible extent consistent with the efficient performance of its business strategies. To assist Customer in complying with these goals, Vendor will (at no additional cost to Customer) report to Customer within fifteen (15) days of the last day of each calendar quarter, the dollar amount spent by Vendor in connection with this Agreement with any Diverse Suppliers which are involved in the provision of the Products and services under this Agreement. These reports shall be forwarded to the attention of the Citigroup Supplier Diversity Program, 333 West 34th Street, 8th Floor, New York, NY 10001, attention Director Supplier Diversity Program. All such reports shall be kept and treated by Customer in accordance with Customer's confidentiality obligations herein. Vendor further acknowledges that Customer prefers, when contracting with suppliers that are not directly Diverse Suppliers, to contract with suppliers who can substantiate that a minimum of ten percent (10%) of the subcontractors or suppliers that they utilize in providing their products or services to Customer are Diverse Suppliers. As such, Customer reserves the right to remove from its approved supplier lists any supplier that fails to meet this minimum requirement.

22. CONSTRUCTION

22.1 **Inconsistencies.** In the event of any inconsistency between the provisions of this Master Agreement and any Purchase Order, the provisions of this Purchase Order shall govern for purposes of such Purchase Order.

22.2 **Modification.** The terms, conditions, covenants and other provisions of this Agreement may hereafter be modified, amended, supplemented or otherwise changed only by a written instrument (excluding e-mail or similar electronic transmissions) that specifically purports to do so and is physically executed by a duly authorized representative of each Party.

22.3 **Severability.** If a court of competent jurisdiction declares any provision of this Agreement to be invalid, unlawful or unenforceable as drafted, the Parties intend that such provision be amended and construed in a manner designed to effectuate the purposes of the provision to the fullest extent permitted by law. If such provision can not be so amended and construed, it shall be severed, and the remaining provisions shall remain unimpaired and in full force and effect to the fullest extent permitted by law.

22.4 **Survival.** The provisions of this Agreement that, by their nature and content, must survive the completion, rescission, termination or expiration of this Agreement in order to achieve the fundamental purposes of this Agreement, shall so survive and continue to bind the Parties. Without limiting the generality of the forgoing, the Parties specifically acknowledge that the following provisions shall survive and continue to bind the Parties: **Subsection 7.1**, entitled "Authority and Non-Infringement"; **Section 8**, entitled "Confidential Information"; **Section 9**, entitled "Publicity", **Section 10,** entitled "Indemnity"; **Section 12**, entitled "Limitation of Liability"; **Section 14**, entitled "Assignment"; **Section 17**, entitled "Choice of Law and Jurisdiction"; and **Section 18**, entitled "Remedies".

22.5 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original.

23. AUDITED FINANCIAL STATEMENTS

Upon Customer's request, Vendor will provide a completed audited statement of the financial condition of Vendor's organization, including (i) audited year-end results for the three (3) previous years, including revenues, expenses, net income, total assets, liabilities and footnotes; and (ii) the most recent financial interim statement.

24. RIGHT TO AUDIT

Vendor shall, upon reasonable notice, allow Customer, its management, its auditors and/or its regulators, the opportunity of inspecting, examining and auditing Vendor's operations and business records which are relevant to the Products provided hereunder by Vendor. Vendor shall cooperate fully with Customer's internal or external auditors to ensure a prompt and accurate audit.

25. CONTINUITY OF BUSINESS

The Parties will mutually agree on a continuity of business plan. Vendor agrees to maintain a "continuity of business" plan (the "Plan") that is acceptable to Customer and meets industry standards for plans which provide for the orderly transition of contractual duties to another supplier on contract termination or non-renewal. The Plan shall be documented and will be periodically tested by the Parties to ensure effectiveness. The Plan will include, among other things, the ability to route and ship critical forms from multiple locations, the ability to access and transfer artwork, film or digital files and to back-up pre-established printers, back-up logistics, systems data and sales support.

26. POST TERMINATION OBLIGATIONS

Commencing upon notice to Vendor of expiration or termination of this Agreement or any Purchase Order and continuing through the effective date of expiration or termination, provided that Customer is not then in default, Vendor will provide to Customer reasonable termination assistance requested by Customer to allow the continued production, delivery and use of the Products without interruption or adverse effect and to facilitate the orderly transfer of the subject matter of this Agreement and any Purchase Order as desired by Customer at no cost to Customer. If requested by Customer, Vendor will reasonably cooperate with a third party supplier in connection with the preparation and implementation of a transition plan by such third party or Customer upon the termination or expiration of this Agreement or any Purchase Order. If Customer terminates for convenience, any costs reasonably incurred by Supplier in the preparation and implementation of a transition plan shall be at Customer's expense, provided that Vendor has notified Customer of such costs within ten (10) days after receiving notice of termination, and Vendor has received Customer's advance written approval prior to incurring such costs.

27. COMPLETE UNDERSTANDING

This Agreement (together with the schedules, exhibits, and other appendices attached hereto or specifically incorporated herein by reference) constitutes the complete understanding of the Parties, and supersedes all prior or contemporaneous agreements, discussions, negotiations, promises, proposals, representations, and understandings (whether written or oral) between the Parties, with regard to the subject matter hereof. Vendor specifically acknowledges and agrees that it did not enter into this Agreement in reliance upon any agreement, promise, representation, or understanding made by or on behalf of Customer that is not contained herein.

IN WITNESS WHEREOF, the Parties hereto, each acting with proper authority, have executed this Master Purchase Agreement as of the Commencement Date designated above.

VENDOR:

By: /s/ John Foster
Name: John Foster
Title: Vice President
(type or print)
Date: 7/7/05

CUSTOMER:

By: /s/ MICHAEL J. VALENTINI
Name: MICHAEL J. VALENTINI
Title: DIV. EXECUTIVE
Citigroup Procurement Services
333 W. 34th Street/8th FL
New York, NY 10001
212-615-8714
Date: 6/17/05

Exhibit 10.35

SERVICES AGREEMENT

This agreement (the "Agreement") is made as of the 1st day of October, 1999, between Primerica Life Insurance Company, having a place of business at 3120 Breckinridge Blvd., Duluth, Georgia, (the "Service Provider"), and Commercial Credit Insurance Services, Inc., having a place of business at 307 West 7th Street, Fort Worth, Texas (the "Customer").

WHEREAS, the Service Provider has agreed to make available to the Customer, and the Customer wishes to receive, the services described herein;

THEREFORE, the parties agree as follows:

1. Services to be Performed. The Service Provider shall perform the services described in Exhibit A ("the Services") as an independent contractor on a non-exclusive basis, and, unless stated explicitly, nothing contained herein shall be deemed to create any partnership, joint venture or relationship of principal and agent between the parties hereto or any of their affiliates or subsidiaries, or to provide either party with any right, power or authority, whether express or implied, to create any such duty or obligation on behalf of the other party. Such Services shall be rendered in a professional manner and shall meet acceptable quality control, performance levels and standards as the parties may establish in writing and as Customer may authorize from time to time. Initial quality control, performance levels and standards shall be established within sixty (60) days from the date of this Agreement.

2. Fees and Expenses. As compensation for the Services, the Customer shall pay to the Service Provider, or to such third party as the Service Provider may designate, the fees set forth in Exhibit B, which represent the fair value of the Services. Such fees shall be paid within thirty (30) days from receipt of an invoice. All invoices shall itemize the Services provided pursuant to this Agreement and the actual fee charged to the Customer for Services provided during the billing period. Customer shall have the right, during normal business hours, to inspect Service Provider's books and records in order to verify the amount and calculation of such fees. Service Provider shall keep adequate records of its Services hereunder. Except as is otherwise specifically provided in this Agreement, each party shall pay its own respective costs and expenses in connection with this Agreement.

3. Term and Termination. This Agreement shall commence on the date hereof and will continue in full force and effect for thirty six (36) months. This Agreement shall automatically renew for successive one year terms unless either party provides the other party with written notice of termination at least ninety (90) days in advance of the date on which the then current term is to expire. Each party shall remain responsible for its obligations with respect to actions and events prior to such termination. A party shall have the right to terminate this Agreement with immediate

effect by written notice in the event that (i) a person owning more than fifty percent (50%) of the voting shares of the other party ceases to own more than fifty percent (50%) of the voting shares of the other party; (ii) the other party shall be wound up, go into liquidation, or for any other reason shall cease or threaten to cease to carry on its business or shall transfer its business; (iii) a decree or order by a court or governmental agency or authority shall be entered for the appointment of a conservator, receiver or liquidator for the other party in an insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceeding, or the other party shall consent to such appointment; or (iv) the other party shall commit any material breach of the terms of this Agreement or shall repeat or continue or fail to remedy any material breach, notwithstanding thirty (30) days' written notice of such breach.

4. Compliance with Laws. Each party hereto agrees that it shall comply with all applicable federal, state and local laws, ordinances, codes and regulations in the performance of its obligations or receipt of Services under this Agreement, including the procurement of permits and certificates where required. If at any time during the term of this Agreement, a party is informed or information comes to its attention that it is or may be in violation of any law, ordinance or code (or if it is so determined by any court, tribunal or other authority), that party shall immediately take all appropriate steps to remedy such violation and comply with such law, regulation, ordinance or code in all respects. Further, each party shall establish and maintain all proper records (particularly, but without limitation, accounting records) required by any law, code of practice or corporate policy applicable to it from time to time.

5. Indemnification. Each party to this Agreement shall indemnify and hold harmless the other party and any of its directors, officers, employees and agents from and against any action or threatened action, suit or proceeding arising out of, or as a result of, the indemnifying party's performance under this Agreement and against any and all claims, expenses, losses or damages (including reasonable attorneys' fees that result from the action or inaction of the indemnifying party); provided, however, that in no event shall a party to this Agreement be obligated for any claims, expenses, losses or damages resulting from the negligent or willful acts or omissions of the other party, its agents, employees or subcontractors. A party seeking indemnification under this Agreement shall (i) give prompt written notice to the indemnifying party as to the existence of the indemnifiable event; (ii) provide such information, cooperation and assistance as may reasonably be necessary for the defense of such action or claim; and (iii) grant full authority to the indemnifying party to defend or settle such action or claim. A party seeking indemnification shall not compromise or settle any action or claim without the consent of the indemnifying party.

6. Confidentiality. The Customer and the Service Provider agree that all information provided pursuant to this Agreement by each party to the other party is confidential and proprietary to the party providing the information and no party shall use any information provided by the other party for any purpose other than as permitted or required for performance under this Agreement. Each party agrees not to disclose or provide any information provided by the other party to any third party, with the

exception of (i) any affiliate or subsidiary in which their employees are bound to retain the confidentiality of the information; (ii) employees who have a need to know in the course of performing Services pursuant to this Agreement, provided that such employees are bound to retain the confidentiality of the information; (iii) third party vendors as necessary for the Service Provider to provide Services to the Customer under this Agreement; and (iv) the Customer's disclosure of data to its external auditors, without the express written consent of the other party, and each party agrees to take all reasonable measures, including, without limitation, measures taken by each party to safeguard its own confidential information to prevent any such disclosure by employees, agents or contractors. In no event shall the Customer divulge to any third party the contents in any invoices/charge documentation that it receives from the Service Provider without the written consent of the Service Provider, except as otherwise provided by law or regulation. Nothing provided herein shall prevent any party from disclosing information to the extent the information (i) is or hereafter becomes part of the public domain through no fault of that party; (ii) is rightfully received from or furnished to a third party by the owner without similar restriction of the third party's rights; (iii) is independently developed by it; (iv) is disclosed pursuant to requirements of law; or (v) is already known to it. If either party hires another person to assist it in the performance of this Agreement, or assigns any portion of its rights or delegates any portion of its responsibilities or obligations under this Agreement to another person, the assigning or delegating party shall cause its assignee or delegate to be bound to retain the confidentiality of the information.

7. Assignment. Neither party may assign any of its rights, obligations or responsibilities under this Agreement without the prior consent of the other (such consent not to be unreasonably withheld), except that either party may assign such obligations and responsibilities at any time to any of its subsidiaries or affiliates having reasonably adequate resources to perform the obligations and undertake the responsibilities under this Agreement. All terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their successors and authorized assigns. Any assignment in breach of this section 7 shall be null and void.

8. Corporate Authority; Further Assurances. Each party represents that it has taken all necessary corporate action to authorize the execution and consummation of this Agreement and will furnish the other party with satisfactory evidence of this upon request. Each party agrees to negotiate in good faith the execution of such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the effective execution of the transactions contemplated hereby.

9. Notices. All notices and other communications under this Agreement shall be sent to the appropriate party at the following address:

Primerica Life Insurance Company
3120 Breckinridge Blvd.
Duluth, GA 30099
Attention: General Counsel
Fax Number: (770) 564-6216

Commercial Credit Insurance Services, Inc.
307 West 7th Street
Fort Worth, TX 76102
Attention: Howard Karr
Fax Number: (817) 348-7574

11. Regulatory. Service Provider agrees that the Customer's applicable regulators shall have the right to examine the servicing relationship between Service Provider and Customer pursuant to this Agreement, along with Service Provider's records of the Services.

12. Entire Agreement. This Agreement is the sole agreement between the parties with respect to the provision of the Services, and supersedes all prior oral or written agreements for the Services. This Agreement may be signed in counterparts, all of which taken together shall constitute one instrument. This Agreement may be amended only by the written agreement of the parties.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Georgia.

IN WITNESS WHEREOF, the Service Provider and the Customer have caused this Agreement to be executed as of the date first written above.

Customer:

Commercial Credit Insurance Services, Inc.

By: /s/ Howard M. Karr
Name: Howard M. Karr
Title: VP

Service Provider:

Primerica Life Insurance Company

By: /s/ David R. Wade
Name: David R. Wade
Title: CIO, EVP

EXHIBIT A

Service Provider shall prepare and print letters and inserts on behalf of Customer, using data that Customer sends to Service Provider from time-to-time via an NDM transmission and using paper provided by Customer.

Service Provider shall print letters that shall be in the form of a single duplex printed 8.5” x 14” page, the front side of which shall be printed with the variable data that Customer sends to Service Provider via NDM transmission, as well as with non-variable language to be provided by Customer, and the reverse side of which shall be printed with non-variable language to be provided by Customer.

Service Provider shall also prepare inserts for Customer using non-variable language provided by Customer.

Service Provider shall also provide Customer with envelopes and shall print envelope labels with variable language provided by Customer.

Service Provider shall deliver the envelopes, as well as the letters, inserts and envelope labels it prints to any third party mail service (“Mail Service”) within Gwinnett County, Georgia, that is specified by Customer.

Service Provider shall prepare, print and deliver the envelopes, letters and inserts to the Mail Service within twenty four (24) hours (or the next business day if twenty four (24) hours falls on a weekend or holiday) of receiving an NDM transmission on the mainframe of Service Provider.

EXHIBIT B

One Time Fees Payable Upon Agreement Execution:

Set-Up of Systems to Produce Customer's Documents: $15,150
File Transfer and Application Development: $2,640

Recurring Fees:

Printed single duplex page: $.02/page for laser printing of variable data

Envelope labels: $.1742/sheet of labels printed

For orders of a quantity of 300,000 of a particular item (e.g., inserts) based upon 50,000 of that item per month:

- Inserts $4,511
- Envelopes $6,354
- Letters (for printing of non-variable data) $8,488

Pricing will vary if Customer places an order for a quantity different from 300,000

MARKETING SERVICES AGREEMENT

This agreement (the "Agreement") is made as of the 30th day of November 2007, between **Citicorp Trust Bank, fsb,** a federal savings bank (the "Bank"), and **Primerica Financial Services Home Mortgages, Inc.,** a Georgia corporation ("PFSHMI").

WHEREAS, the Bank offers loan products on a nationwide basis;

WHEREAS, PFSHMI, as a result of the expenditure of time, skill, effort and money, has developed a sales force that is highly effective in marketing loan products to consumers (the "Sales Force");

WHEREAS, Bank affiliate Citibank, N.A., ("CBNA") currently utilizes the expertise of PFSHMI and the Sales Force to market unsecured closed-end personal installment loans made by CBNA to consumers on a nationwide basis.

WHEREAS, due to certain business requirements in the State of California, PFSHMI, the Bank, and CBNA, desire to use the expertise of PFSHMI and the Sales Force to market unsecured closed-end personal installment loans to California consumers made by the Bank (the "California Loans").

THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. Purpose. The purpose of this Agreement is to promote and achieve the effective marketing of California Loans by the Sales Force as mutually agreed by the parties from time to time during the term of this Agreement. The Bank will not make loans for the stated purpose of permitting consumers to purchase products offered by Bank affiliates.

2. UUExclusive Appointment. (a) Bank appoints and grants unto PFSHMI all rights to market California Loans pursuant to the terms and conditions of this Agreement. PFSHMI accepts this appointment and agrees to fully and faithfully perform and discharge the duties, obligations and responsibilities provided for in this Agreement.

   (b) During this Agreement, PFSHMI agrees to exclusively market the California Loans and will not, directly or indirectly, through itself, the Sales Force or others, market any unsecured closed-end personal loan products from any non-affiliated lender without the consent of the Bank, which consent shall not be unreasonably withheld. PFSHMI will use its best efforts to develop and implement, in consultation with the Bank, an effective marketing strategy for the California Loans.

3. Services to Be Performed. The Bank and PFSHMI perform under this Agreement as independent contractors. Unless stated explicitly, nothing contained herein will be deemed to create any partnership, joint venture, or relationship of principal and agent between the parties hereto or any of their affiliates or subsidiaries, or to provide either party with any right, power or authority, whether express or implied, to create any such duty or obligation on behalf of the other party. Services hereunder will be rendered in a professional manner and meet acceptable quality control, performance levels and standards as the parties may establish in writing from time to time.

4. Fees and Expenses. (a) For the services of PFSHMI and the Sales Force in originating applications for and providing marketing services relating to California Loans, the Bank shall pay PFSHMI compensation as provided in this section. In its sole discretion, PFSHMI determines the allocation of compensation to the members of its Sales Force and PFSHMI for each California Loan.

   (b) Compensation at the date of this Agreement is agreed at two and three-quarters percent (2.75%) of the gross loan amount of all booked California Loans (including, without limitation, any additional extensions of credit within the parameters of a California Loan). Nothing herein requires Bank, PFSHMI or members of the Sales Force to make a payment or conduct any activity if such payment or activity would violate any applicable law or regulation. Payment will be made by the Bank on terms and circumstances that are substantially the same, or at least as favorable to the Bank, as those prevailing at the time for comparable transactions with or involving non-affiliated companies or brokers.

5. Responsibilities of the Parties. The parties agree to undertake and perform the responsibilities as described in Exhibit A to this Agreement.

6. Term and Termination. (a) This Agreement commences on the date set forth above and will continue in full force and effect until terminated by either party. Each party may terminate this Agreement by giving the other party written notice of its intent to terminate at least 90 days in advance of the date on which the termination is to take effect. Termination in accordance with this paragraph will be without penalty to either party. Each party will remain responsible for its respective obligations with regard to actions, events, and services received or rendered prior to the date such termination becomes effective.

(b) A party may terminate this Agreement with immediate effect by written notice in the event that (i) an entity owning more than 50% of the voting shares of the other party ceases to own more than 50% of the voting shares of the other party; (ii) the other party is wound up, go into liquidation, or for any other reason ceases or threatens to cease to carry on its business or transfers its business; (iii) a decree or order by a court or governmental agency or authority is entered for the appointment of a conservator, receiver or liquidator for the other party in an insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceeding, or the other party consents to such appointment or (iv) notwithstanding 30 days' written notice of such breach, the other party commits any material breach of the terms of this Agreement or repeats, continues or fails to remedy any material breach,.

7. Compliance with Laws. (a) Each party hereto agrees that it shall comply with all applicable federal, state and local laws, ordinances, codes and regulations in the performance of its obligations pursuant to this Agreement, including, but not limited to, obtaining the necessary licenses and certificates where required, and complying with all applicable laws and executive orders relating to equal opportunity or non-discrimination, including, but not limited to, the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the California Consumer Finance Lenders Law and state loan broker and consumer protection laws. If at any time during the term of this Agreement, a party is informed or information comes to its attention that it is or may be in violation of any law or regulation (or if it is so determined by any court, tribunal or other authority), that party shall immediately take all appropriate steps to remedy such violation and comply with such law or regulation, in all respects.

(b) Each party shall establish and maintain all proper records, including but not limited to accounting records and records of transactions hereunder required by any law, regulation, code of practice or corporate policy applicable to it from time to time.

8. Audit. Upon no less than thirty (30) days advance written notice, each party may, during normal business hours, to inspect the other's pertinent books and records in order to verify the amount and calculation of compensation pursuant to this Agreement. Each party shall pay its own respective costs and expenses in connection with this provision.

9. Indemnification. (a) Each party shall indemnify and hold harmless the other party and any of its directors, officers, employees, agents and contractors from and against any claim action or threatened action, suit or proceeding arising out of or as a result of, the indemnifying party's performance under

this Agreement and against any and all claims, expenses, losses or damages (including reasonable attorneys' fees and disbursements) that result from the actions or inaction of the indemnifying party; provided, however, that in no event shall a party to this Agreement be obligated for any claims, expenses, losses, or damages resulting from the negligent act or willful misconduct of the indemnifying party.

(b) A party seeking indemnification under this Agreement shall (i) give prompt written notice to the indemnifying party of the existence of the indemnifiable claim; (ii) provide such information, cooperation and assistance as may reasonably be necessary for the defense of such action or claim; and (iii) grant full authority to the indemnifying party to defend or settle such action or claim. A party seeking indemnification shall not compromise or settle any action or claim without the reasonable consent of the indemnifying party.

10. Confidentiality. (a) The Bank and PFSHMI agree that all proprietary information provided pursuant to this Agreement by or on behalf of each party to the other party ("Confidential Information") is confidential and proprietary to the party providing the information and no party may use or permit the use of any Confidential Information provided by or on behalf of the other party for any purpose other than as permitted or required for performance under this Agreement. Each party agrees not to disclose or provide any Confidential Information provided by or on behalf of the other party to any third party without the express written consent of the other party, with the exception of (i) its employees who have a need to know in order to perform pursuant to this Agreement, provided that such employees are bound to retain the confidentiality of the information and are bound to use such information only for purposes of performance pursuant to this Agreement; (ii) any affiliate or subsidiary to which such disclosure is necessary in connection with services provided pursuant to this Agreement, provided that such affiliate or subsidiary and its employees are bound to retain the confidentiality of the information and to use such information only for purposes of performance pursuant to this Agreement; (iii) any affiliate or subsidiary to which such disclosure is necessary in connection with the Bank's sale of the California Loan asset to such affiliate or subsidiary, provided that such affiliate or subsidiary and its employees are bound to retain the confidentiality of the information and to use such information only for purposes of performance pursuant to this Agreement; (iv) third party vendors to which such disclosure is necessary for in connection with this Agreement, provided that such vendors and their employees are bound by written contract to retain the confidentiality of the information, and are bound to use such information only for purposes of performance pursuant to this Agreement; and (v) the parties' auditors, regulators and other similar required entities.

(b) Each party agrees to take all reasonable measures, including, without limitation, measures taken by each party to safeguard its own Confidential Information to prevent any disclosure by employees, agents or contractors. Nothing provided herein prevents any party from disclosing information to the extent the information (i) is or hereafter becomes part of the public domain through no fault of that party; (ii) is independently developed by that party without the use of the other party's confidential information; (iii) is disclosed pursuant to requirements of law; or (iv) is already known to it. If either party hires another entity to assist it in the performance of this Agreement, or assigns any portion of its rights or delegates any portion of its responsibilities or obligations under this Agreement to another entity, the assigning or delegating party shall cause its assignee or delegate and its employees (a) to be bound to maintain the confidentiality of the information provided by or on behalf of the other party and (b) to be bound to only disclose or use the Confidential Information for purposes of performance pursuant to this Agreement. Any Confidential Information, including copies thereof, furnished to or obtained by the receiving party pursuant to this Agreement must be promptly returned to the disclosing party or destroyed upon request, except as otherwise required by law or to the extent required to service a business relationship. Each party shall permit representatives of the other party, upon prior written notice and at reasonable times, to examine and verify compliance with respect to its Confidential Information.

(c) The Bank may contact any loan applicant after receipt of the related loan application as reasonable and appropriate for the processing of the loan application. PFSHMI agrees that Bank or its processor, CBNA, may also contact the customer for the purpose of: (i) offering checking accounts and (ii) additional extensions of credit to customers within the parameters of the original amount and term of the customer's California Loan (i.e., "renewals" which the Bank refers to as its "TopUp" program). However, the Bank may not, nor take any action to permit any third party to, use information derived from loan applications for California Loans, including, but not limited to, customer names, to solicit such customers for any other product, service or program. This provision does not prohibit the Bank from using any data or customer names derived from other sources, including, but not limited to, existing Bank customer lists, third party mailing lists, or lists of customers who later obtain a product from the Bank or one of its affiliates.

(d) The Bank will not, nor will the Bank take any action to permit any third party to, knowingly (i) solicit or communicate with any member of the Sales Force regarding any product or service other than the California Loans or related products as described in Section 10(c), except as provided in separate Marketing Services Agreement, originally entered into June 1, 2004 between the Bank and PFSHMI; or (ii) sell, assign, transfer or disclose in any manner, with or without consideration, any lists of members of the Sales Force (or any other information about member of the Sales Force).

(e) Without limiting the generality of Section 20, all obligations under Sections 10(c) and (d) will survive termination of this Agreement for two years.

11. Assignment. Neither party may assign any of its rights, obligations, or responsibilities under this Agreement except with the prior written consent of the other (such consent not to be unreasonably withheld), except that either party may assign such rights, obligations or responsibilities at any time to any of its subsidiaries or affiliates having reasonably adequate resources to perform the obligations and undertake the responsibilities under this Agreement on notice to the other party. All terms and conditions of this Agreement are binding upon and inure to the benefit of the parties, their successors, and authorized assigns.

12. Corporate Authority; Further Assurances. Each party represents that it has taken all necessary corporate action to authorize the execution and consummation of this Agreement. Each party agrees to negotiate in good faith the execution of such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the effective execution of the transactions contemplated hereby, and will continue to do so during the term of this Agreement.

13. Notices. All notices and other communications under this Agreement must be sent to the appropriate party at the following address via overnight delivery service, registered or certified mail, return receipt requested, electronic mail if acknowledged by the other party as actually viewed by them, or personal delivery:

Bank:

Citicorp Trust Bank, fsb
4000 Regent Boulevard
Irving, TX 75063
Attn: Chief Financial Officer

With a copy to:
Citicorp Trust Bank, fsb
4000 Regent Boulevard
Irving, TX 75063
Attn: General Counsel, C3B-350

PFSHMI:

Primerica Financial Services Home Mortgages, Inc.
3100 Breckinridge Boulevard, Bldg. 1200
Duluth, GA 30099
Attn: Executive Vice President

With a copy to:
Primerica Financial Services
3100 Breckinridge Boulevard, Bldg. 1200
Duluth, GA 30099
Attn: General Counsel

14. Contingency Plan. Each party agrees to release the information necessary to allow the other to develop necessary disaster contingency and continuity of business plans, which will work in concert with a party's plans.

15. Regulatory. The parties agree that their respective regulators have the right to examine the transactional relationship between the parties pursuant to this Agreement, along with the records of transactions arising pursuant to this Agreement. It is understood that the Bank is regulated and supervised by the Office of Thrift Supervision (OTS) and that the Bank's loan records are accessible solely by the OTS, which has exclusive visitorial powers over the Bank. In addition, the Bank maintains a California Finance Lenders Law License for purposes of originated loan products in the State of California. PFSHMI is licensed and regulated generally as a mortgage broker by state regulatory agencies and maintains records in accordance with its licensed activities. Each of the parties shall provide to the other such records as are reasonably necessary to respond to their respective regulators, within their respective regulatory restrictions.

16. Entire Agreement. This Agreement is the sole agreement between the parties with respect to the matters covered herein, and supersedes all prior oral or written promises or agreements with respect to the subject matter. This Agreement may be signed in counterparts, either in original form or in the form of facsimile copies, all of which taken together shall constitute one and the same instrument.

17. Amendment. This Agreement, including all Exhibits and Schedules, may be modified only by a written agreement signed by each of the parties. Notwithstanding the above, amendments to this Agreement, its exhibits or schedules, may take the form of electronic communication between the parties, as provided in the Notice provision of this Agreement.

18. Force Majeure. Neither party shall be liable for delays or failure in its performance hereunder caused by any act of God, war, strike, labor dispute, work stoppage, fire, act of government, or any other similar major cause, beyond the control of that party.

19. Severability. If any part of this Agreement is found by any court or governmental authority of competent jurisdiction to be illegal, invalid or unenforceable for any reason, the remainder of this Agreement will be unaffected, and this Agreement will continue in full force and effect.

20. Survival. The provisions of this Agreement which by their sense and context are meant to survive expiration or sooner termination of this Agreement will so survive.

21. Governing Law. This Agreement is governed by and construed in accordance with the laws of the State of Delaware (without regard to its conflict of law principles).

IN WITNESS WHEREOF, the Bank and the PFSHMI have caused this Agreement to be executed as of the date first written above.

Citicorp Trust Bank, fsb

Name: Darin L. Thomas
Title: CFO

Primerica Financial Services Home Mortgages, Inc.

Name: Greg Pitts
Title: President/CEO

ACKNOWLEDGMENT:

Citibank, N.A.

By:
Its: Richard Wada
Date: 1/4/08

/OGC

EXHIBIT A

RESPONSIBILITIES OF THE PARTIES

Each of the parties hereto agrees to undertake and perform as follows:

PFSHMI Responsibilities

(a) Effectively maintain a Sales Force of no less than 5,000 part and full-time representatives in the State of California in order to effectively market California Loans.

(b) Develop training programs in consultation with the Bank and train the Sales Force in marketing California Loans, including, but not limited to making a California Loan sales certification program available to the Sales Force as part of the Bank's and PFSHMI's debt consolidation marketing focus.

(c) Provide the Sales Force with compliance training, audit the Sales Force and require that the Sales Force comply with applicable laws and licensing requirements.

(d) Require that PFSHMI and the Sales Force adhere to Citigroup policies and guidelines, including as they relate to consumer privacy policies.

(e) Manage the Sales Force with an effective communication system using various media such as Internet broadcasting, telephone conferencing and field bulletins.

(f) Compensate the Sales Force for activities performed in the marketing of the California Loans.

(g) Provide CCsupport and such other assistance and coordination as may be necessary or helpful to the Sales Force to promote California Loans or to the Bank in carrying out their respective responsibilities under this Agreement.

(h) Regularly meet with the Bank's management to review all aspects of marketing the California Loans.

Bank Responsibilities

(a) Pay compensation to PFSHMI as agreed pursuant to this Agreement.

(b) Assure that the Bank and its employees adhere to Citigroup policies and guidelines, including as they relate to consumer privacy policies.

(c) Provide administrative and training support and such other assistance and coordination as may be necessary or helpful to PFSHMI and the Sales Force in carrying out their respective responsibilities under this Agreement.

(d) Regularly meet with the PFSHMI's management to review all aspects of marketing the California Loans.

AMENDMENT NO. 1
TO
MARKETING SERVICES AGREEMENT

AMENDMENT NO. 1, dated January 27, 2010 (this "Amendment"), to **MARKETING SERVICES AGREEMENT,** dated November 30, 2007 (the "Agreement"), by and between Citicorp Trust Bank, fsb (the "Bank") and Primerica Financial Services Home Mortgages, Inc. ("PFSHMI"). Terms which are capitalized herein and not otherwise defined shall have the meanings ascribed to them in the Agreement.

W I T N E S S E T H:

WHEREAS, the Bank and PFSHMI entered into the Agreement in order to establish the terms and conditions upon which PFSHMI will provide certain loan marketing services on behalf of the Bank in the State of California;

WHEREAS, the Bank and PFSHMI agree that it is in their mutual interest to amend the Agreement in order to clarify certain provisions relating to the term of the Agreement;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to amend the Agreement accordingly.

Section I. Section 6(a) shall be deleted in its entirety and the following inserted in lieu thereof:

6. (a) This Agreement shall continue in full force and effect until December 31, 2010, unless PFSHMI first enters into a contract with another financial institution concerning a personal loan origination marketing program substantially similar to that covered by the Agreement in which case the Agreement may be terminated by the Bank upon thirty (30) days written notice to PFSHMI. Each party shall remain responsible for its respective obligations with regard to actions, events, and services received or rendered prior to the date the Agreement is terminated.

Section 2. The parties acknowledge that Primerica, Inc., the owner of PFSHMI intends on conducting an initial public offering of Primerica, Inc.'s securities (the "IPO"). The Bank hereby consents to the IPO and waives its right to terminate the Agreement under Section 6(b)(i) in connection with the IPO. This waiver shall not constitute a waiver of any other right as provided in the Agreement.

Section 3. Effective as of the date hereof, all other terms and conditions provided for in the Agreement, except as modified by this Amendment, shall remain in full force and effect and are reaffirmed. In the event of any conflict or inconsistency between any provision of this Amendment and any provision within the Agreement, the provisions of this Amendment shall govern and control.

IN WITNESS WHEREOF, the Bank and PFSHMI have caused this Amendment to be duly executed by their respective officers as of the day and year first above written.

CITICORP TRUST BANK, fsb

Signature

Controller
Title

1/27/2010
Date

PRIMEMERICA FINANCIAL SERVICES HOME MORTGAGES, INC.

Signature

CEO
Title

1/27/2010
Date

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.

/s/ KPMG LLP

February 5, 2010

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 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.

/s/ KPMG LLP

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
February 5, 2010

February 5, 2010

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. 2 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. 2 (the "Amendment") to the above-referenced registration statement, as modified by Amendment No. 1 thereto ("Amendment No. 1") filed with the Commission on December 22, 2009 (the "Registration Statement"). The Amendment, which was filed with the Securities and Exchange Commission (the "Commission") on the date hereof, has been marked to show changes from Amendment No. 1.

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 January 8, 2010 (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 Comments) correspond to the page numbers and captions in the preliminary prospectus included in the Amendment.

General

1. *We note your response to comments 28, 76 and 110 and advise you that we will not be in a position to take the registration statement effective until the requested disclosure has been provided and each of the requested exhibits have been filed.*

The Company duly notes the Staff's position, and respectfully reiterates its intention to:

- 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;
- file all of its material agreements as exhibits to the Registration Statement to the extent that they have not already been filed; and
- file any trust agreements that it enters into pursuant to the Citi reinsurance transactions once such agreements have been agreed to in substantially final form.

2. *Please confirm that prior to circulating a red herring prospectus you will not only provide the price-related information but also intend to provide the missing amounts on pages 7, 8 and elsewhere regarding the reorganization, the Citi transactions and the concurrent transactions, as well as the pro-forma financial information dependent upon these amounts.*

The Company respectfully reiterates its intention prior to circulating the prospectus to file a pre-effective amendment containing pricing related information and all information currently omitted from the prospectus, including the pages and items referenced by the Staff. The Company's pro forma financial statements are included in the Amendment on pages 48 through 53.

3. *Please note that your next amendment should include completed 2009 executive compensation information, as discussed beginning on page 139 of the registration statement. Also, please confirm your understanding that this information must be included in any red herring prospectus distributed by the company.*

The Company's executive compensation information for 2009 is included in the Amendment in the section entitled "Management" beginning on page 137. The Company confirms its intention to include such information in any prospectus that it distributes.

<u>Risk Factors, page 13</u>

<u>"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 21</u>

4. *We note your response to our prior comment 21. Please further revise your disclosure on page 21 to quantify the amount of reinsurance receivables due from Scottish Re specifically.*

The disclosure on page 21 has been revised to quantify the amount of the reinsurance receivable due to the Company from Scottish Re.

<u>"Non-compliance with applicable regulations could lead to revocation of our subsidiary's status as a non-bank custodian." page 25</u>

5. *We note the following statement on page 25: "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." Please expand your disclosure to explain how and why the IRS selected you for this review.*

The disclosure on page 25 has been revised to explain that IRS's selection of the Company for a compliance review with respect to its non-bank custodian regulations was not for cause.

Management's Discussion and Analysis of Financial Condition and Results of Operations Investments and Savings Products, page 61

6. *Refer to "Segment Commissions & Fees" you inserted on pages 61 and 118 in response to prior comment 43. Provide disclosure to reconcile the difference between its sum and the amounts indicated on your combined statements of income. Also consistent with your revisions on page 118 please revise your tabular disclosure on page 61 to clarify that the amounts presented in the table are in thousands.*

The tables on pages 62 and 119 have been revised to provide a subtotal for the commissions and fees for the Investment and Savings Product segment included therein, which are consistent with the commissions & fees for such segment for the periods indicated appearing in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The table on page 62 has been revised to clarify that the amounts presented in the table are in thousands.

Critical Accounting Policies
Deferred Policy Acquisition Costs, or DAC, page 66

7. *Please revise your discussion provided in response to prior comment 44 to clarify that 1% higher lapse in the number of policies than assumed in your estimate is a reasonably possible change. Otherwise, revise your discussion to demonstrate the financial impact of the reasonably possible change in your key assumptions.*

The disclosure on page 67 has been revised to state that the Company believes that a lapse rate in the number of policies that is 1% higher than the rate assumed in the Company's pricing assumptions is a reasonably possible variation.

Contractual Cash Payment Obligations, page 97

8. *Please refer to your response and revisions to prior comment 54. It is unclear to us why your contractual obligations for future policy benefits are omitted from the table. Please revise or explain to us why your contractual payment obligations for future policy benefits are zero as presented for all periods. If you believe your current presentation is appropriate please expand your disclosure in footnote (4) to assist investors in understanding why you have no contractual payment obligations for future policy benefits but have a balance sheet liability totaling approximately $4 billion. Include the following information:*

- Quantify the amount of the liability for future policy benefits recorded on your balance sheet.

- Disclose the amount of estimated future premiums and the amount of estimated benefit and commission payments for each period presented in the table.

- Describe and quantify the difference between the estimated total premiums used in the calculation of contractual payment obligations and net benefit premiums used in the estimate of future policy benefits recorded on the balance sheet.

- Describe and quantify the differences between assumptions used in the best estimate of claims for contractual obligation purposes and the original pricing assumptions used to estimate future policy benefits.

The Contractual Cash Payment Obligations table on page 98 has been revised to quantify the Company's potential obligations related to future policy benefits gross of any premiums to be collected.

Business, page 101

9. *We note your response to our prior comment 57. Please provide a quantitative analysis that supports your conclusion that none of the four identified reinsurers will be material to the company on a pro-forma basis.*

As noted in our response to prior comment 57, 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 ("YRT") basis since 1994, and believes its reinsurance agreements are contracts made in the ordinary course of its business. The Company has numerous 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 one of its existing reinsurers. This assumption has been validated by recent events with one of the Company's reinsurers. Due to the financial ratings downgrades of such reinsurer, the Company is in active discussions with three different reinsurers regarding the potential to assume the Company's business currently with this reinsurer. The Company has received one quote (which would not result in a reduction to the existing reinsurance receivable) and expects to receive quotes from both of the other reinsurers (which would result in little or no reduction in the existing reinsurance receivable). Finally, and as noted in our prior response, 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 and likewise will reduce the relative significance of these individual legacy reinsurance agreements.

A comparison of the reinsurance receivable associated with the Company's largest reinsurance agreement with the amount of its future policy benefit liability, both reflected on a pro forma basis to account for the Citi reinsurance transactions and other concurrent transactions described in the prospectus, provides quantitative support for the Company's conclusion. The pro forma amount of the reinsurance receivable associated with the Company's largest YRT reinsurance agreement is approximately $22 million. This amount represents less than 1% of the Company's pro forma future policy benefit liability of approximately $4.4 billion, which is the future liability that the Company seeks to partially fund through reinsurance. This $22 million receivable also represents less than 2% of the Company's pro forma stockholder's equity of approximately $1.3 billion (calculated as of September 30, 2009).

Investment and Savings Products, page 118

10. *We note your response to our prior comment 67 and ask that you please revise your disclosure to include a discussion of the term of each of the Legg Mason, Van Kampen and American Funds agreements.*

The disclosure on page 120 includes a discussion of the general terms of the Company's selling agreements with Legg Mason, Van Kampen and American Funds, each of which has substantially the same provisions. Any material differences between the agreements are noted in the disclosure. In addition, each of the selling agreements is filed as an exhibit to the Registration Statement. Accordingly, the Company does not believe that a separate discussion of each of these agreements is necessary or helpful in the circumstances. In addition, the disclosure on page 120 has been revised to state that the Company's selling agreements with Legg Mason, Van Kampen and American Funds all have indefinite terms and provide for termination at will.

Regulations of Investment and Savings Products, page 129

11. *We note your response to our prior comment 75 and we reissue the comment. Please revise your disclosure to be more specific about the provisions of the Emergency Economic Stabilization Act of 2008 and the American Recovery and Reinvestment Act of 2009 that may apply to the Company's Named Executive Officers.*

The disclosure on pages 133-134 has been revised to discuss more fully the provisions of the Emergency Economic Stabilization Act of 2008 and the American Recovery and Reinvestment Act of 2009 that may apply to the Company's Named Executive Officers.

Compensation Discussion and Analysis, page 139

12. *We note your response to our prior comment 80 and advise you that because the referenced objectives and goals are considered in making executive compensation decisions for the named executive officers, we consider these objectives and goals material to an investor's understanding of the company's overall compensation process. Therefore, we ask that you please revise your disclosure to discuss the company's "general business objectives" for the 2009 fiscal year, mentioned on page 141, and each named executive officer's "self-established financial and operational performance goals" for the 2009 fiscal year, mentioned on page 142. Also, please discuss the extent to which each objective or goal was achieved and how the level of achievement affected the actual compensation paid.*

The disclosure on page 142 has been revised to discuss the Company's general business objectives. The disclosure on page 143 has been revised to enumerate each Named Executive Officer's self-established financial and operational performance goals for 2009. The Company intends to disclose in a subsequent amendment the extent to which each Named Executive Officer's goals were achieved and how the level of such achievement affected the actual compensation paid to him or her.

Description of Capital Stock, page 172

13. *We note the following statement on page 177: "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." Please revise your disclosure to describe the "other provisions" of your certificate of incorporation, bylaws, the DGCL and other applicable laws which will govern the approval or allocation of corporate opportunities after Citi ceases to own 30% of your common stock.*

The disclosure on pages 186-187 has been revised to state that Delaware law will govern the approval or allocation of corporate opportunities after Citi ceases to own 20% of the Company's common stock, and to describe the holdings of the Delaware Supreme Court with respect to corporate opportunity doctrine.

Underwriting, page 186

14. *We note your response to our prior comment 100 and the disclosure added to page 188. Please revise this disclosure to more specifically describe the "certain circumstances" under which the selling stockholder has agreed to indemnify the underwriters and to contribute to payments the underwriters may be required to make.*

The disclosure on page 197 has been revised to describe the circumstances under which the selling stockholder has agreed to indemnify the underwriters and to contribute to payments that the underwriters may be required to make.

Audited Combined Financial Statements
Notes to Combined Financial Statements
(2) Summary of Significant Accounting Policies
(m) Reinsurance, page F-12

15. *Refer to your response to prior comment 36. Since you expect to earn a material amount of ceding allowances from Citi in the near future, please disclose your accounting policy. In addition, please expand your disclosure to clarify the impact that the ceding allowances will have on DAC and related amortization.*

The disclosure on page F-13 has been revised to disclose the Company's accounting policy for ceding allowances and to clarify the impact that the ceding allowances will have on DAC and related amortization

(4) Investments
Other-Than-Temporary Impairment, page F-24

16. *Please tell us where you have provided a description of the material changes in estimated cash-flows as of the most recent annual and interim periods presented from when you acquired the asset/mortgage-backed securities as previously requested in prior comment 103.*

The disclosure on pages F-24 and F-64 has been revised to include a description of impairments for the year ended December 31, 2008 and the nine months ended September 30, 2009, including with respect to the Company's asset-backed and mortgage-backed securities.

Fair Value, page F-26

17. *Please revise the disclosure you provided in response to prior comment 105 to state whether, and if so how much, you have adjusted the quotes and prices obtained from brokers and independent asset management services.*

The disclosure on pages F-27 and F-67 has been revised to clarify the Company's policy with respect to valuation of its assets as determined by its pricing service.

Item 16. Exhibits and Financial Statements, page II-2

18. *Please file as exhibits to the registration statement the consents of those parties named in the filing who will be appointed as directors of the company by consent of the sole shareholder. See Rule 438 of Regulation C.*

The Company intends to file a pre-effective amendment prior to circulating the prospectus containing exhibits with consents of those individuals who will be appointed as directors of the Company.

[Remainder of page intentionally left blank]

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.