

## INTRODUCTION TO POLICYHOLDER INFORMATION BOOKLET



### THE UNION CENTRAL LIFE INSURANCE COMPANY

#### UNION CENTRAL'S PROPOSED CHANGES

July 21, 2005

The Union Central Life Insurance Company ("Union Central") is currently a mutual insurance company. A mutual insurance company does not have any stockholders and is owned by policyholders/members. This means its policyholders/members, such as you, essentially have two interests in Union Central: (1) a policyholder interest, as a holder of an insurance policy or annuity issued by the company and (2) a membership interest. Among other things, the policyholder interest entitles you to insurance coverage or annuity payments (as the case may be) provided by the company and any dividends declared on your insurance policy. The membership interest entitles you, among other things, to vote at the annual meetings (assuming you satisfy certain other criteria) and on extraordinary transactions (such as the one described below). The membership interest also entitles you to a share of any surplus in the company in the unlikely event that it is liquidated or otherwise dissolved, and to receive a payment in the form of stock, cash, policy credits or other consideration if Union Central ever converts to an investor-owned stock company (a process known as "demutualization").

Under Ohio law, companies like Union Central may reorganize from a mutual insurance company to a stock insurance company within a mutual insurance holding company structure, so long as a majority of voting policyholders and the Ohio Superintendent of Insurance approve the change. This process, referred to as a conversion, is one of the changes that Union Central is asking you to approve as part of the proposed reorganization.

The other fundamental change you are being asked to approve as part of the reorganization is the merger of the new Ohio mutual insurance holding company, created as a result of the conversion, with Ameritas Acacia Mutual Holding Company, a Nebraska mutual insurance holding company, to be known after the merger as UNIFI Mutual Holding Company ("UNIFI"). After the merger, Union Central would be an indirect subsidiary of UNIFI and, as such, part of a much larger organization that would include other life insurance company subsidiaries. Both the conversion and the merger are part of a single plan of reorganization, and neither would occur without the other. The reorganization would not alter your policy interests in Union Central. Your insurance policy or annuity would remain essentially the same, and so would any right you have to dividends paid out under your policy. Your membership interest, however, would move from Union Central to UNIFI which has other operating subsidiaries and other members. You would have the right to vote at any meeting of UNIFI. You should be aware that after the merger, existing and future policyholders of Union Central will only comprise a portion of the larger group of members of UNIFI (the "UNIFI Members"), which will also include the existing and future policyholders of Ameritas Life Insurance Corp. ("Ameritas Life") and Acacia Life Insurance Company ("Acacia Life"). Thus, the voting power of the policyholders of Union Central (the "Union Central Policyholders") with respect to the election of directors of UNIFI and other matters requiring a vote of UNIFI members will be shared with the existing and future policyholders of Ameritas Life and Acacia Life who will also be UNIFI Members. It is estimated that the Union Central Policyholders would comprise approximately 57% of the voting members of UNIFI if the merger had been consummated on June 15, 2005; thus the merger will result in substantial dilution in the voting power of policyholders of Union Central (who comprise 100% of the voting members of Union Central).

You would also have the right to receive a portion of the surplus in UNIFI if it is ever liquidated or otherwise dissolved, and the right to receive a payment in the form of stock, cash, policy credits or other consideration if UNIFI ever demutualizes, both of which may or may not ever occur. Under Nebraska law, UNIFI would always retain voting control over Union Central.

UNIFI will be able to do certain things that Union Central cannot do under its current structure. For example, UNIFI would be allowed to raise additional money, commonly referred to as capital, by selling stock in a holding company subsidiary (such as Ameritas Holding Company) that will own the stock of Union Central. The reorganization does not require UNIFI to sell stock now or in the future, and any decision to sell stock would have to be approved by the Board of Directors of UNIFI (the "UNIFI Board"), which would be elected by members of UNIFI, including you. If and when such a decision is made to sell stock in Ameritas Holding Company, the intermediate holding company and a subsidiary of UNIFI, the UNIFI Board would not have to obtain your approval to sell any such stock. You also should be aware that, in the event that this holding company subsidiary sells stock in the future, anyone can purchase the stock, including persons who are current policyholders of Union Central and persons who are not, and anyone who purchases the stock will obtain an indirect ownership interest in Union Central. Currently, only policyholders such as you are entitled to any sort of ownership interest in Union Central. If stock of a UNIFI subsidiary is sold to the public in the future, the ownership interest of members (including yours) in UNIFI would no longer represent complete ownership of the UNIFI companies.

You will be able to vote on Union Central's proposed changes at a special meeting of Union Central Policyholders (the "Special Meeting"). The details about the time and place for the Special Meeting, as well as how to vote, are provided in the Notice of Special Meeting of Union Central Policyholders which follows this introduction, the accompanying Union Central President's letter (the "President's Letter"), questions and answers ("Q&A's") and this Policyholder Information Booklet.

The effectiveness of the reorganization is subject to a number of conditions, including approval by the Superintendent of Insurance for the State of Ohio ("Ohio Superintendent") and the Nebraska director of insurance, which has occurred. For example, prior to the Ohio Superintendent making a determination of whether to approve the reorganization, the Ohio Department of Insurance will conduct a public hearing. Notice of the public hearing follows this introduction. We are also required to enter into a stipulation agreement with the New York State Insurance Department and a letter of undertakings with the Ohio Department of Insurance. See "Regulatory Matters - Stipulation with the New York Department of Insurance" at page 59 in the accompanying Policyholder Information Booklet; and "Regulatory Matters - Undertakings to be provided to the Ohio Department of Insurance" at page 60 in the accompanying Policyholder Information Booklet.

A more thorough discussion of Union Central's proposed changes, a summary of these changes and a discussion of the advantages and disadvantages of the changes, as well as other alternatives considered by the Union Central Board of Directors, all of which you should carefully read, are included in the accompanying Policyholder Information Booklet and the related Exhibit Volume, as well as the President's Letter and Q&A's provided to you separately in this mailing.

**THE UNION CENTRAL LIFE INSURANCE COMPANY  
1876 Waycross Road, Cincinnati, Ohio 45240**

**Notice of Special Meeting of Union Central Policyholders**

Meeting Date: September 1, 2005

Meeting Time: 10:00 a.m., Eastern Time

Meeting Place: Union Central's home office, 1876 Waycross Road, Cincinnati, Ohio 45240

To Union Central Policyholders:

We are pleased to notify you of a special meeting of policyholders ("Union Central Policyholders") of The Union Central Life Insurance Company ("Union Central"). The purpose of the meeting is to vote on the following:

**PROPOSAL:**

To approve the Plan of Reorganization (the "Plan") of The Union Central Life Insurance Company ("Union Central") pursuant to the provisions of Sections 3913.25 through 3913.38 of the Ohio Revised Code and the transactions contemplated thereby, including the formation of Union Central Mutual Holding Company ("UCMHC") as a mutual insurance holding company, the conversion of Union Central from an Ohio mutual life insurance company to an Ohio stock life insurance company, which will become a wholly-owned subsidiary of UCMHC, the adoption of the Amended and Restated Articles of Incorporation and Code of Regulations of Union Central as a stock life insurance company, the merger of UCMHC with and into Ameritas Acacia Mutual Holding Company (which will be renamed UNIFI Mutual Holding Company) and the designation of the Union Central designees to initially serve as directors of UNIFI Mutual Holding Company and their initial terms of office, all as more fully described in the accompanying Policyholder Information Booklet.

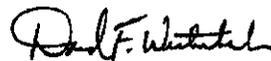
**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE PROPOSAL.**

Union Central Policyholders who, on the basis of records of Union Central, have owned and continue to own a Union Central policy since August 31, 2004 and have met other requirements in accordance with the Ohio Revised Code, the Articles of Incorporation and the Code of Regulations of Union Central, may vote at the meeting. Each such Union Central Policyholder has only one vote regardless of the number of policies owned. To approve the Proposal, a majority of the votes cast at the meeting, in person or by proxy, including by virtue of having voted by telephone or Internet, at the Special Meeting of Union Central Policyholders must vote FOR the Proposal.

**Your vote is important. If you do not plan to attend the meeting in person, please promptly complete, sign, date and return your proxy card in the enclosed envelope.** You may also vote by phone or Internet. See "SPECIAL MEETING—Voting by Phone or Internet" at page 17 in the accompanying Policyholder Information Booklet. **Proxies must be received by 5:00 p.m., Eastern Time, on August 31, 2005.**

A proxy may be used by Union Central Policyholders who wish to authorize someone else to cast their proxies for them and is included with this mailing. If your proxy is damaged or missing, you may obtain a proxy card by writing Union Central, 1876 Waycross Road, Cincinnati, Ohio 45240, Attention: Proxy Request. If you have questions about the Reorganization, or want to request a proxy card, call the Reorganization Information line at 1-800-315-9781, Monday through Friday from 8:00 a.m. to 5:00 p.m., Eastern Time.

By Order of the Board of Directors of  
The Union Central Life Insurance Company



David F. Westerbeck  
Secretary  
July 21, 2005

**Notice of Public Hearing**  
**to be held by the Ohio Department of Insurance**  
**on the Plan of Reorganization of The Union Central Life Insurance Company**

Notice is hereby given that the Ohio Department of Insurance will conduct a public hearing on the proposed Plan of Reorganization (the "Plan") of The Union Central Life Insurance Company ("Union Central"), which involves the conversion of Union Central into a stock life insurance company within a mutual insurance holding company structure pursuant to Sections 3913.25 to 3913.38 of the Ohio Revised Code, and the merger of the newly formed mutual insurance holding company, immediately thereafter, with and into Ameritas Acacia, a Nebraska mutual insurance holding company.

The hearing will be held on Tuesday, September 27, 2005 beginning at 10:00 a.m., at the offices of the Ohio Department of Insurance, 2100 Stella Court, Columbus, Ohio 43215. At the hearing, persons claiming to be adversely affected by the proposed conversion and merger and others wishing to comment thereon may present a position and offer comments concerning the proposed reorganization, including whether such transactions are fair and equitable to policyholders and comply with applicable law, or written statements may be submitted to the Hearing Clerk, at the Ohio Department of Insurance at the above address.

The Superintendent of Insurance for the State of Ohio (the "Ohio Superintendent") may adjourn the hearing to another time and/or place and may hold additional public hearings on the proposed Plan in the future. In the event that the Ohio Superintendent determines to adjourn the hearing to another time and/or place or hold additional public hearings on the proposed Plan, Union Central will provide notice of the time and place to which the hearing has been adjourned or the time and place of such additional hearings by causing this information to be published once each week for two consecutive weeks in a newspaper published and of the largest circulation in the counties of Cuyahoga, Franklin, Hamilton and Lucas and in the newspaper of the largest circulation in the state capital of each state of the United States in which Union Central maintains an office or agency for the solicitation of insurance.

## POLICYHOLDER INFORMATION BOOKLET



### THE UNION CENTRAL LIFE INSURANCE COMPANY

This Policyholder Information Booklet relates to the proposed reorganization of The Union Central Life Insurance Company ("Union Central" or the "Company") pursuant to the terms of the Plan of Reorganization (the "Plan") included in Exhibit 1 of the related Exhibit Volume to this Policyholder Information Booklet ("Exhibit Volume"). Pursuant to the Plan, Union Central, an Ohio mutual life insurance company, will convert to an Ohio stock life insurance company subsidiary of a new Ohio mutual insurance holding company (the "Conversion"). The newly formed Ohio mutual insurance holding company will thereafter be immediately merged (the "Merger" and, together with the Conversion, the "Reorganization") with and into Ameritas Acacia Mutual Holding Company ("Ameritas Acacia"), a Nebraska mutual insurance holding company, pursuant to an Agreement and Plan of Merger, dated January 28, 2005 (the "Merger Agreement"), which was amended on July 20, 2005 to reflect certain ministerial changes. Upon consummation of the Reorganization, Ameritas Acacia shall change its name to UNIFI Mutual Holding Company ("UNIFI") and Union Central will be an indirect subsidiary of UNIFI. Neither the Conversion nor the Merger will be consummated unless both are consummated.

The Plan is subject to review by and approval of the Superintendent of Insurance for the State of Ohio (the "Ohio Superintendent") and other conditions. The Ohio Superintendent has indicated her intention to hold a public hearing on the Plan. The hearing has been set for Tuesday, September 27, 2005, at 10:00 a.m., at the offices of the Ohio Department of Insurance located at 2100 Stella Court, Columbus, Ohio 43215. Official notice of the hearing date, time and place accompanies this Policyholder Information Booklet and the hearing notice will also be published in newspapers of the largest circulation in Cuyahoga, Franklin, Hamilton and Lucas counties in Ohio, as well as in the state capital of each state in which Union Central maintains an office or agency. Following the public hearing, the Ohio Superintendent will have up to 120 days to approve or reject the Plan.

Policyholders of Union Central ("Union Central Policyholders") as of the effective time of the Reorganization will receive membership interests in UNIFI in an exchange that is expected to be tax-free. The Reorganization will **NOT** affect your contractual rights under your policy of insurance or annuity contract with Union Central. Concurrent with the consummation of the Reorganization, Union Central will designate certain assets as a "Closed Block," which is designed to provide reasonable assurance (not a guaranty) to certain individual Union Central Policyholders that assets will be available to continue the 2005 dividend scale in the aggregate, subject to certain assumptions. For a discussion of the Closed Block and other effects that the Reorganization will have on you as a Union Central Policyholder, see "The Reorganization," beginning on page 33.

**The Board of Directors of Union Central has unanimously approved and adopted the Plan, and unanimously recommends that you vote "FOR" the Proposal (as defined herein) at the special meeting of Union Central Policyholders. See "Special Meeting" for details of the Proposal.**

The date of this Policyholder Information Booklet is July 21, 2005.

## TABLE OF CONTENTS

SUMMARY .....	1
Overview of the Reorganization .....	1
Certain Effects of the Reorganization on Your Membership Interest .....	1
Background and Reasons for the Reorganization; Consideration of Alternatives .....	2
Recommendation of the Union Central Board of Directors .....	2
Corporate Governance of UNIFI after the Reorganization .....	2
The Merger Agreement .....	3
Summary of United States Federal Income Tax Consequences .....	3
Union Central .....	4
Ameritas Acacia .....	4
Corporate Structure Before and After the Reorganization .....	5
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION .....	9
SPECIAL MEETING .....	16
Matter to be Considered .....	16
Voting Union Central Policyholders .....	16
Quorum; Vote Required .....	16
Voting by Proxy; Revocation of Proxies .....	17
Voting by Phone or Internet .....	17
BACKGROUND AND REASONS FOR REORGANIZATION .....	18
VOTING CONSIDERATIONS .....	21
Potential Advantages of the Reorganization .....	21
Potential Disadvantages of the Reorganization .....	23
Advantages and Disadvantages of Mutual Holding Company Structure Resulting From the Reorganization .....	25
CONSIDERATION OF ALTERNATIVES .....	28
Remaining Independent .....	28
Conversion to a Stand-Alone Mutual Insurance Holding Company Structure .....	29
Demutualization .....	30
RECOMMENDATION OF THE UNION CENTRAL BOARD OF DIRECTORS .....	31
Fairness Opinion of Financial Advisor to Union Central .....	31
Opinions of Actuarial Consultants to Union Central .....	31
THE REORGANIZATION .....	33
Impact on Your Membership Interests .....	33
No Impact on your Policy .....	36
Impact on your Policy Dividends .....	36
Change of Control Agreements .....	38
Comparison of Union Central Policyholders' Rights Before and After the Reorganization .....	40
CORPORATE GOVERNANCE OF UNIFI AND SUBSIDIARIES .....	44
Post-Merger Board of Directors .....	44
Post-Merger Management .....	47
THE MERGER AGREEMENT .....	48
The Merger .....	48
Conditions to Effectiveness of Reorganization .....	48
Conduct of Business Prior to Completion of the Merger .....	49
No Solicitations of Other Transactions .....	50
Certain Post-Merger Governance Matters .....	50
Separate Existence of Union Central; Financial Strength Rating .....	51

Operations of UNIFI and Subsidiaries Following the Merger .....	51
Amendments .....	51
Termination .....	52
Costs and Expenses; Termination Fee .....	52
INITIAL UNIFI BOARD OF DIRECTORS .....	53
UNITED STATES FEDERAL INCOME TAX CONSEQUENCES .....	56
Consequences to Union Central Policyholders .....	56
Consequences to Union Central, UCMHC, Ameritas Acacia, and AHC .....	56
REGULATORY MATTERS .....	57
General .....	57
Nebraska Approval Order .....	57
Mutual Insurance Holding Company Assets Available to Satisfy Claims of Union Central Policyholders .....	58
Dissolution or Liquidation of Mutual Insurance Holding Company .....	58
Affiliated Transactions .....	58
Dividends .....	58
Stipulation with the New York Department of Insurance .....	59
Risk Based Capital .....	60
Undertakings to be Provided to the Ohio Department of Insurance .....	60
BUSINESS OF THE COMPANIES .....	61
The Union Central Life Insurance Company .....	61
Ameritas Acacia Mutual Holding Company .....	65
AVAILABLE INFORMATION .....	69

No person has been authorized to give any information or to make any representation inconsistent with this Policyholder Information Booklet in connection with the Proposal and any such information or representation, if given or made, must not be relied upon as having been authorized by Union Central.

## SUMMARY

*The following summary is not intended to be complete and is qualified in all respects by the more detailed information and financial statements appearing elsewhere in this Policyholder Information Booklet. Unless otherwise defined, capitalized terms have the meaning ascribed to them herein or in the Plan. Union Central Policyholders are urged to read this Policyholder Information Booklet and the related Exhibit Volume as well as the enclosed Union Central President's letter (the "President's Letter") and questions and answers (the "Q&A's") in their entirety.*

### Overview of the Reorganization

The proposed Reorganization, as contemplated by the Plan, has two primary components: the Conversion and the Merger. Union Central Policyholders are being asked to vote on the Proposal (as defined herein) in its entirety. The Conversion will not occur unless the Merger can occur immediately thereafter and the Merger will not occur unless the Conversion occurs. The Conversion will result in Union Central being converted into an Ohio stock life insurance company wholly-owned by a newly formed Ohio mutual insurance holding company referred to herein as "UCMHC." UCMHC will, immediately upon consummation of the Conversion, merge with and into Ameritas Acacia in accordance with the Merger Agreement. Upon consummation of the Merger, Ameritas Acacia will change its name to UNIFI Mutual Holding Company and the capital stock of Union Central will be contributed to UNIFI's wholly-owned holding company subsidiary, Ameritas Holding Company ("AHC"), which will result in Union Central being an indirect subsidiary of UNIFI and a direct subsidiary of AHC.

If the Reorganization is consummated, among other things:

- The insurance policies of Union Central Policyholders will remain in effect without modification. In addition, the guaranteed benefits and values, and the contractual rights of Union Central Policyholders, as described in their policies, will not be reduced or altered in any way as a result of the Reorganization, and the premiums required to be paid as specified in the policies will not be increased or otherwise changed.
- Current and future Union Central Policyholders will become members of UNIFI (together with the existing members of Ameritas Acacia and future policyholders of Ameritas Life Insurance Corp. ("Ameritas Life") and Acacia Life Insurance Company ("Acacia Life")) (each, a "UNIFI Member"). It is estimated that the Union Central Policyholders would comprise approximately 57% of the voting members of UNIFI if the Merger had been consummated on June 15, 2005.
- Union Central's dividend practices will not be changed by reason of the Reorganization, although, as always, policy dividends may vary from year to year and future changes in dividend practices may occur in response to future events or circumstances.
- Union Central will have substantial representation on the Board of Directors of both UNIFI and AHC for at least a six-year period following the Merger (the "Six-Year Mandatory Period").
- The Union Central designees on the Board of Directors of UNIFI and AHC will have the right to nominate and elect the Union Central Board during the Six-Year Mandatory Period.
- John H. Jacobs, the Chairman, President and Chief Executive Officer of Union Central, will become the Vice-Chairman, President and Chief Operating Officer of UNIFI and AHC at the effective time of the Reorganization (the "Effective Time") and, not later than July 31, 2008, John H. Jacobs will become the Chairman and Chief Executive Officer of UNIFI and AHC.

### Certain Effects of the Reorganization on Your Membership Interest

In addition to Union Central becoming a subsidiary of UNIFI, a much larger organization, the mutual insurance holding company structure resulting from the Reorganization would effect a fundamental change in Union Central's structure. This change is described more fully later in this Policyholder Information Booklet, but generally, membership interests in Union Central would be changed into membership interests in UNIFI, while the contractual policy rights of Union Central Policyholders would remain unchanged. At a future time, AHC, the intermediate holding company subsidiary of UNIFI that

will own Union Central, could conduct an initial public offering or a private offering of its stock (collectively referred to herein as an "IPO"). If such an offering were to occur, outside investors who buy the stock would become shareholders in AHC, which would reduce the proportionate ownership interests of Union Central Policyholders in AHC. Accordingly, these investors could receive shareholder dividends on their shares of AHC stock when, as and if declared by the Board of Directors of AHC (the "AHC Board"), based upon the financial performance of AHC's subsidiaries, including Union Central. UNIFI, however, must always retain ownership of a majority of the voting securities of AHC. Moreover, UNIFI would also be a shareholder of AHC and would therefore also be entitled to any shareholder dividends declared and paid on AHC shares. Under Union Central's current structure, dividends may be paid only to policyholders. In order for UNIFI to remit dividends received from AHC to its members, instead of reinvesting or retaining such dividends, the Board of Directors of UNIFI (the "UNIFI Board") and the Nebraska Department of Insurance would have to approve the dividend to members. Because of the uncertainty as to whether, when or how often, if ever, such a member dividend by UNIFI would be declared and approved, a Union Central Policyholder should not decide to vote in favor of the Proposal based on the expectation of any member dividends. Policy dividends are not the same as member dividends, and Union Central Policyholders would continue to be entitled to policy dividends when, as and if declared by the Union Central Board. The possible effects on Union Central Policyholders of AHC having other shareholders are discussed in greater detail later in this Policyholder Information Booklet. See "The Reorganization - Impact on Your Membership Interests - Effect of an Offering of Stock by AHC," at page 34.

A chart illustrating the effects of the Reorganization on the contract and membership rights of Union Central Policyholders can be found on page 40 of this Policyholder Information Booklet.

### **Background and Reasons for the Reorganization; Consideration of Alternatives**

The primary reasons for the proposed Reorganization are to seek to strengthen Union Central and position it for future growth through a combination with Ameritas Acacia (thereby forming UNIFI) while, at the same time, preserving the separate existence of Union Central within the UNIFI group of companies and extending Union Central's primary operating strategy, referred to as "One Company Marketing," to UNIFI, as appropriate. One Company Marketing is a strategy that focuses on understanding and meeting a customer's total protection and savings needs.

The Union Central Board arrived at the decision to approve and adopt the Plan after extensive deliberations and the consideration of the advantages and disadvantages of the Reorganization, as well as alternatives to the Reorganization. These alternatives included: (i) remaining an independent mutual insurer without merging; (ii) converting to a mutual insurance holding company without merging and (iii) converting directly from a mutual life insurance company to an investor-owned stock life insurance company (a "demutualization"), each of which has advantages and disadvantages as compared to the Reorganization; the advantages and disadvantages are described beginning at page 25. The Union Central Board has also from time to time considered the implications of a sponsored demutualization and possible combinations with other mutual insurers but did not specifically consider these as alternatives to the Reorganization.

The Union Central Board believes that the Reorganization is the best of these alternatives from the perspective of Union Central and its policyholders, and that the Plan is fair and equitable to Union Central Policyholders. See "Voting Considerations," at page 21, and "Recommendation of the Union Central Board of Directors," at page 31.

### **Recommendation of the Union Central Board of Directors**

The Union Central Board has unanimously approved and adopted the Plan. The Union Central Board believes that the Plan is fair and equitable to Union Central Policyholders and that the interests of the Union Central Policyholders are properly protected. **Accordingly, the Union Central Board recommends that you vote FOR the Proposal.** See "Recommendation of the Union Central Board of Directors," at page 31.

### **Corporate Governance of UNIFI after the Reorganization**

Ameritas Acacia and Union Central agreed to certain matters relating to the composition of the boards of directors of UNIFI, AHC and Union Central, including the number of designees of each party to such boards, the composition of various committees of the boards of UNIFI and AHC and certain matters relating to the conduct of the affairs of UNIFI and its subsidiaries, including Union Central. See "Corporate Governance of UNIFI and Subsidiaries" at page 44. If the Reorganization is not consummated, these corporate governance provisions will not become effective.

Some key corporate governance provisions, including matters relating to executive officers and UNIFI and AHC Board vote requirements, are summarized below:

### ***CEO Succession***

Presently, the Chairman and Chief Executive Officer of Ameritas Acacia is Lawrence J. Arth, and the Chairman and Chief Executive Officer of Union Central is John H. Jacobs.

Ameritas Acacia and Union Central have agreed that at the Effective Time and continuing until the earlier to occur of (x) the date upon which Lawrence J. Arth is no longer serving as Chief Executive Officer of UNIFI and AHC or (y) July 31, 2008, UNIFI and AHC will cause Mr. Arth, to continue to serve as Chairman and Chief Executive Officer of UNIFI and AHC, and John H. Jacobs to serve as Vice Chairman, President and Chief Operating Officer of UNIFI and AHC. The parties have also agreed to cause Mr. Jacobs to be elected and appointed as Chairman and Chief Executive Officer of both UNIFI and AHC to immediately succeed Mr. Arth no later than July 31, 2008.

Presently, Gary Huffman is Union Central's Executive Vice-President in charge of One Company Marketing. Mr. Huffman will become the senior executive of UNIFI responsible for all individual insurance operations, which is intended to facilitate the implementation of Union Central's One Company Marketing across all of the UNIFI companies.

### ***Supermajority Vote***

The initial UNIFI Board will consist of designees of Union Central and Ameritas Acacia; however, Ameritas Acacia designees will comprise the majority of the initial UNIFI Board (as of the Effective Time, 14 of the 25 members). The By-laws of UNIFI and AHC require what is referred to as a "Supermajority Vote" of 80% of the entire UNIFI Board or AHC Board (as of the Effective Time, 20 of the 25 members), as applicable, to authorize certain significant corporate actions, including the following: amendment to or waiver of any provisions of UNIFI's or AHC's By-laws; redomestication or change of domicile of UNIFI or AHC from the State of Nebraska; relocation of the domicile of any of UNIFI's or AHC's subsidiaries, including Union Central, from their current state of domicile; the change of any subsidiary's name; a material change to UNIFI's or AHC's capital structure; the sale of any subsidiary; a sale or disposition of substantially all or all of the assets of UNIFI or AHC or any of their subsidiaries; a corporate reorganization of UNIFI or AHC; raising of debt or equity capital by UNIFI or AHC; the merger or consolidation, demutualization, liquidation or dissolution of UNIFI or AHC; and any modification, amendment or waiver of certain key provisions of the Merger Agreement. By reason of the Supermajority Vote requirement, none of these significant actions may be authorized during the Six-Year Mandatory Period without the concurrence of 80% of the entire Board of Directors of UNIFI or AHC (as of the Effective Time, 20 of the 25 members), as the case may be, which means that the actions described above could not be authorized without the concurrence of at least some of the Union Central Designees (as defined herein) to the UNIFI and AHC Boards. These voting requirements remain in effect for the Six-Year Mandatory Period. Thereafter, they automatically become null and void.

### **The Merger Agreement**

The Merger Agreement contains customary provisions dealing with certain conditions precedent to the Reorganization, such as the parties obtaining the necessary regulatory approvals; covenants dealing with the conduct of the businesses of Union Central and Ameritas Acacia prior to the completion of the Merger; no solicitations of other transactions; post-merger governance matters; maintaining the separate existence of Union Central; operations of UNIFI and its subsidiaries, including Union Central, following the Merger; and provisions pertaining to the termination of the Agreement and Plan of Merger, including a termination fee of \$30 million plus reasonable out-of-pocket expenses, payable in certain limited circumstances. See "The Merger Agreement," at page 48.

### **Summary of United States Federal Income Tax Consequences**

Union Central Policyholders will not recognize gain or loss on the exchange of their membership interests in Union Central for membership interests in UNIFI as a result of the Reorganization. The Reorganization will not cause any Union Central policy to be treated as newly issued, and it will not adversely affect any Union Central policy that is an individual retirement annuity or tax sheltered annuity or that is held as part of a tax-qualified retirement funding arrangement. The conversion of Union Central to a stock life insurance company will constitute a tax-free reorganization within the meaning of Section 368 of the Internal Revenue Code. See "United States Federal Income Tax Consequences," at page 56.

## **Union Central**

Founded in 1867, Union Central is a leading financial services company, offering, together with its affiliates, a broad array of insurance and financial products and services. Union Central has grown to be among the ten largest mutual life insurance companies in the nation in terms of assets and is licensed in all 50 states and the District of Columbia. Approximately 14% of Union Central Policyholders are New York policyholders. Union Central's product lines include individual life and disability insurance, annuities, investment products, and group retirement plans such as 401(k) plans.

Union Central's life insurance business is primarily conducted through Union Central, an Ohio mutual life insurance company. Union Central's other affiliates offer securities brokerage, mutual fund management, investment advisory and commercial loan services. Union Central offers life and disability insurance and annuities through a network of more than 700 career agents, 13,400 independent agents, and 374 NASD-licensed producers in all 50 states and the District of Columbia.

Union Central has an 'A minus' (Excellent) financial strength rating by A.M. Best Company, Inc. ("A.M. Best"). This is the fourth highest of A.M. Best's fifteen ratings. Union Central has an 'A minus' (Strong) rating from Standard & Poor's ("S&P"). This is the seventh highest of S&P's twenty-one ratings.

## **Ameritas Acacia**

Ameritas Acacia was formed effective January 1, 1999, as a result of the merger of Acacia Mutual Holding Company into Ameritas Mutual Insurance Holding Company.

Ameritas Acacia Mutual Holding Company owns 100% of the stock of Ameritas Holding Company. Ameritas Holding Company owns 100% of the stock of both Ameritas Life and Acacia Life. The Ameritas Acacia Companies, comprised of Ameritas Life and Acacia Life, hold an 'AA minus' (Very Strong) rating from S&P and an 'Ag\*\*' (Excellent) rating from A.M. Best.

### ***Ameritas Life***

Ameritas Life, formerly known as Bankers Life Insurance Company of Nebraska, was originally incorporated as a stock insurance company under the laws of Nebraska in 1887. Ameritas Life began its operations as mutual life insurance company in 1949. It became the fifth mutual life insurance company in the United States to reorganize under the mutual insurance holding company laws, completing its reorganization effective January 1, 1998. Ameritas Life, together with its subsidiaries, maintains in excess of \$5.5 billion in consolidated assets and in excess of \$839 million equity as of December 31, 2004.

Ameritas Life and its subsidiaries provide a broad range of life and annuity products for individuals and businesses. Principal products include term life, variable life and annuity contracts and a low load series of universal and variable life and variable annuity products. Ameritas Life is well-known for its group dental and eyecare products and services. Group dental products include trust plans, tailored indemnity programs, and high quality and competitively priced programs in a participating provider panel setting.

Ameritas Life consistently earns high ratings from independent industry analysts. Its financial strength and operating performance is rated 'Ag\*\*' (Excellent) by A.M. Best, the third highest rating of A.M. Best's fifteen ratings. Upon announcement of the Merger, this rating was affirmed. In November 2004, S&P downgraded the financial strength rating of Ameritas Life from 'AA' (Very Strong) to 'AA-' (Very Strong) due to declining sales relative to past periods. An 'AA-' rating is the fourth highest of S&P's 21 ratings. Upon announcement of the Merger, this rating was affirmed. Moody's Investors Service, Inc. ("Moody's") rates Ameritas Life as 'A1', the seventh highest of Moody's 27 ratings for long term insurance financial strength. Upon announcement of the Merger, this rating was affirmed.

### ***Acacia Life Insurance Company***

Acacia Mutual Life Insurance Company ("Acacia Mutual"), chartered by a Special Act of Congress in 1869, was the third mutual life insurance company in the United States to reorganize into the mutual holding company form. The reorganization, completed effective June 30, 1997, simultaneously created a mutual insurance holding company and reorganized Acacia Mutual as a stock life insurance company subsidiary of the new mutual holding company. Acacia Life, together with its subsidiaries, maintains in excess of \$2.6 billion in consolidated assets and in excess of \$359 million equity as of December 31, 2004.

Acacia Life owns all of the outstanding stock of the Acacia Financial Corporation ("Acacia Financial"), a holding company that owns all of the stock of various other subsidiaries. These include The Calvert Group, Ltd., which, through its subsidiaries, and affiliates, offers a broad range of investment products and services, including the nation's largest family of socially

responsible mutual funds. For the year ended December 31, 2004, total revenue for Calvert was \$93.3 million, and total assets under management were \$10.3 billion.

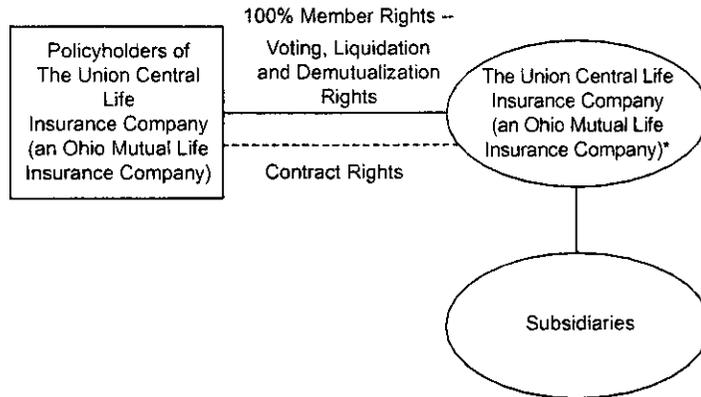
Acacia Federal Savings Bank (“Acacia Federal”), another wholly-owned subsidiary of Acacia Financial, offers its customers a wide range of banking products and services. Acacia Federal offers certificates of deposit, money market accounts, and IRAs. Acacia Federal also offers automobile loans, unsecured credit lines, secured and unsecured personal loans, residential mortgage loans, including fixed and adjustable rate first trust mortgages, second trust loans, home equity lines of credit, and residential construction and commercial loans. For the year ended December 31, 2004, Acacia Federal had assets of \$957.6 million and total revenues of \$47.4 million. The Acacia Realty Corp., another wholly-owned subsidiary of Acacia Financial, owns commercial real estate properties.

**Corporate Structure Before and After the Reorganization**

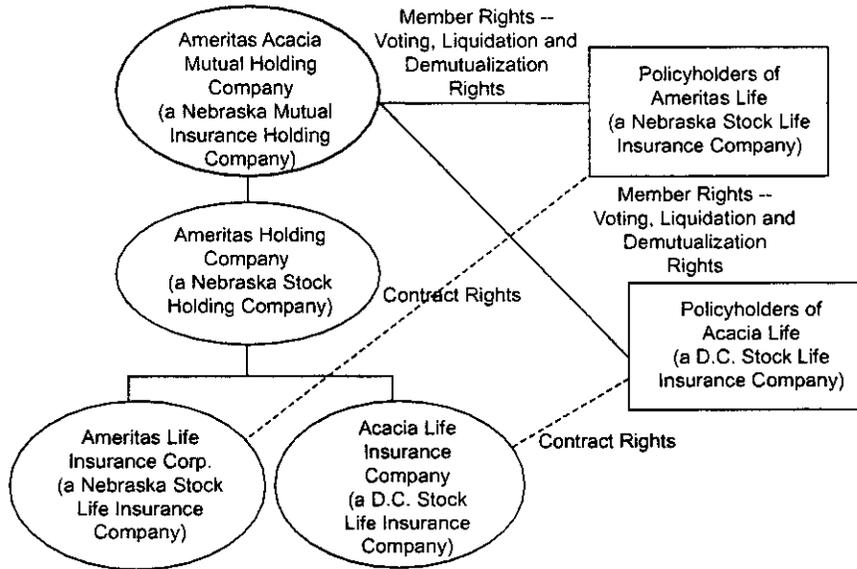
The following diagrams depict the organizational structures of (1) Union Central and Ameritas Acacia before the Reorganization, (2) Union Central after the Conversion, and (3) UNIFI after the Reorganization.

# BEFORE REORGANIZATION\*

## Union Central



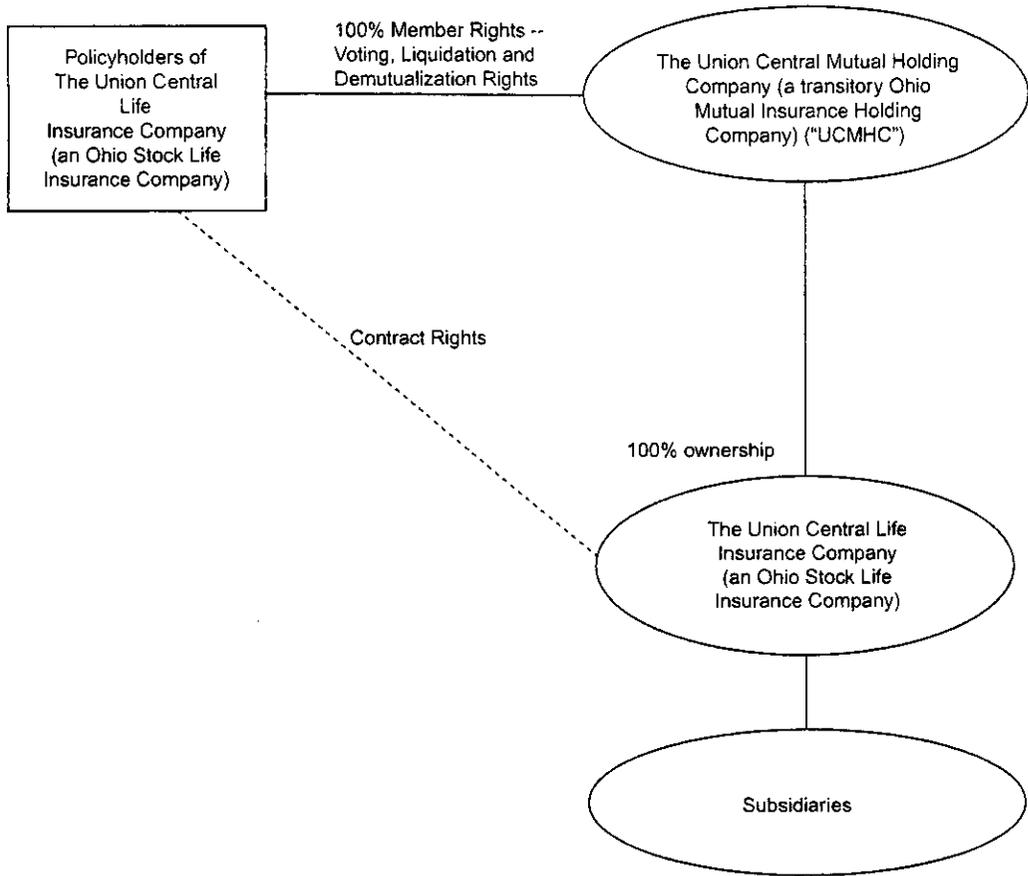
## Ameritas Acacia



\* See Exhibit 6 in the Exhibit Volume for more details on subsidiaries of Union Central and Ameritas Acacia.

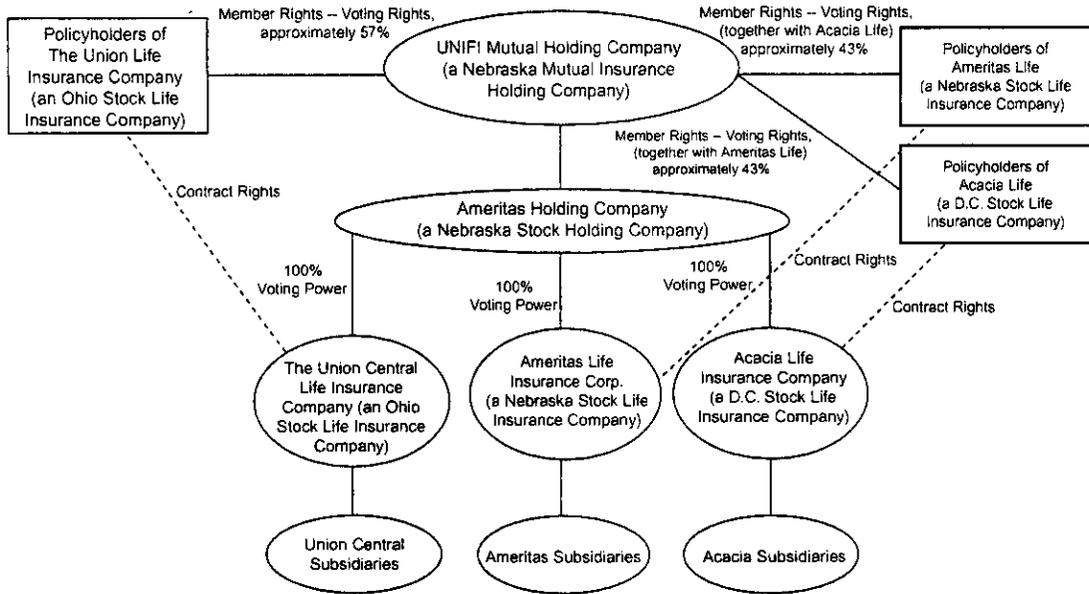
**AS RESULT OF CONVERSION\***

**Union Central**



\* The above corporate structure of Union Central will exist only for a brief period immediately prior to the Merger. The Conversion of Union Central will not affect Ameritas Acacia's corporate structure.

## AFTER REORGANIZATION\*



\* Subsequent to the Merger, Ameritas Acacia Mutual Holding Company, to be renamed as and referred to in the chart as UNIFI Mutual Holding Company, will transfer all of the issued and outstanding capital stock in Union Central to Ameritas Holding Company.

## **UNAUDITED PRO FORMA U.S. GAAP COMBINED CONSOLIDATED FINANCIAL INFORMATION**

The following unaudited pro forma U.S. generally accepted accounting principles ("GAAP") combined condensed consolidated financial information has been prepared to give effect to the Reorganization, using the pooling of interests method of accounting. In the pooling of interests method, the recorded assets and liabilities of the companies are carried forward to the combined entity at their recorded amounts and the reported income of the companies is combined.

The unaudited pro forma combined consolidated balance sheet as of March 31, 2005 combines the unaudited consolidated balance sheet of Ameritas Acacia and the unaudited consolidated balance sheet of Union Central as of March 31, 2005. The unaudited pro forma combined consolidated statements of income combine the historical consolidated statements of income of Ameritas Acacia and Union Central for the three-month period ended March 31, 2005 the historical audited consolidated statements of income and for each of the years in the three-year period ended December 31, 2004. The condensed balance sheet and income statement format is consistent with historical financial presentations included in Union Central's Annual Policyholders' Report.

This unaudited pro forma combined consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have actually been reported had the Reorganization occurred at the beginning of the periods presented, nor is it necessarily indicative of future financial position or results of operations. The unaudited pro forma combined consolidated financial information as of and for the periods presented may have been different had the companies actually been consolidated as of or during those periods due to, among other factors, possible revenue enhancements, expense efficiencies and integration costs. The unaudited pro forma combined consolidated financial statements are based upon the respective historical consolidated financial statements of Ameritas Acacia and Union Central and should be read in conjunction with the respective historical audited consolidated financial statements and notes thereto of Union Central and Ameritas Acacia for the years ended December 31, 2004 and 2003 included as Exhibits 2 and 3, respectively, in the Exhibit Volume as well as the accompanying notes to these unaudited pro forma combined condensed consolidated financial statements.

**Pro Forma Unaudited U.S. GAAP Combined Balance Sheet (in thousands)**

	<u>As of March 31, 2005</u>		<u>Pro Forma Combined</u>
	<u>Ameritas Acacia</u>	<u>Union Central</u>	<u>UNIFI</u>
<b>Balance Sheet</b>			
<b>Assets</b>			
Fixed income securities .....	\$2,899,205	\$3,396,368	\$ 6,295,573
Equity securities .....	182,603	18,982	201,585
Loans .....	1,583,619	685,275	2,268,894
Other invested assets .....	<u>171,305</u>	<u>102,859</u>	<u>274,164</u>
Total invested assets .....	4,836,732	4,203,484	9,040,216
Other general account assets .....	<u>677,659</u>	<u>923,691</u>	<u>1,601,350</u>
Total general account assets .....	5,514,391	5,127,175	10,641,566
Separate account assets .....	<u>2,613,561</u>	<u>2,053,150</u>	<u>4,666,711</u>
Total Assets .....	<u><u>\$8,127,952</u></u>	<u><u>\$7,180,325</u></u>	<u><u>\$15,308,277</u></u>
<b>Liabilities and Equity</b>			
Future policy benefits and claims .....	\$3,149,149	\$4,210,653	\$ 7,359,802
Other general account liabilities .....	<u>1,127,012</u>	<u>278,565</u>	<u>1,405,577</u>
Total general account liabilities .....	4,276,161	4,489,218	8,765,379
Separate account liabilities .....	<u>2,613,561</u>	<u>2,053,150</u>	<u>4,666,711</u>
Total Liabilities .....	6,889,722	6,542,368	13,432,090
Minority interest in subsidiary .....	59,386	—	59,386
Equity .....	<u>1,178,844</u>	<u>637,957</u>	<u>1,816,801</u>
Total Liabilities and Equity .....	<u><u>\$8,127,952</u></u>	<u><u>\$7,180,325</u></u>	<u><u>\$15,308,277</u></u>

**Pro Forma Unaudited U.S. GAAP Combined Statements of Income (in thousands)**

	<b>For the Three Months Ended March 31, 2005</b>		<b>Pro Forma Combined</b>
	<b>Ameritas Acacia</b>	<b>Union Central</b>	<b>UNIFI</b>
<b>Statements of Income</b>			
<b>Revenue</b>			
Insurance revenue	\$148,670	\$ 53,053	\$201,723
Net investment income	65,255	52,291	117,546
Net realized gains on investments	5,944	10,965	16,909
Other revenue	42,209	12,029	54,238
<b>Total Revenues</b>	<b>262,078</b>	<b>128,338</b>	<b>390,416</b>
<b>Benefits and Expenses</b>			
Benefits paid or credited to policyowners or beneficiaries	126,616	64,385	191,001
Underwriting, acquisition and other expenses	100,409	45,338	145,747
<b>Total Benefits and Expenses</b>	<b>227,025</b>	<b>109,723</b>	<b>336,748</b>
<b>Income before federal income tax and minority interest</b>			
in earnings of subsidiary	35,053	18,615	53,668
Federal income tax expense	13,314	6,749	20,063
<b>Income before minority interest in earnings of subsidiary</b>	<b>21,739</b>	<b>11,866</b>	<b>33,605</b>
Minority interest in earnings of subsidiary	(1,367)	—	(1,367)
<b>Net Income</b>	<b>\$ 20,372</b>	<b>\$ 11,866</b>	<b>\$ 32,238</b>

**Pro Forma Unaudited U.S. GAAP Combined Statements of Income (in thousands)**

	<u>For the Twelve Months Ended December 31, 2004</u>		<u>Pro Forma Combined</u>
	<u>Ameritas Acacia</u>	<u>Union Central</u>	<u>UNIFI</u>
<b>Statements of Income</b>			
<b>Revenue</b>			
Insurance revenue .....	\$ 593,324	\$207,798	\$ 801,122
Net investment income .....	272,129	242,634	514,763
Net realized gains on investments .....	74,203	7,910	82,113
Other revenue .....	<u>164,189</u>	<u>32,353</u>	<u>196,542</u>
Total Revenues .....	1,103,845	490,695	1,594,540
<b>Benefits and Expenses</b>			
Benefits paid or credited to policyowners or beneficiaries .....	503,739	262,317	766,056
Underwriting, acquisition and other expenses .....	<u>401,754</u>	<u>168,721</u>	<u>570,475</u>
Total Benefits and Expenses .....	<u>905,493</u>	<u>431,038</u>	<u>1,336,531</u>
Income before federal income tax and minority interest in earnings of subsidiary .....	198,352	59,657	258,009
Federal income tax expense .....	<u>62,758</u>	<u>16,136</u>	<u>78,894</u>
Income before minority interest in earnings of subsidiary .....	135,594	43,521	179,115
Minority interest in earnings of subsidiary .....	<u>(5,108)</u>	<u>—</u>	<u>(5,108)</u>
Income before cumulative effect of change in accounting principle ..	130,486	43,521	174,007
Cumulative effect of change in accounting principle .....	<u>(606)</u>	<u>—</u>	<u>(606)</u>
Net Income .....	<u>\$ 129,880</u>	<u>\$ 43,521</u>	<u>\$ 173,401</u>

**Pro Forma Unaudited U.S. GAAP Combined Statements of Income (in thousands)**

	<b>For the Twelve Months Ended December 31, 2003</b>		<b>Pro Forma Combined</b>
	<b>Ameritas Acacia</b>	<b>Union Central</b>	<b>UNIFI</b>
<b>Statements of Income</b>			
<b>Revenue</b>			
Insurance revenue .....	\$ 590,021	\$212,430	\$ 802,451
Net investment income .....	259,249	252,776	512,025
Net realized gains (losses) on investments .....	(24,156)	29,151	4,995
Other revenue .....	151,394	34,093	185,487
<b>Total Revenues</b> .....	<b>976,508</b>	<b>528,450</b>	<b>1,504,958</b>
<b>Benefits and Expenses</b>			
Benefits paid or credited to policyowners or beneficiaries .....	511,631	281,379	793,010
Underwriting, acquisition and other expenses .....	375,152	198,169	573,321
<b>Total Benefits and Expenses</b> .....	<b>886,783</b>	<b>479,548</b>	<b>1,366,331</b>
Income before federal income tax and minority interest in earnings of subsidiary .....	89,725	48,902	138,627
Federal income tax expense .....	33,868	16,051	49,919
Income before minority interest in earnings of subsidiary .....	55,857	32,851	88,708
Minority interest in earnings of subsidiary .....	(5,781)	—	(5,781)
<b>Net Income</b> .....	<b>\$ 50,076</b>	<b>\$ 32,851</b>	<b>\$ 82,927</b>

**Pro Forma Unaudited U.S. GAAP Combined Statements of Income (in thousands)**

	<b>For the Twelve Months Ended December 31, 2002</b>		<b>Pro Forma Combined</b>
	<b>Ameritas Acacia</b>	<b>Union Central</b>	<b>UNIFI</b>
<b>Statements of Income</b>			
<b>Revenue</b>			
Insurance revenue . . . . .	\$ 570,682	\$ 235,817	\$ 806,499
Net investment income . . . . .	266,734	246,559	513,293
Net realized losses on investments . . . . .	(15,572)	(42,233)	(57,805)
Other revenue . . . . .	148,201	39,398	187,599
<b>Total Revenues . . . . .</b>	<b>970,045</b>	<b>479,541</b>	<b>1,449,586</b>
<b>Benefits and Expenses</b>			
Benefits paid or credited to policyowners or beneficiaries . . . . .	506,249	318,999	825,248
Underwriting, acquisition and other expenses . . . . .	389,913	202,566	592,479
<b>Total benefits and expenses . . . . .</b>	<b>896,162</b>	<b>521,565</b>	<b>1,417,727</b>
<b>Income (loss) before federal income tax and minority interest</b>			
in earnings of subsidiary . . . . .	73,883	(42,024)	31,859
Federal income tax expense (benefit) . . . . .	23,403	(16,517)	6,886
Income (loss) before minority interest in earnings of subsidiary . . .	50,480	(25,507)	24,973
Minority interest in earnings of subsidiary . . . . .	37	—	37
<b>Net Income (Loss) . . . . .</b>	<b>\$ 50,517</b>	<b>\$(25,507)</b>	<b>\$ 25,010</b>

## Notes to the Unaudited Pro Forma U.S. GAAP Combined Consolidated Financial Statements

1. The Consolidated Financial Statements were prepared in accordance with United States generally accepted accounting principles.
2. The consolidated financial information was prepared under the pooling of interests method of accounting. Therefore, the historical balance sheets and income statements of the two entities were combined as stated.
3. Certain balance sheet and income statement line items were combined for the financial statement presentation; therefore, certain line items presented herein may not be identical to the corresponding line items in the historical audited consolidated financial statements. The unaudited pro forma combined consolidated financial statements should be read in conjunction with the respective historical audited consolidated financial statements and notes thereto of Union Central and Ameritas Acacia for the years ended December 31, 2004 and 2003 included as Exhibits 2 and 3, respectively.
4. It was assumed the Merger would occur in the fourth quarter of 2005, and possible revenue enhancements, expense efficiencies and integration costs have not been incorporated in the unaudited pro forma combined consolidated financial statements included herein. Specifically:
  - The anticipated transaction costs were not incorporated into the unaudited pro forma combined consolidated financial statements included herein.
  - The anticipated cost savings expected were not incorporated into the unaudited pro forma combined consolidated financial statements included herein.
  - The anticipated increases in sales were not incorporated into the unaudited pro forma combined consolidated financial statements included herein.
  - There were no intercompany transactions, and therefore, no eliminating entries posted in the unaudited pro forma combined consolidated financial statements included herein.
5. The unaudited pro forma combined consolidated financial statements included herein are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of the operations that would have actually been reported had the Reorganization occurred at the beginning of the periods presented, nor is it necessarily indicative of future financial position or results of operations.

## **SPECIAL MEETING**

This Policyholder Information Booklet is being furnished to all Union Central Policyholders in connection with the solicitation of proxies by Union Central for use at the Special Meeting to be held on September 1, 2005, at 10:00 a.m., at Union Central's home office, 1876 Waycross Road, Cincinnati, Ohio 45240. See "Notice of the Special Meeting of Union Central Policyholders" which immediately follows the Introduction to this Policyholder Information Booklet.

### **Matter to be Considered**

At the Special Meeting, Voting Union Central Policyholders (as defined below) will be asked to consider and vote upon the following proposal (the "Proposal"):

To approve the Plan of Reorganization (the "Plan") of The Union Central Life Insurance Company ("Union Central") pursuant to the provisions of Sections 3913.25 through 3913.38 of the Ohio Revised Code and the transactions contemplated thereby, including the formation of Union Central Mutual Holding Company ("UCMHC") as a mutual insurance holding company, the conversion of Union Central from an Ohio mutual life insurance company to an Ohio stock life insurance company, which will become a wholly-owned subsidiary of UCMHC, the adoption of the Amended and Restated Articles of Incorporation and Code of Regulations of Union Central as a stock life insurance company, the merger of UCMHC with and into Ameritas Acacia Mutual Holding Company (which will be renamed UNIFI Mutual Holding Company) and the designation of the Union Central designees to initially serve as directors of UNIFI Mutual Holding Company and their initial terms of office, all as more fully described in the accompanying Policyholder Information Booklet.

### **Voting Union Central Policyholders**

Only those Union Central Policyholders who, on the basis of records of Union Central, meet the eligibility requirements under the Ohio Revised Code and the Articles of Incorporation and Code of Regulations of Union Central are eligible to vote at the Special Meeting. These eligibility requirements include the following:

- such Union Central Policyholder is the owner of a life insurance or disability policy with a coverage (or annual benefit in the case of a disability policy) of at least \$1,000; or
- such Union Central Policyholder is the owner of an annuity contract (or a certificate holder of certain group retirement annuity contracts) or pure endowment contract that requires the payment of \$100 or more annually; and
- in either case, the insurance policy or annuity contract is in force and has been in force since August 31, 2004.

An assignee of a policy or contract is not deemed to be a Union Central Policyholder for purposes of determining eligibility to vote unless and until a written assignment shall have been filed at the principal office of Union Central naming an assignee other than Union Central. Such assignment will not be effective until 30 days after it has been filed with Union Central.

Each Union Central Policyholder entitled to vote at the Special Meeting shall have one vote irrespective of the number of policies or contracts held by such policyholder. In the case of group insurance master policies and group annuities, the employer, rather than the individual holders of the certificates issued under such policies or group annuities, shall be entitled to one vote regardless of the number of master policies or group annuities held by such employer, except to the extent that any such policies are held in different capacities.

Union Central is sending the notice and related informational materials to all Union Central Policyholders, including those who are not eligible to vote. Such informational materials are also posted on Union Central's Website at <http://www.unioncentral.com>.

### **Quorum; Vote Required**

In accordance with the Code of Regulations of Union Central, the Voting Union Central Policyholders present in person, by proxy, including by virtue of having voted by telephone or Internet, at any special meeting shall constitute a quorum. Each Voting Union Central Policyholder is entitled to cast only one vote regardless of the number of policies or contracts that such Voting Union Central Policyholder may own or hold. A person who, or an entity which, owns policies in more than one capacity (e.g., as a trustee under separate trusts) may vote in each such capacity. To approve the Proposal, a majority of the Voting Union Central Policyholders present in person or by proxy, including by virtue of having voted by telephone or Internet,

at the Special Meeting of Union Central Policyholders must vote FOR the Proposal. Approval of the Proposal by the requisite vote of the Voting Union Central Policyholders is a condition to, and is required for, consummation of the Reorganization.

#### **Voting by Proxy; Revocation of Proxies**

For all Voting Union Central Policyholders, a proxy exclusively for use at the Special Meeting accompanies this Policyholder Information Booklet. The proxy serves as a ballot for Union Central Policyholders to vote **FOR** or **AGAINST** the Proposal. Voting Union Central Policyholders may use the proxy if they are unable to attend the Special Meeting in person or if they wish to vote by proxy even if they attend the Special Meeting. A proxy that is properly signed and received by Union Central prior to the Special Meeting will be voted at the Special Meeting in accordance with the instructions thereon, unless properly revoked prior to such vote. If a proxy is properly signed and received and the manner of voting is not indicated on the proxy, or is marked to vote both FOR and AGAINST the Proposal, such proxy will not be counted and will not be regarded as a vote cast at the Special Meeting. A replacement proxy may be obtained by writing Union Central—1876 Waycross Road, Cincinnati, Ohio 45240, Attention: Proxy Request or calling the Reorganization Information Line at 1-800-315-9781 Monday through Friday from 8:00 a.m. to 5:00 p.m., Eastern Time. A validly executed later dated proxy received prior to the Special Meeting will supersede a prior proxy.

Any proxy given in response to this solicitation may be revoked by the Voting Union Central Policyholder at any time prior to the voting thereof at the Special Meeting by filing with the Secretary of Union Central either a written revocation or a duly executed proxy bearing a later date. Attendance at the Special Meeting will not in and of itself constitute the revocation of a proxy.

#### **Voting by Phone or Internet**

You can vote on the Proposal (i) by mail by returning your proxy card to us in the postage-prepaid envelope as described above, (ii) by telephone by calling 1-800-318-2767, (iii) by the Internet at <https://www.dfking.com/unioncentral>, or (iv) in person at the Special Meeting of Union Central Policyholders. For more information on how to vote, please see the instructions on your proxy card. We strongly urge you to vote. Your completed proxy card, telephone vote or Internet vote must be received by us by 5:00 p.m., Eastern Time, on August 31, 2005, to be counted or you may vote in person at the Special Meeting of Union Central Policyholders on September 1, 2005. You can change your vote by any of the same methods up to the same deadline.

## BACKGROUND AND REASONS FOR REORGANIZATION

Union Central has operated as an independent mutual life insurance company since 1954. Union Central has grown primarily through internal operations rather than through mergers and acquisitions. Union Central's success in recent years is largely attributable to its strong marketing and operating strategy, referred to as "One Company Marketing." One Company Marketing focuses on understanding and meeting a customer's total protection and savings needs through Union Central's wide range of complementary products and services. With One Company Marketing, Union Central's sales force, operations and systems have been integrated to promote the seamless delivery of products and services that satisfy a customer's needs independent of particular product lines or distribution channels.

During the period that Union Central has been developing, implementing and refining its One Company Marketing strategy, the Company has not been seeking business combination opportunities. In January 2004, in the course of exploring ways to improve Union Central's profitability and surplus through improved operations and other means, including the possible sale of certain non-core lines of business, Union Central management had discussions with executives of several insurance companies, including Ameritas Acacia. In the course of such discussions, it became apparent to the Union Central and Ameritas Acacia management that each company could potentially benefit from an alliance or business combination between them. The respective lines of business of the two companies were complementary and there were synergies that could be realized to the advantage of both companies. Although Union Central had historically not been receptive to business combinations due, in part, to its commitment both to One Company Marketing and to preserving its mutual form of organization and independence, management was aware of the insurance industry trend toward consolidation as a means of expanding product offerings, growing revenues and achieving operating efficiencies through economies of scale to improve profitability. Union Central management believed that Ameritas Acacia appeared to present a unique and compelling opportunity that was not likely to be present in other potential strategic partners due to the complementary lines of business of Ameritas Acacia and Union Central, the strong surplus position of Ameritas Acacia, the relative strengths and compatibility of the two companies and their senior management and the companies' similar corporate culture and values. In addition, the size of Ameritas Acacia was such that management believed it was reasonable to conclude that Union Central would not be subsumed by Ameritas Acacia in a business combination transaction.

Consequently, the Chairmen and CEOs of the two companies began the process of evaluating a potential combination.

In the spring of 2004, Mr. John H. Jacobs, Mr. Lawrence J. Arth and another senior executive from each company met and discussed, on a preliminary basis, the possibility of a business combination involving Union Central and Ameritas Acacia. On August 5, 2004 and August 6, 2004, senior executives of both companies met to discuss in more detail the possibilities for a strategic partnership, potential synergies and a structure for a business combination. Discussions continued through September and October 2004 and the parties began to develop preliminary terms upon which a business combination might be effected. In September and October, 2004, Union Central retained outside legal and financial advisors to assist the Union Central Board in evaluating the merits of a possible business combination with Ameritas Acacia.

The Union Central Board met six times between August 2004 and January 2005: on August 20, 2004; November 9, 2004; November 19, 2004; December 3, 2004; December 16, 2004 and January 28, 2005. The Union Central Board was briefed on each occasion by Mr. Jacobs regarding discussions between Union Central and Ameritas Acacia. Mr. Jacobs also met periodically with the Special Committee of the Union Central Board, a committee comprised of three Union Central outside directors. The Special Committee had originally been formed in November 1994.

At the Special Committee meetings, Mr. Jacobs reviewed the details of meetings with Ameritas Acacia and outlined some of the major principles that Union Central and Ameritas Acacia agreed would form a basis for a potential business combination, including:

- The combined company would have a new name at the mutual insurance holding company level;
- Union Central's separate corporate existence would continue;
- The combined company would adopt Union Central's One Company Marketing as its core marketing strategy for individual insurance products and retirement plans;
- Union Central's current senior management would have significant influence in the operations of the combined company pursuant to a documented succession plan; and

- Union Central would have significant representation on, but not control of, the Board of Directors of both the surviving mutual insurance holding company and the intermediate insurance holding company with veto power on certain corporate governance issues and other significant matters.

The Special Committee also discussed on several occasions alternative transactions. See “Consideration of Alternatives,” at page 28.

On November 9, 2004, the Union Central Board held a special meeting to review the Special Committee’s findings and to discuss with outside advisors the potential business combination with Ameritas Acacia. Outside counsel reviewed with the Union Central Board the transaction structure, regulatory approvals, due diligence matters and other issues concerning the proposed transaction. Union Central considered a possible universe of mutual insurance holding company and mutual insurance company merger partners identified by Morgan Stanley & Co. Incorporated (“Morgan Stanley”) other than Ameritas Acacia. Morgan Stanley reviewed with the Union Central Board a comparative analysis of alternative hypothetical transactions. In particular, both the Special Committee and the Union Central Board considered the relative size, executive management, operations, strategic fit, financial strength and feasibility of pursuing a transaction with such companies. After deliberations based in part on Morgan Stanley’s presentation, the Union Central Board determined not to pursue initiating business combination discussions with any other parties.

Mr. Arth then presented to the Union Central Board the business case for a combination with Ameritas Acacia. Mr. Arth described, among other things, Ameritas Acacia’s business and recent results of operations and the potential benefits of the proposed transaction. Mr. Jacobs then updated the Union Central Board on discussions with Ameritas Acacia and discussed the strategic rationale for a business combination with Ameritas Acacia. During the meeting, the Union Central Board considered and assessed the benefits and risks of the proposed transaction for Union Central and its policyholders. Following such discussions, the Union Central Board authorized management to continue to pursue discussions with Ameritas Acacia and to commence the formal due diligence process.

The Union Central Board met on November 19, 2004, December 3, 2004 and December 16, 2004 to further analyze the financial, operational and legal implications of entering into a transaction with Ameritas Acacia. At these meetings, Mr. Jacobs gave a comprehensive update of discussions with Ameritas Acacia, presented management’s analysis of potential benefits and risks and reviewed preliminary due diligence findings. In addition, Mr. Jacobs discussed the proposed CEO succession plan in which Mr. Jacobs would become Chairman and CEO of the combined companies no later than July 31, 2008. He also reviewed the proposed composition of the UNIFI Board and AHC Board pursuant to which Union Central would have substantial representation and supermajority veto power on certain significant matters for at least some period of time. Following the December 16 meeting, the Union Central Board authorized Mr. Jacobs to finalize a draft merger agreement for the Union Central Board’s consideration at the next meeting scheduled for January 28, 2005.

From December 2004 through January 2005, representatives of Union Central and Ameritas Acacia, together with their advisors, including Milliman, Inc. (“Milliman”) which was engaged by Union Central as its actuarial advisor in connection with the Reorganization, continued to develop the terms of a draft merger agreement and to discuss various issues relating to the proposed transaction, including the formation of a closed block for the benefit of existing Union Central Policyholders, corporate governance issues, regulatory process, due diligence findings and financial strength ratings for the combined company.

In the last week of January, the management of each of Union Central and Ameritas Acacia finalized the proposed merger agreement.

On or about January 24, 2005, Mr. Jacobs received a letter from the Chairman and Chief Executive Officer of Western & Southern Mutual Holding Company, an Ohio mutual insurance holding company, expressing a willingness on the part of Western & Southern Mutual Holding Company to explore a potential combination transaction with Union Central. No definitive terms or conditions were proposed in the letter. Mr. Jacobs disclosed the letter to the Special Committee and to the Union Central Board before the Union Central Board approved the Merger Agreement. The Union Central Board determined that it would not pursue Western & Southern’s inquiry due to its previous analysis concluding that Western & Southern would not be a good strategic fit with Union Central.

At a special all-day meeting of the Union Central Board on January 28, 2005, Union Central’s management extensively reviewed and discussed with the Union Central Board the potential financial and strategic benefits and risks of the proposed transaction for Union Central and its policyholders. Those potential benefits and risks are discussed herein under “Voting Considerations,” at page 21. In addition, outside counsel reviewed in detail the terms and conditions of the Merger Agreement and the regulatory approvals required to consummate the proposed transaction. Morgan Stanley presented a preliminary

financial analysis of the proposed Merger and concluded, based on such preliminary analysis, that the proposed Reorganization is fair to Union Central Policyholders from a financial point of view. On January 28, 2005, Steven I. Schreiber and Daniel J. McCarthy of Milliman rendered opinions to the Union Central Board as to the fairness to policyholders of the Reorganization from an actuarial point of view and the appropriateness of the Closed Block as described in the Plan.

After full discussion and based on a review of then current information and consultation with its advisors, the Union Central Board authorized management to execute and deliver the Merger Agreement.

The parties executed the Merger Agreement on January 28, 2005 and amended it on July 20, 2005 to reflect certain ministerial changes.

On February 16, 2005 the Compensation Committee of the Union Central Board authorized one time cash bonuses to be paid to John Jacobs, Gary Huffman and David Westerbeck, senior executives of Union Central, in the amounts of \$225,000, \$100,000 and \$75,000, respectively, for their role in the negotiation and execution of the Merger Agreement. These bonuses were initiated and authorized solely by the Compensation Committee of the Union Central Board, and the recipients had no advance knowledge that such bonuses would be paid.

A special meeting of the Union Central Board was held on July 20, 2005. At such meeting the Union Central Board reviewed and discussed the form of definitive Plan with the Company's financial, legal and actuarial advisors. Morgan Stanley issued its fairness opinion (which was substantially the same as its opinion rendered on January 28, 2005) as to the fairness of the Reorganization from a financial point of view as of July 20, 2005. The actuarial consultants issued their actuarial fairness opinion (which was substantially the same as their opinion rendered on January 28, 2005) as to the fairness of the Conversion and Merger from an actuarial point of view as of July 20, 2005, and issued another opinion concerning various aspects of the Closed Block as of July 20, 2005. After discussion, the Union Central Board determined that the Plan was fair and equitable to the Policyholders of Union Central, approved and adopted the Plan and recommended that the Policyholders vote "For" the Proposal.

The July 20, 2005 opinions of Morgan Stanley and the actuarial consultants appear in Exhibits 4 and 5 of the Exhibit Volume, respectively, and you are encouraged to review them, including the assumptions, qualifications and limitations expressed therein.

## VOTING CONSIDERATIONS

The Union Central Board believes that the proposed Reorganization presents the opportunity to capitalize on the relative strengths of Union Central and Ameritas Acacia in terms of product offerings, distribution capacity, management expertise, financial resources and diversity of revenues and earnings. At the same time, each company will be able to retain its separate legal existence and a substantial presence in its respective state of domicile.

### Potential Advantages of the Reorganization

The Union Central Board believes that the following are potential advantages anticipated to result from the Reorganization:

- *Anticipated Eventual Improvement in Financial Strength Ratings.* Being part of an organization with stronger combined financial resources and broader product offerings and distribution channels is anticipated to result in improvements in Union Central's financial strength ratings after the Reorganization. Upon completion of the Merger, UNIFI will have a pro forma combined United States Generally Accepted Accounting Principles ("GAAP") equity of approximately \$1.9 billion and statutory capital of over \$1.5 billion compared to a GAAP equity of \$651 million and statutory capital of \$338 million for Union Central as of December 31, 2004. The Merger Agreement contains provisions in which Ameritas Acacia has agreed that UNIFI and AHC will use reasonable efforts to provide capital support to Union Central, Ameritas Life and Acacia Life to maintain and improve their respective S&P financial strength ratings to a level equal to or better than the S&P rating of 'AA-' (Very Strong), which is the fourth highest of S&P's 21 ratings. Union Central is currently assigned a rating of 'A-', which is the seventh highest of S&P's 21 ratings. In November 2004, S&P lowered the financial strength ratings of Ameritas Life and Acacia Life one notch from 'AA' (Very Strong) to 'AA-' (Very Strong) due to declining sales relative to past periods. Based on preliminary discussions with S&P, which are not binding on S&P, Union Central believes that the Merger could, if the entities are successfully integrated, result in the eventual enhancement of UNIFI's financial strength ratings and those of its subsidiaries, including Union Central, Ameritas Life and Acacia Life. The Union Central Board believes that stronger financial strength ratings and access to greater financial resources through UNIFI will enable Union Central to better capitalize on opportunities to both fund internal growth and participate in strategic alliances, as well as to accelerate customer growth, especially in Union Central's primary target customer segment: affluent customers and small- to medium-sized businesses. These customers tend to place a high value on financial stability in choosing among competing financial institutions. In addition, the Union Central Board believes that improved financial strength ratings and capital position and resulting stronger customer base would increase Union Central's value to additional potential alliance partners that could help further expand the scope of Union Central's distribution network, product offerings and cross-selling opportunities.
- *Anticipated Improvement in Revenue Growth.* Union Central, Ameritas Life, and Acacia Life, while operating as separate insurance company subsidiaries of UNIFI, will seek to grow by combining and building upon highly complementary products and distribution channels, including increasing market penetration of existing and new customers through Union Central's One Company Marketing, all of which are expected to lead to an improvement in revenue growth at all three insurance companies. By expanding the scope of both products and distribution channels and aligning them under the UNIFI brand name, the Union Central Board believes that Union Central will be better positioned to enter new markets and capture a greater share of its customers' total protection and savings needs. Not only will Union Central and its policyholders benefit, through being part of UNIFI, from a wider range of products and greater customer coverage through a broader distribution network, but Union Central's sales and product specialists will have the ability through Union Central's One Company Marketing to sell a variety of products to meet a larger share of Union Central's customers' protection and savings needs. For example, a UNIFI sales specialist discussing life insurance needs with a customer would be able to also identify the customer's needs for a UNIFI retirements savings plan and sell such service by coordinating with a UNIFI retirement savings specialist to design a customized savings plan for the customer.
- *Anticipated Improvement in Profitability due to Cost Reductions and Additional Scale of Combined Operations.* The Union Central Board believes that the Reorganization will enable Union Central, once it is part of UNIFI, to reduce operating expenses and enhance its operating margins through a more efficient utilization of the combined assets, management and personnel of Union Central, Ameritas Life and Acacia Life. Union Central's management believes that UNIFI could realize cost savings for the combined companies by jointly selecting and utilizing the best practices and most productive employees at both Ameritas Acacia and Union Central. The Union Central Board also believes that this competitive selection process during the integration phase could result in preserving and enhancing several

key operating functions in Ohio, although some reduction in workforce from current levels is anticipated at all locations of UNIFI.

In addition to considering the factors outlined above, the Union Central Board considered the suitability of Ameritas Acacia as a strategic partner in terms of compatibility of corporate culture and values and other subjective criteria, including the continued influence of Union Central in the affairs of UNIFI. The Union Central Board believes that the following are also beneficial aspects of the Reorganization:

- *Continued Union Central Influence.* Union Central will have a significant role in its own future and in the future of UNIFI during the Six-Year Mandatory Period due to the following:
  - *Separate Legal Existence.* Union Central, as a reorganized Ohio stock insurance company, will continue as a stand-alone subsidiary of UNIFI, for at least the Six-Year Mandatory Period.
  - *UNIFI Board Representation.* The initial 25-member UNIFI Board will include eleven Union Central Designees (as defined herein) (all of whom are current directors of Union Central) and fourteen Ameritas Acacia Designees (as defined herein) (all of whom are current Ameritas Acacia, or Ameritas Life and Acacia Life directors) giving Union Central a significant presence on, but not control of, the UNIFI Board. The number of UNIFI directors may be modified from time to time pursuant to the by-laws of UNIFI, but Ameritas Acacia will always have at least one to three more designees on the UNIFI Board than will Union Central. Additionally, during the Six-Year Mandatory Period, a ratio of 12 to 9 Independent Ameritas Acacia Designees (as defined in the Merger Agreement) to Independent Union Central Designees (as defined in the Merger Agreement) must be maintained as precisely as practicable.
  - *Union Central Board.* Union Central Designees to the AHC Board will elect all of the directors of Union Central during the Six-Year Mandatory Period.
  - *CEO Succession.* The Union Central Board considered beneficial to Union Central and its policyholders the fact that Mr. Jacobs, Union Central's current Chairman, President and Chief Executive Officer, will succeed Mr. Arth of Ameritas Acacia as the Chairman of the Board and Chief Executive Officer of UNIFI no later than July 31, 2008. UNIFI and AHC have agreed to cause Mr. Jacobs to be elected and appointed as Chairman of the Board of Directors and Chief Executive Officer of both UNIFI and AHC to immediately succeed Lawrence J. Arth, such election and appointment to occur no later than July 31, 2008.
  - *Other Officers.* The Union Central Board also considered the fact that the terms of the Merger Agreement and the proposed amendments to the Articles of Incorporation and By-laws of UNIFI provide for additional ongoing representation of Union Central in the UNIFI senior management. These terms include making Gary Huffman, Union Central's Executive Vice-President in charge of One Company Marketing, the senior executive of UNIFI responsible for all individual insurance operations, which is intended to promote implementation of Union Central's One Company Marketing across all of the UNIFI companies.
  - *Supermajority Vote Requirements.* Under the UNIFI and AHC By-laws, a Supermajority Vote of 80% of the entire UNIFI Board or AHC Board (at the Effective Time, 20 of the 25 members), as applicable, is required to authorize any of the following actions during the Six-Year Mandatory Period: amendment to or waiver of any provisions of UNIFI's or AHC's By-laws; the redomestication, or change of domicile, of UNIFI or AHC from the State of Nebraska; relocation of the domicile of any of UNIFI's or AHC's subsidiaries from their current state of domicile; the change of any subsidiary's name; a material change to UNIFI's or AHC's capital structure; the sale of any subsidiary; sale or disposition of substantially all or all of the assets of UNIFI or any of its subsidiaries; a corporate reorganization of UNIFI or AHC; raising of debt or equity capital by UNIFI or AHC; the merger or consolidation, demutualization, liquidation, dissolution of UNIFI or AHC; and any modification, amendment or waiver of certain provisions of the Merger Agreement. By reason of the Supermajority Vote requirement, none of these significant actions may be authorized during the Six-Year Mandatory Period without the concurrence of at least a majority of both the Union Central and Ameritas Acacia designated directors to the UNIFI Board or the AHC Board, as the case may be. It should be noted, however, that such provisions may also have the effect of enabling a comparatively small number of the Ameritas Acacia designees to the UNIFI and AHC Boards to block or veto one or more of the above actions which the Union Central Designees might wish to pursue. Moreover, the fact that an 80% vote rather than a mere majority vote is required to authorize specified actions might operate to prevent such action from occurring at all, although a majority of the UNIFI directors favor such action.

The board composition and internal corporate governance provisions discussed above will be effective for the Six-Year Mandatory Period following the effective date of the Reorganization and may not be amended, modified or waived without an 80% vote of the entire UNIFI Board or the AHC Board, as the case may be, except that the requirement that Ameritas Acacia must have at least one director but not more than three directors more than Union Central on the UNIFI Board and AHC Board will survive indefinitely until amended or modified (and this requirement cannot be amended or modified without the unanimous vote of the UNIFI Board or the AHC Board, as applicable).

### **Potential Disadvantages of the Reorganization**

The Union Central Board also considered potential disadvantages and risks of the Reorganization. Prior to voting, Voting Union Central Policyholders should carefully consider the potential risks and disadvantages of the Reorganization considered by the Union Central Board, as discussed below.

- *No Distribution of Cash, Securities or other Monetary Value.* Union Central is not demutualizing. Accordingly, Union Central Policyholders will not receive any distribution of cash, securities, policy credits or other monetary value at the time of the Reorganization. In addition, after the Reorganization there can be no assurance that members of UNIFI will ever be paid a dividend or distribution in respect of their membership interest in UNIFI, unless and until UNIFI were to liquidate, dissolve or demutualize. There are no current plans or intentions to dissolve, liquidate or demutualize UNIFI in the future and, consequently, Union Central policyholders should not expect any dividends or distributions in respect of their UNIFI membership interests. Furthermore, if UNIFI were to demutualize in the future, only Union Central Policyholders that are policyholders of Union Central at that time (along with policyholders of Ameritas Life and Acacia Life) will be eligible to receive any distribution resulting from such demutualization. By contrast, if Union Central were to demutualize at this time, Union Central Policyholders would receive a distribution of common stock of the reorganized company, or cash or policy credits or some other form of payment, in exchange for their membership interests in Union Central. There are no current plans to demutualize UNIFI.
- *Dividend Limitations.* After the Reorganization, Union Central Policyholders will no longer hold direct ownership interests in Union Central. UNIFI and AHC are both holding companies with no direct operations of their own. If one or more of the UNIFI operating companies were to pay dividends to AHC, AHC could, but would not be required to, pay dividends to its stockholder, UNIFI. Moreover, UNIFI would not be obligated to declare and pay any dividends it receives from AHC to UNIFI Members. In any event, the declaration and payment of dividends by AHC's subsidiaries could, depending on the amounts, be subject to prior regulatory approval, and the declaration and payment of member dividends by UNIFI would also be subject to prior regulatory approval. In addition, if AHC issues common stock to third parties, in a public offering or otherwise, such third party stockholders would also be entitled to any dividends that AHC declares and pays on its common stock, reducing the proportionate amounts available to pay to UNIFI, and potentially to UNIFI Members, including Union Central Policyholders who are members.
- *Loss of Control.* Presently, Union Central Policyholders elect all of the members of the Union Central Board. After the Reorganization, Union Central Policyholders and future Union Central Policyholders will comprise only a portion of the larger group of UNIFI Members, which will also include the existing and future policyholders of Ameritas Life and Acacia Life. Thus, the voting power of Union Central Policyholders with respect to the election of directors of UNIFI and other matters requiring a vote of UNIFI Members will be shared with the existing and future policyholders of Ameritas Life and Acacia Life who will also be UNIFI Members. It is estimated that the Union Central Policyholders would comprise approximately 60% of the voting members of UNIFI if the Merger had been consummated on June 15, 2005, resulting in substantial dilution in the voting power of Union Central Policyholders from the 100% they currently have as to Union Central. Union Central Policyholders will initially be represented on the UNIFI Board and the AHC Board by eleven designees who are current Union Central directors on the 25-member Boards of Directors of UNIFI and AHC. Furthermore, upon completion of the Reorganization, Union Central Policyholders, as members of UNIFI, will no longer have the ability to elect directly the members of the Union Central Board (which will be a subsidiary of AHC). The Union Central Board will be elected during the Six-Year Mandatory Period by the Union Central Designees to the AHC Board. Although certain actions will require a Supermajority Vote of 80% of the entire UNIFI or AHC Board, as the case may be, and the Union Central Designees, as directors of UNIFI and AHC, will have the right to exert significant influence over the strategic direction and operations of UNIFI, AHC and their subsidiaries, such Union Central Designees will not collectively have the voting power to control UNIFI and, therefore, AHC and its subsidiaries (other than Union Central), during the Six-Year Mandatory Period.

- *Supermajority Vote Limitations.* The Supermajority Vote provisions of the organizational documents of UNIFI and AHC are designed to provide Union Central with the ability to veto or block certain extraordinary corporate actions, such as a demutualization of UNIFI. Such provisions, however, also will have the effect of enabling a comparatively small number of the Ameritas Acacia designees to the UNIFI and AHC Boards to block or veto certain extraordinary transactions that might otherwise be desirable from the perspective of the Union Central Designees to such UNIFI and AHC Boards. Moreover, the fact that an 80% vote rather than a mere majority vote is required to authorize specified actions might operate to prevent such actions, such as demutualization, from occurring at all.
- *Costs of Reorganization.* Outside legal, financial, accounting, actuarial, printing, and other fees and expenses, including the fees and costs of experts hired by the Ohio and New York Departments of Insurance for which Union Central is responsible, are anticipated to be significant and are estimated at approximately \$9.5 million. A substantial portion of those costs have already been incurred. Other significant transactions would also involve significant costs.
- *Change in Regulation.* Following the Reorganization, Union Central, as an Ohio-domiciled stock life insurer, will continue to be regulated by the Ohio Department of Insurance; however, its two parent companies, UNIFI and AHC, are and will continue to be Nebraska-domiciled companies regulated by the Nebraska Department of Insurance. Although members of a mutual insurance holding company such as UNIFI are generally afforded as much protection under the Nebraska Mutual Insurance Holding Company Act as they are under the Ohio mutual insurance holding company law, the two regulatory schemes are slightly different. Union Central does not believe that these differences are material. See “Regulatory Matters – General,” at page 57.
- *Potential Conflicts of Interest between UNIFI and its Subsidiaries.* Because UNIFI will be comprised of multiple corporate entities, including several insurance companies, situations could arise in which the interests of UNIFI or one or more of its subsidiaries could conflict with the interests of other subsidiaries. Such conflicts could be related to the competition for customers, access to and distribution of products and the allocation of capital, employees and other resources. In order to minimize conflicts of interest in such situations, UNIFI will create an Intercompany Transactions Committee that will be required to review intercompany transactions and situations involving potential conflicts of interest among UNIFI and its subsidiaries, or any one of them, against such standards as may be imposed by state or federal law or which in the opinion of such Intercompany Transactions Committee should be applicable to a potential conflict of interest. The Intercompany Transactions Committee may or may not succeed in achieving balanced resolution of such conflicts, which could be detrimental to Union Central.
- *Potential for Increased Financial Leverage.* After the Reorganization, UNIFI and its subsidiaries, including Union Central, could incur debt in a greater variety of forms and in larger amounts than Union Central would be permitted to incur if Union Central remained a stand alone mutual insurance company. A mutual insurance company may issue debt in a variety of forms, but may not issue (a) convertible debt (such as promissory notes convertible into stock), (b) hybrid equity-debt arrangements such as the concurrent issuance of promissory notes and warrants for stock, or (c) preferred stock that has debt-like features (and may be treated as debt for accounting and tax purposes) and provides the holder with rights similar to those provided to a lender. Also, there are regulatory limitations on the issuance of debt by insurance companies that do not apply to a holding company issuer.
- *Potential Litigation.* At least five proposed mutual insurance holding company reorganizations have resulted in lawsuits: Provident Mutual Life Insurance Company, The Western and Southern Life Insurance Company, The Ohio National Life Insurance Company, National Life Insurance Company of Vermont, and Principal Mutual Life Insurance Company. These lawsuits focused on one or more of the following issues: the adequacy of disclosures made to policyholders (including descriptions of alternatives such as demutualization and the effect of the reorganization on policyholders’ economic interests), the fairness of the reorganization plans (including whether policyholders were deprived of ownership rights without compensation), and/or the constitutionality of the statutes authorizing the reorganizations. All but one of the companies sued ultimately formed mutual insurance holding companies, and the fifth company, Provident Mutual, abandoned its reorganization plans (and was later acquired in a sponsored demutualization by Nationwide Financial). Two of these reorganizations involved Ohio mutual insurance companies, and both were consummated. There can be no assurance that adoption of the Plan would not result in litigation. Litigation can be both costly and time-consuming and could result in a diversion of effort and resources by management of Union Central and UNIFI.
- *Potential Payments under Change of Control Agreements.* If the nine executives that have entered into change of control agreements with Union Central were to become entitled to payments under such agreements by reason of such

executives having been terminated after the Merger without cause or being “effectively terminated” (*i.e.*, such executive suffers a significant reduction in salary or incentive compensation or is transferred to a location greater than 50 miles from the current job location without such executive’s consent), Union Central would be obligated to pay a total of approximately \$6.5 million in the aggregate to such persons. There are no present plans or intentions to terminate any of these executives after the Merger and it is believed to be unlikely that any such payments will be made. Similarly, if the 17 executives that have entered into change of control agreements with Ameritas Acacia were to become entitled to payments under such agreements by reason of such executives having been terminated after the Merger without cause or being “effectively terminated” (*i.e.*, such executive suffers a significant reduction in salary or incentive compensation or is transferred to a location greater than 50 miles from the current job location without such executive’s consent), Ameritas Acacia would be obligated to pay a total of approximately \$10.4 million in the aggregate to such persons. Union Central has been advised that there are no present plans or intentions to terminate any of these executives after the Merger and it is believed to be unlikely that any such payments will be made.

- *Failure to Realize Anticipated Benefits.* There can be no assurance that the anticipated advantages of the Reorganization described above will be realized. In particular, there can be no assurances that the financial strength ratings, revenue, growth or profitability of UNIFI or Union Central will improve following the Reorganization. These advantages could fail to be achieved for a variety of reasons; for example, UNIFI’s operating strategies or those of its subsidiaries may not lead to improved revenue growth and profitability, or the operations of Union Central and Ameritas Acacia may not be integrated as effectively, or as promptly, as anticipated. To some extent, the two companies have complementary products, and it is possible that the respective distribution forces of the two companies may not be able to sell each other’s products effectively, or that the customers of one company may not be receptive to the products of the other. For example, Union Central does not currently offer any group dental insurance, a major Ameritas Acacia line of business, to its customers. The success of UNIFI will also depend in large part upon the skill and judgment of UNIFI’s senior management, which will be comprised of certain of the current senior officers of each of Ameritas Acacia and Union Central. The two companies will seek to assign their respective senior executives to the areas in which their particular expertise can be best utilized, but there can be no assurances that the efforts of such executives will be successful. If UNIFI is not successful in realizing the anticipated benefits of the Reorganization, it is possible that Union Central could become less profitable than it has been historically, which could adversely affect both its ability to compete and the interests of the Union Central Policyholders. There can be no assurances that, after the Reorganization, UNIFI will be able to sustain the current levels on its profitability or improve on, the profitability of Ameritas Acacia.
- *Classified Board of Directors.* UNIFI’s Board has been “classified” into three separate classes of directors. This means that, at any given annual meeting of the members of UNIFI, only approximately one-third of the directors will stand for election. Under these circumstances, it would take the voting members of UNIFI three successive annual meetings to replace the entire UNIFI Board if they wanted to accomplish this result.

#### **Advantages and Disadvantages of Mutual Holding Company Structure Resulting From the Reorganization**

The Union Central Board also considered the potential advantages and disadvantages of the mutual insurance holding company structure associated with the Reorganization that will result in Union Central becoming a subsidiary of UNIFI. The Union Central Board has determined that Union Central would not reorganize into a mutual insurance holding company structure if the Merger will not be consummated; however, a mutual insurance holding company form of organization does have some advantages and disadvantages as compared to remaining a mutual insurance company.

The possible advantages of a mutual insurance holding company structure, which are also incidental advantages of the Reorganization, include the following:

- *More flexible corporate structure.* A mutual insurance holding company structure is a more flexible form of organization than a mutual insurance company structure or a stock insurance company structure and this flexibility could facilitate the ability to consummate acquisitions. A mutual insurance holding company can issue membership interests in connection with mergers or consolidations with other mutual insurance holding companies or mutual insurance companies, which a stock insurance company cannot do. In addition, an intermediate insurance holding company subsidiary of a mutual insurance holding company may issue shares of its capital stock in connection with acquisitions of other stock insurance companies. A mutual insurance company has no authorized capital stock and, therefore, cannot issue capital stock to make any acquisitions. In addition, a mutual insurance holding company, or its

intermediate holding company, can acquire other companies, including non-insurance companies, which offers the potential accounting advantage of the acquired company not being reflected on the statutory balance sheet of an insurance company. By comparison, a mutual insurance company would have to own any such acquisition vehicle directly and, therefore, reflect such non-insurance company subsidiary investment on its balance sheet.

- *More diversified access to capital if required by future business developments.* A mutual insurance holding company form of organization facilitates access to capital markets, including the equity capital markets, if and when any company in the structure has a need for additional capital. An intermediate insurance holding company subsidiary of a mutual insurance holding company may issue shares of its capital stock or debt securities for cash and such cash can then be contributed to one or more of its subsidiaries or used for acquisitions. A mutual insurance company cannot issue any equity securities, and it can issue debt securities only at the insurance company level, which debt issuance could adversely affect its financial strength ratings.
- *Ability to use stock in compensation and incentive plans.* A mutual insurance holding company group may adopt equity based compensation and incentive plans in order to enhance its ability to attract and retain management and other employees. UNIFI, as a mutual insurance holding company with a stock holding company subsidiary, AHC, could adopt equity-based incentive plans. A mutual insurance company cannot do this, although it can adopt a so-called phantom stock plan which can replicate certain features of a stock-based incentive plan. There are no current plans or intentions for UNIFI to adopt any form of equity-based compensation or incentive plans nor are there any plans or intentions to conduct an IPO of AHC stock.

Possible disadvantages of a mutual insurance holding company structure include the following:

- *Potential Disadvantages if Intermediate Insurance Holding Company Issues Common Stock.* Unlike a mutual insurance company structure in which the policyholders are also the exclusive owners of the operating insurance company, a mutual insurance holding company structure presents the possibility of stockholders who are not also policyholders at the intermediate insurance holding company level. Thus, a mutual insurance holding company form of organization (which will also occur in the Reorganization) has some potential disadvantages if its intermediate stock holding company (such as AHC) were to sell stock to one or more third parties. Although there are no current plans or intentions to either conduct an IPO of AHC's stock or to adopt any form of equity based compensation or incentive plans, if any of these events were to occur, some of the potential disadvantages are set forth below:
  - *Potential Conflicts of Interests between Policyholders/Members and Stockholders.* The Board of Directors of a mutual insurance company, like Union Central before the Reorganization, has a duty to act in the best interests of its policyholders. The board of directors of an intermediate holding company (such as AHC) has a duty to act in the best interests of its stockholders, including its parent mutual insurance holding company and, if it issues additional common stock in the future, any other stockholders of the intermediate holding company. In certain circumstances, the interests of a mutual insurance holding company (such as UNIFI) and its members could conflict with the interests of the other minority stockholders of the intermediate holding company. For example, policyholders have an interest in receiving insurance at low cost in the tradition of a mutual insurance company while the intermediate holding company stockholders would have an interest in receiving a high return on their investment. In addition, the holders of participating insurance policies of an insurance subsidiary of the mutual insurance holding company may receive policyholder dividends on their policies at varying annual rates, depending on the profitability of the insurance company; third party stockholders of the intermediate holding company might prefer that the profits of insurance company subsidiaries be paid as dividends to the intermediate holding company for distribution to stockholders rather than used to increase the policyholder dividends to the holders of participating policies of the insurance company subsidiaries. Alternatively, stockholders might prefer an insurance company subsidiary to raise its premiums to preserve or sustain a given level of profitability for the benefit of stockholders. These divergent interests could affect business decisions of the intermediate holding company board of directors, which must balance these potentially divergent interests of policyholders and stockholders (and stockholders could in the future include directors, officers, employees and agents of the stock life insurance company, as well as policyholders if they buy stock through subscription rights in an IPO of the intermediate holding company or otherwise). There can be no assurance that the board of directors of an intermediate holding company (such as AHC) would be able to effectively balance the interests of the members of its parent mutual insurance holding company (such as the UNIFI Members) with those of its public stockholders.

- *Reduction in Ownership Level.* If an intermediate holding company (such as AHC) were, in the future, to sell common stock to one or more third parties in a public offering or otherwise, the indirect beneficial ownership of mutual insurance holding company members in the intermediate holding company and its subsidiaries would be diluted from 100% to a lower percentage (not less than a majority). This reduced ownership level would reduce the overall voting power of the mutual insurance holding company members (such as UNIFI Members) and the economic stake of such members in the mutual insurance holding company.
- *Potential for Book Value Dilution Upon an Offering of Stock.* Initially, the shares of stock of an intermediate holding company that are owned by the mutual insurance holding company will have a book value equal to the capital and surplus of the intermediate holding company. A market value for the shares of an intermediate holding company will not be established unless and until shares are sold to the public or to other third parties. The sale of stock in an intermediate holding company to the public or to other third parties could have the effect of diluting or enhancing, from an accounting standpoint, the book value of the shares of the intermediate holding company held by the mutual insurance holding company. If shares of stock of an intermediate holding company are sold to the public or to other third parties at any time (initially or subsequently) at a per-share price less than the book value of such shares, the additional capital raised for the intermediate holding company will be less, in book value terms, than the proportionate number of shares acquired by the public shareholders, and the book value of shares owned by the mutual insurance holding company would be reduced proportionately. By the same token, if shares of stock of an intermediate holding company are sold to the public or to other third parties at any time (initially or subsequently) at a per-share price greater than book value, the additional capital raised for the intermediate holding company will be greater, in book value terms, than the proportionate number of shares acquired by the public or other third-party shareholders, and the book value of shares owned by the mutual insurance holding company would be increased proportionately. There can be no assurance that the market value of shares sold at any time will be equal to or greater than book value. In the event of a later demutualization of the mutual insurance holding company, the market value at that time of the shares of stock of an intermediate holding company owned by the mutual insurance holding company would likely be the measure of the total value available for distribution to eligible policyholders. A demutualization of the UNIFI mutual insurance holding company is not presently contemplated. If a demutualization never occurs, or until such time as it does occur, the value of the shares of stock of AHC, the intermediate holding company, held by the mutual insurance holding company would not translate into a direct economic benefit to Union Central Policyholders.
- *Potential Loss of Mutual Insurance Company Culture.* The mutual insurance company culture that exists among employees, agents and policyholders of a mutual insurance company (such as Union Central) could be lost or changed if an intermediate holding company (such as AHC) issues common stock, and this may be important to policyholders who believe that this culture generates value for them.
- *Insolvency or Liquidation of a Life Insurance Subsidiary Could Result in Claims Against UNIFI or AHC.* UNIFI and AHC would automatically be parties in the event of any insolvency or delinquency proceeding brought against Union Central, Ameritas Life or Acacia Life. If the assets of the insolvent life insurance subsidiary are insufficient to satisfy the claims of its policyholders, the assets of UNIFI and AHC could be used to satisfy such claims. These assets might in the future include the stock of other subsidiaries and/or funds or securities held at the UNIFI or AHC level.

## CONSIDERATION OF ALTERNATIVES

Before adopting the Plan, the Union Central Board considered and weighed the potential advantages and disadvantages of the Reorganization as compared with the potential advantages and disadvantages of three other primary possible alternatives: (1) remaining an independent mutual insurer; (2) converting to a mutual insurance holding company structure without merging with Ameritas Acacia; and (3) demutualization. A discussion of the potential advantages and disadvantages of these alternatives as compared to the Reorganization follows below.

The Union Central Board has also considered in the past the advantages and disadvantages of a sponsored demutualization or a merger with another mutual insurer but did not specifically consider these as alternatives to the Reorganization, nor was the Union Central Board obligated to do so under Ohio law. A so-called "sponsored demutualization" is a demutualization in which another insurance company, usually a stock insurer that already has publicly traded common stock outstanding, acquires a mutual insurance company that simultaneously converts to a stock insurance company in a transaction in which the acquired company's members are paid cash and or securities in the acquiring company in exchange for their membership interests.

### **Remaining Independent**

The Union Central Board compared and weighed the advantages and disadvantages of the Reorganization with those of remaining an independent mutual insurer. The Union Central Board concluded that the potential advantages of the Reorganization (after taking its disadvantages into account) outweighed the potential advantages of remaining an independent mutual insurer.

#### *Potential Advantages*

The possible advantages and disadvantages of the Reorganization are discussed herein under "Voting Considerations." The possible advantages of remaining an independent mutual insurer include the following:

- *Control Over the Union Central Board Retained.* Union Central Policyholders would retain the ability to elect the entire Union Central Board. After the Reorganization, Union Central Policyholders are estimated to have approximately 60% of the total member voting power of all UNIFI members, which will include policyholders of Ameritas Life and Acacia Life.
- *Potentially Larger Distributions Upon Potential Future Demutualization.* Union Central Policyholders would retain the sole ownership of Union Central and, accordingly, in the event of a demutualization of Union Central in the future, be entitled to all of the value of Union Central then distributable to its policyholders.
- *Potential Disadvantages of Reorganization Avoided.* Certain potential disadvantages of the Reorganization would be avoided. For example, under Union Central's current structure, there are no potential conflicts between interests of Union Central Policyholders and interests of others with indirect ownership interests in Union Central because Union Central Policyholders own all of the membership, *i.e.*, ownership, interests in Union Central. The only persons who receive distributions from Union Central are those Union Central Policyholders who receive policy dividends if and when declared by the Union Central Board. By contrast, under any of the other alternatives, including conversion to a mutual insurance holding company structure, outside investors can acquire stock, either directly or indirectly, in Union Central or in a company that will own Union Central, and their interests could conflict with the interests of Union Central Policyholders.
- *Future Transactions.* Under its current structure, Union Central would preserve its ability to pursue a merger with another mutual insurance company in the future, to pursue a stand-alone demutualization and to convert to a mutual insurance holding company in the future.
- *Mutuality Preserved.* A mutual structure, and in particular a mutual insurance company culture among employees, agents and Union Central Policyholders, may be important to Union Central Policyholders who believe that this culture generates value for them.

### ***Potential Disadvantages***

The possible disadvantages of remaining an independent mutual insurer and not merging with Ameritas Acacia include the following:

- *Potential Advantages Not Realized.* The potential advantages of the Reorganization, which the Union Central Board believes are significant, would not be realized at this time.
- *Competitive Position Could Erode.* An independent Union Central may not be able to compete as effectively in the future due to its comparatively small size, limited capital, smaller distribution force and fewer product offerings than other, larger insurers. If Union Central does not increase its size and scale of operations, its financial strength ratings could decline, which would adversely affect its ability to attract new policyholders and retain existing policyholders.

### **Conversion to a Stand-Alone Mutual Insurance Holding Company Structure**

Union Central has determined that it will not convert to a mutual insurance holding company structure unless the Merger is consummated. The only reason for converting to a mutual insurance holding company structure at this time would be to facilitate the Merger with Ameritas Acacia since Ameritas Acacia is already organized as a mutual insurance holding company.

The Union Central Board compared and weighed the advantages and disadvantages of the Reorganization with the potential advantages and disadvantages of converting to a stand-alone mutual insurance holding company structure without the Merger, and concluded that the potential advantages of the Reorganization (after taking its disadvantages into account) outweighed the potential advantages of converting to a mutual insurance holding company structure without merging, primarily due to the compelling potential advantages of the Merger described elsewhere in this Policyholder Information Booklet.

### ***Potential Advantages***

The possible advantages of a stand-alone mutual insurance holding company structure, some of which are also incidental advantages of the Reorganization, include the following:

- *Same Advantages as Independence.* Union Central, converted to a stand-alone mutual insurance holding company structure, would present the same potential advantages with respect to remaining independent that are discussed above. See “Consideration of Alternatives – Remaining Independent – Potential Advantages,” at page 28.
- *Same Advantages of Mutual Insurance Holding Company Structure.* Union Central converted to a stand-alone mutual insurance holding company structure would present the same potential advantages of such structure that are incidental advantages of the Reorganization discussed above. See “Voting Considerations – Advantages and Disadvantages of Mutual Holding Company Structure Resulting from the Reorganization,” at page 25.

### ***Potential Disadvantages***

The possible disadvantages of a stand-alone mutual insurance holding company structure include the following:

- *No Merger.* The Merger would not occur and, consequently, many of the potential advantages of the Reorganization discussed elsewhere would not be realized at this time. In addition, an independent Union Central may not be able to compete as effectively in the future due to its comparatively small size, limited capital, smaller distribution force and fewer product offerings as compared to other, larger insurers.
- *Potential Disadvantages if Intermediate Holding Company Issues Common Stock.* The ability of a stand-alone mutual insurance holding company to cause its intermediate holding company subsidiary to issue common stock presents the same potential disadvantages that could arise from AHC issuing common stock as discussed above. See “Voting Considerations – Potential Disadvantages of the Reorganization,” at page 23.
- *No Distribution of Cash, Securities or other Value.* Union Central Policyholders would not receive any distribution of cash, securities, policy credits or other value at the time of the conversion to such a structure.

## **Demutualization**

The Union Central Board has considered the potential advantages and disadvantages of the Reorganization and compared and weighed such factors with the potential advantages of a demutualization transaction and has concluded that the potential advantages of the Reorganization (after taking its disadvantages into account) outweighed the potential advantages of a current demutualization.

### ***Potential Advantages***

The potential advantages of a demutualization include the following:

- Demutualization is the only alternative in which Union Central Policyholders would receive economic value in the form of stock, cash or policy credits, as a direct result of the transaction. That is because in the event of demutualization of Union Central, eligible Union Central Policyholders would be exchanging their membership interests for cash, stock or policy credits based on a formula that would allocate the equity of Union Central according to each eligible Union Central Policyholder's relative contributions to the surplus of Union Central. The determination of the value of this equity allocation to be received by eligible Union Central Policyholders would likely be based, at least to some extent, on the market value of the stock to be issued upon demutualization, as well as on the methodology for allocation of payment and the number of Union Central Policyholders eligible to receive such payment at that time.
- Due to enhanced structural flexibility, including the ability to issue capital stock, if the equity markets were receptive, a demutualized Union Central could issue capital stock and use the net proceeds thereof to increase its surplus, resulting in a financially stronger company. Such additional capital could potentially be used for a number of purposes. In addition, demutualization would provide the immediate opportunity to use stock as consideration to acquire another entity, while in the proposed mutual insurance holding company structure, this advantage would not be available unless and until an IPO of AHC is conducted. Capital stock would also permit the use of stock in compensation plans to attract and retain management and other employees after an IPO.

### ***Potential Disadvantages***

The potential disadvantages of demutualization include the following:

- The Merger would not occur and, consequently, the potential advantages of the Reorganization discussed elsewhere would not be realized at this time. In addition, an independent Union Central may not be able to compete as effectively in the future due to its comparatively small size relative to other insurers.
- There could be no assurances that the stock valuation of Union Central in a demutualization would be satisfactory to the Union Central Board or to Union Central Policyholders at this or any other time in light of the comparatively small size of Union Central relative to many publicly held stock life insurance companies. Moreover, the liquidity in any trading market of the stock of a demutualized Union Central could be limited.
- If Union Central were to demutualize, Union Central would lose the ability to effect a merger with other mutual insurers or mutual insurance holding companies, except by means of sponsoring their demutualization, which would necessitate the use of cash or stock rather than membership interests in exchange for membership interests of the target company.
- If Union Central were to demutualize, the mutual insurance company culture among employees, agents and Union Central Policyholders that exists today would be lost, and this may be important to Union Central Policyholders who believe that this culture generates value for them.

On the basis of these relative advantages and disadvantages of a demutualization, the Union Central Board concluded that at this time the Reorganization is preferable to a demutualization, converting without a merger or making no change in Union Central's structure. See "Voting Considerations," at page 21.

## RECOMMENDATION OF THE UNION CENTRAL BOARD OF DIRECTORS

Based upon the factors discussed above in "Background and Reasons for Reorganization," "Voting Considerations" and upon extensive discussions with Union Central's management, legal counsel, financial advisors and actuarial consultants, the Union Central Board has determined that the Plan is fair and equitable to Union Central and its policyholders and approved and adopted the Plan. **Consequently, the Union Central Board unanimously recommends that the Voting Union Central Policyholders vote "FOR" the Proposal.**

### **Fairness Opinion of Financial Advisor to Union Central**

In September 2004, Union Central engaged Morgan Stanley as financial advisor to assist Union Central in connection with its consideration of the Reorganization. On January 28, 2005, the date on which the Union Central Board approved the Merger Agreement, Morgan Stanley rendered its opinion to the Union Central Board that, subject to the assumptions, qualifications and limitations expressed in the opinion, as of such date, the Reorganization is fair from a financial point of view to Union Central Policyholders taken as a group.

On July 20, 2005, Morgan Stanley issued an updated opinion to the Union Central Board (which was substantially the same as its opinion rendered on January 28, 2005) that, subject to the assumptions, qualifications and limitations expressed in the opinion, as of such date, the Reorganization is fair from a financial point of view to Union Central Policyholders taken as a group. Morgan Stanley's July 20, 2005 opinion appears in Exhibit 4 of the Exhibit Volume, and you are encouraged to review it, including the assumptions, qualifications and limitations expressed therein. Morgan Stanley based its opinion on the review and analysis of information concerning the operations and financial position of Union Central and Ameritas Acacia, including (i) certain financial and actuarial information of Union Central and Ameritas Acacia, (ii) financial projections prepared by management of Union Central and Ameritas Acacia, (iii) participation in discussions with management of Union Central and Ameritas Acacia and their legal and actuarial advisors, (iv) materials and opinions related to the Closed Block and (v) third party reports relating to the pricing, product development and financial management practices of Union Central and Ameritas Acacia. Morgan Stanley also analyzed the impact of the proposed Merger by discussing the strategic objectives and rationale of the Merger with management of Union Central and Ameritas Acacia and reviewing rating agency analyses of the impact of the proposed Merger. Among other things, Morgan Stanley did not express any opinion as to the following matters: which of Union Central's Policyholders are considered members; matters relating to the allocation of combined membership interests or the value of the membership interests attributable to Union Central Policyholders pursuant to the Reorganization; matters relating to the establishment or operation of the Closed Block; or the fairness of the Plan to any individual Union Central Policyholder or class of Union Central Policyholders. Furthermore, while Morgan Stanley assisted Union Central in identifying the benefits and considerations, from a financial perspective, related to certain alternative transactions to the Reorganization considered by the Board of Directors (such as a demutualization), Morgan Stanley did not express any opinion as to the fairness to Union Central Policyholders of such alternative transactions (since Union Central chose not to pursue them) or as to the underlying business decision to undertake the Reorganization. Morgan Stanley's opinion also does not address any actions which Union Central may take following the Merger, including the terms of any IPO or any participation rights which may be offered to the Union Central Policyholders with respect thereto.

Morgan Stanley will be paid a fee for its services. Commencing in September 2004, a retainer fee accrues on a quarterly basis, until the engagement is terminated or the Merger is consummated, at the following rates: \$150,000 fee for the first three months (through November 2004) and \$75,000 for each subsequent three-month period. To date, Union Central has accrued approximately \$300,000 in retainer fees payable to Morgan Stanley. In addition, upon the closing of the Merger, Morgan Stanley will be paid a contingent fee ranging from \$2.5 million to \$4.5 million. This contingent fee will not be payable if the Reorganization is not consummated. The precise amount of the final fee will be determined by Morgan Stanley and Union Central based on Union Central's assessment of the quality of services rendered by Morgan Stanley, as well as the duration, complexity and intensity of the engagement. The retainer fee will be credited against the final fee in full.

### **Opinions of Actuarial Consultants to Union Central**

#### *Opinion on Actuarial Fairness*

On January 28, 2005, Steven I. Schreiber and Daniel J. McCarthy of Milliman also rendered an opinion to the Union Central Board that, as of such date, subject to the assumptions, qualifications and limitations expressed in the opinion, the proposed Reorganization is fair to Union Central's Policyholders from an actuarial point of view.

The actuarial fairness opinion addresses the question of whether or not the proposed Reorganization is fair to Union Central's policyholders from an actuarial point of view. The opinion states that there is no specific set of criteria by which actuarial fairness to policyholders is judged in a transaction such as that contemplated by the proposed Reorganization; however, the opinion further states that, in the view of the actuarial consultants, the appropriate criteria for making an assessment as to the actuarial fairness to Union Central Policyholders in this instance include the following:

Question 1: Will the Union Central policyholders be part of an entity that is at least as strong financially (and hence at least as able to fulfill its commitments to policyholders) as is Union Central today?

Question 2: Do the arrangements between the parties provide for the continued reasonable financial treatment of the Union Central policyholders?

Based upon the analysis set forth in their fairness opinion, the consulting actuaries concluded that the answer to each of the above questions was "yes" and, therefore, that the Reorganization is fair to Union Central's policyholders from an actuarial point of view.

On July 20, 2005, Mr. Schreiber and Mr. McCarthy issued their updated opinion to the Union Central Board (which was substantially the same as their opinion rendered on January 28, 2005) that, as of such date, subject to the assumptions, qualifications and limitations expressed in the opinion, the proposed Reorganization is fair to Union Central's Policyholders from an actuarial point of view. Their July 20, 2005 fairness opinion appears in Exhibit 5 of the Exhibit Volume, and you are encouraged to review it, including the assumptions, qualifications and limitations expressed therein.

#### *Opinions Relating to Closed Block*

On January 28, 2005, Mr. Schreiber and Mr. McCarthy of Milliman rendered their opinion to the Union Central Board as to the appropriateness of the Closed Block as described in the Plan.

In considering the appropriateness of the Closed Block, the consulting actuaries first considered the legal requirements for such a mechanism. They concluded that, although not specifically required by Ohio law, there is precedent in Ohio for establishing a closed block in connection with the formation of a mutual insurance holding company in Ohio. They also considered the relevant actuarial literature relating to the appropriate objectives of a closed block, including the preservation of reasonable dividend expectations of each class of policyholders. Under the literature, "reasonable dividend expectations" is defined as the expectations that the current dividend scale will be maintained if the experience underlying the current scale continues, and that the dividend scale will be adjusted accordingly if the experience changes. Based upon these principles and other matters identified in the opinion, the consulting actuaries concluded that the purpose of the Closed Block contemplated by the Plan is appropriate as an actuarial matter.

On July 20, 2005, Mr. Schreiber and Mr. McCarthy rendered certain opinions to the Union Central Board to the effect that, as of such date: (i) the purpose of the Closed Block, as described in Section 8.1 of the Plan, is appropriate, (ii) the classes of policies included in the Closed Block under the Plan are reasonable and are consistent with the guidance provided in Actuarial Standard of Practice No. 33, (iii) the use of the 2005 Dividend Scale for determining the funding of the Closed Block is appropriate, and (iv) the arrangements for the establishment and operation of the Closed Block as set forth in Article VIII of the Plan (including the Closed Block Memorandum), make adequate provision for allocating to the Closed Block assets which will be reasonably sufficient to enable the Closed Block to provide for the guaranteed benefits, and certain expenses and taxes associated with Closed Block policies, and to provide for the continuation of the 2005 dividend scale in aggregate if the experience underlying such scale continues. The opinions further state that Article VIII of the Plan also provides for the appropriate adjustment of the dividend scale if the underlying experience changes from that underlying the 2005 dividend scale. Their opinions are subject to the assumptions, qualifications and limitations expressed in the opinions.

The July 20, 2005 opinions of Mr. Schreiber and Mr. McCarthy appear in Exhibit 5 of the Exhibit Volume, and you are encouraged to review them, including the assumptions, qualifications and limitations expressed therein.

## THE REORGANIZATION

The Plan contemplates that Union Central will first convert to a mutual insurance holding company structure and Policyholders' membership interests in Union Central will be automatically converted to membership interests in UCMHC. Immediately following the Conversion, the Plan contemplates that UCMHC will merge with Ameritas Acacia, which will change its name to UNIFI Mutual Holding Company, all pursuant to the Merger Agreement. The Merger Agreement provides that, if the Merger is consummated, membership interests in UCMHC will be converted into voting membership interests in UNIFI at the Effective Time of the Merger, without any act on the part of any member of UCMHC. Future Union Central Policyholders, like future policyholders of Ameritas Life and Acacia Life, will immediately become UNIFI Members upon issuance of an eligible policy. No other payment, such as cash, stock, or enhanced policy benefits, will be distributed to Union Central Policyholders in connection with the Reorganization. Following the Reorganization, Union Central will continue to operate as a subsidiary of UNIFI and will continue to be responsible for obligations owed to Union Central Policyholders under Union Central policies.

The following discussion highlights certain factors that Union Central Policyholders should take into account in determining how to vote with respect to the Proposal.

### **Impact on Your Membership Interests**

#### *General*

Prior to the Reorganization, Union Central Policyholders possess all of the ownership rights over Union Central. They have both contract rights under their insurance policies or annuity contracts and all of the membership interests in Union Central. The principal right of Union Central Policyholders as insureds is the right to receive the type and amount of benefits specified in their policies or contracts in accordance with the terms and provisions thereof, including the right to receive policy dividends if, when and as declared by the Union Central Board in accordance with the terms and provisions of such policies. The principal rights of Union Central Policyholders as members include the right to vote on certain matters involving Union Central (assuming the Union Central Policyholder is a Voting Union Central Policyholder; see "Special Meeting — Voting Union Central Policyholders," at page 16) and the right to receive distributions from Union Central in the event of the ultimate dissolution or liquidation of Union Central. In addition, Union Central Policyholders as members have the right to receive stock, cash or policy credits, or other consideration, upon a demutualization.

Under the proposed Reorganization, at the Effective Time, the membership interests and the contract rights of Union Central Policyholders will be separated. By operation of Ohio law, Union Central Policyholders' membership interests in Union Central automatically will become membership interests in a newly formed Ohio mutual insurance holding company which will immediately, upon its formation, be merged into Ameritas Acacia to form UNIFI, and membership interests in Union Central will be extinguished. Union Central Policyholders owning policies in force at the Effective Time will have their membership interests in Union Central replaced by membership interests in UNIFI and will remain members of UNIFI for as long as their Union Central policies remain in force. Each person who becomes a Union Central Policyholder after the Effective Time will automatically become a member of UNIFI and will have membership interests in UNIFI as long as a qualifying Union Central policy owned by the member remains in force. Separate certificates evidencing the membership interests in UNIFI will not be issued. Members of Union Central before the Reorganization and members of UNIFI after the Reorganization will not receive shares of stock, cash, policy credits or other consideration or payment of any other kind attributable to the Reorganization (other than the UNIFI membership interest). Contract rights will remain with Union Central.

Under the Articles of Incorporation of UNIFI, Union Central Policyholders become members of UNIFI, and Union Central Policyholders who would have qualified as Voting Union Central Policyholders become the voting members of UNIFI.

Membership interests in Union Central prior to the Reorganization are not separately transferable from the underlying policies. A UNIFI Member will also not be able to transfer such membership interest in UNIFI (or any right arising from such membership) except in conjunction with permitted transfers of the underlying policy which creates such membership interest in UNIFI (the "Related Policy"). A membership interest in UNIFI will automatically terminate upon the lapse or termination of the Related Policy or upon the transfer of ownership, absolute assignment or other divestiture of the member's rights in the Related Policy. No UNIFI Member will be personally liable, as a member, for the debts, liabilities or obligations of UNIFI or subject to assessments of any kind related thereto.

The Reorganization would not preclude a subsequent demutualization of UNIFI at some future date, if the UNIFI Board were to determine that such a course of action is appropriate and UNIFI members, the Nebraska Director of Insurance (the "Nebraska Director") and other applicable regulatory authorities approve it. In the event that UNIFI is converted to a shareholder-owned company in a demutualization completed pursuant to a plan approved by its Board of Directors, members and the Nebraska Director, policyholder membership interests would be extinguished and each member of UNIFI (including members who are policyholders of Ameritas Life and Acacia Life) would receive payment therefor in the form of cash, policy credits, shares of capital stock of the resulting entity or some other form of payment in an amount and form to be determined in accordance with the demutualization plan as it is then adopted. There are no current plans to demutualize UNIFI. During the Six-Year Mandatory Period, a supermajority vote of 80% of the entire UNIFI Board would be required to authorize a demutualization of UNIFI.

If Union Central were to demutualize now instead of reorganizing into a mutual insurance holding company structure, Union Central Policyholders' membership interests would be extinguished, and in exchange Union Central Policyholders would receive payment in the form of stock, cash or policy credits, or other kinds of payment. Union Central Policyholders who received such payment in the form of stock would potentially receive dividends on such stock (in addition to whatever policy dividends they receive) and could sell such stock for cash. As under the proposed Conversion, policy terms and benefits would not be affected by a demutualization, and Union Central Policyholders would receive reasonable assurances, in the form of a Closed Block (such as the one being established for the proposed Conversion) that Union Central's basis for declaring policy dividends would not change as a result of a demutualization of Union Central.

#### ***Effect of an Offering of Stock by AHC***

It is anticipated that after the Reorganization, the mutual insurance holding company structure of UNIFI will provide Union Central with potential access to additional capital resources. In the future, depending upon market conditions, AHC may be able to sell new shares of capital stock or securities convertible into common stock or debt securities to the public or other third parties, provided that, at all times, UNIFI will be required to approve the sale of any shares of AHC stock by AHC and provided further that UNIFI is required by law to retain a majority of the voting securities of AHC. The consent or approval of the UNIFI Members, either in their capacity as such or as policyholders, is not required for the sale of shares of AHC stock. UNIFI will also indirectly control Union Central through the ownership of a majority of AHC's voting securities.

If AHC were to issue shares of its common stock or other equity securities in the future, it would do so for value and the proceeds of such issuance would be used for the corporate purposes of AHC, including potentially providing capital to its insurance subsidiaries. AHC's subsidiaries, however, could not compel AHC to contribute such proceeds to their capital. It is unlikely that any of such proceeds would be paid or distributed to the members of UNIFI since such proceeds would likely be invested in the capital of one or more subsidiaries or used for other corporate purposes. The issuance by AHC of common stock or other equity securities would reduce the ownership level of UNIFI (and, therefore, UNIFI members) in AHC. This reduced ownership level would have the effect of reducing the total voting power and economic interest of UNIFI (and, therefore, the voting power and economic interest of the UNIFI Members) in AHC.

Any dividends payable by AHC or Union Central in the future with respect to their shares of capital stock, will be subject to determination and declaration by their respective Boards of Directors and to applicable regulatory constraints. It is anticipated that the principal factors affecting any such determination and declaration will include, among others, the respective companies' current financial condition and results of operations, tax considerations, dividend policies of comparable companies and economic conditions. Union Central Policyholders will not be stockholders of Union Central or AHC by reason of the Reorganization and, therefore, are not anticipated to receive any dividends if either pays such dividends in the future. As a holder of common stock of AHC, UNIFI would receive its share of any dividends paid by AHC in respect of its outstanding shares of common stock. UNIFI, however, would not be required to declare and pay any such dividends to its members, and if it did determine to do so, prior regulatory approval would be required in advance of such payment. In addition, AHC could issue a class of preferred shares that would be entitled to periodic dividends that would not be payable to holders of AHC common stock such as UNIFI.

Finally, if AHC were to issue shares of stock in the future, UNIFI's investment in AHC could be diluted from an accounting standpoint. Initially, after the Reorganization, the shares of stock of AHC that are owned by UNIFI will have a book value equal to the capital and surplus of AHC after the Reorganization. A market value for the shares of AHC will not be established unless and until shares are sold to the public or to other third parties. The sale of stock in AHC to the public or to other third parties could have the effect of diluting or enhancing, from an accounting standpoint, the book value of the shares of AHC held by UNIFI. If shares of stock of AHC are sold to the public or to other third parties at any time (initially or subsequently) at a

per-share price less than the book value of such shares, the additional capital raised for AHC will be less, in book value terms, than the proportionate number of shares acquired by the public shareholders, and the book value of shares owned by UNIFI would be diluted. By the same token, if shares of stock of AHC are sold to the public or to other third parties at any time (initially or subsequently) at a per-share price greater than book value, the additional capital raised for AHC will be greater, in book value terms, than the proportionate number of shares acquired by the public or other third-party shareholders, and the book value of shares owned by UNIFI would be enhanced. There can be no assurance that the market value of shares sold at any time will be equal to or greater than book value. In the event of a later demutualization of UNIFI, the market value at that time of the shares of stock of AHC owned by UNIFI would likely be the measure of the total value available for distribution to eligible policyholders. A demutualization of UNIFI is not presently contemplated. If a demutualization never occurs, or until such time as it does occur, the value of the shares of stock of AHC held by UNIFI will not translate into a direct economic benefit to policyholders.

#### ***Participation Rights in the Event of an Initial Public Offering by AHC***

Although there is no present intention to do so, following the Effective Time, AHC may conduct an IPO of its shares of authorized capital stock representing less than a majority of its voting securities. An IPO does not create a value realization event for UNIFI Members, including the Union Central Policyholders. In the event AHC elects to conduct an IPO, UNIFI Members will, however, be offered the opportunity to purchase shares of common stock of AHC at a price per share equal to the IPO price per share. This opportunity to participate in an IPO is not transferable and does not have any appreciable independent value; it is simply the right to acquire the IPO stock on the same economic terms as the investing public, which would require an investment of cash by the holder of the right.

The participation in an IPO will be afforded to the Union Central Policyholders who are UNIFI Members on the date of the IPO in one or more of the following ways (in each case, subject to compliance with applicable federal and state securities laws): (i) providing priority subscription rights to purchase shares of common stock of AHC; (ii) reserving or setting aside for the Union Central Policyholders a specified number of shares of common stock being offered in the IPO ("Reserved Shares"); (iii) making an offering of a specified number of shares of common stock being offered in the IPO; (iv) providing the Union Central Policyholders with written notice of the proposed IPO with the opportunity to request a copy of the prospectus and purchase shares in the IPO on terms no less favorable to Union Central Policyholders than those offered to the public, subject to the availability of shares or other conditions appropriate for an IPO; or (v) providing other rights to participate in the IPO as are consistent with the Plan and the Merger Agreement and applicable law and are approved by the Ohio Superintendent. In each of (i) through (v) above, the common stock being offered in the IPO to the Union Central Policyholders who are UNIFI Members on the date of the IPO shall be offered at the price and on other terms no less favorable to such persons than those offered to the public in the IPO. UNIFI will give prior notice of a proposed IPO, and a description of the material terms and provisions thereof, when required by the Ohio Revised Code and/or the undertakings entered into by the Company with the Ohio Superintendent in connection with the Plan (the "Undertakings.") If the Ohio Superintendent does not object to the proposed terms and provisions of the IPO within the time period required by the Undertakings, then UNIFI may proceed with the IPO in a manner consistent with the terms and conditions as described to the Ohio Superintendent. It is not intended that any of such participation rights ("IPO Participation Rights") will be afforded in any initial offering of preferred stock which is not convertible or exchangeable into common stock and which has no ordinary voting rights for the election of directors. The AHC Board is authorized to impose conditions, limitations or exceptions with respect to such IPO Participation Rights as it deems appropriate and desirable in order to facilitate the IPO, including the specification, without limitation, of the following: a subscription or participation period, the expiration date, minimum or maximum number of shares which may be purchased by eligible members, the purchase price, and other terms of the participation; provided however, that all such conditions, limitations or exceptions shall be approved by the Ohio Superintendent as provided above. UNIFI Members that are policyholders of Ameritas Life and Acacia Life have similar participation rights by reason of the reorganization plans of such companies previously approved and adopted.

In connection with any IPO, AHC may authorize the creation of more than one class of capital stock with such classes having different provisions as to voting rights and/or other terms, subject to the requirement that UNIFI will directly or indirectly own at least the minimum number of voting shares required by applicable law. In connection with any IPO, the AHC Board may permit arrangements under which the directors, officers, employees, agents, and employee benefit plans for the benefit of UNIFI, AHC, Union Central, Acacia Life, Ameritas Life and affiliated companies may be entitled to purchase, for cash, shares of common stock at the same price offered to the public in the IPO. The number of shares which may be purchased pursuant to any such provisions may not exceed twenty percent (20%) of the aggregate number of shares issued in connection with any offering providing IPO Participation Rights to eligible members in the IPO. The number of shares allocated to any

single employee benefit plan may not exceed ten percent (10%) of the aggregate number of shares issued in connection with any offering providing participation rights to eligible members in the IPO. Prior to the commencement of any IPO, the boards of directors of UNIFI, AHC, and their subsidiaries may establish stock option, incentive and share ownership plans which are customary for publicly traded companies in the same or similar industries and, in connection with the IPO, may grant options or other rights having an exercise price not less than the same price as offered to the public in the IPO.

Following an IPO, AHC may issue additional shares of common stock, provided that UNIFI retains a majority of the outstanding voting securities of AHC.

### **No Impact on your Policy**

The terms and provisions of the policies held by Union Central Policyholders will not be changed as a result of the Reorganization. In addition, the Reorganization will not result in any reduction or alteration in any way of any of the guaranteed benefits and values, and the contractual rights of Union Central Policyholders, as described in their policies, nor will the Reorganization cause the premiums required to be paid as specified in the policies to be increased or otherwise changed.

### **Impact on your Policy Dividends**

Union Central's policy dividend practices will not be changed by reason of the Reorganization, although, as always, policy dividends may vary from year to year and future changes in policy dividend practices may occur in response to future events or circumstances. However, holders of certain dividend-paying policies issued by Union Central will have the protection of the Closed Block, as discussed below.

#### ***Closed Block***

In connection with the Reorganization, an arrangement known as a Closed Block will be established, for policy dividend purposes only, for the exclusive benefit of the policies included therein. In general, participating individual life insurance policies which were issued by Union Central prior to the Effective Time and which receive dividends will be included in the Closed Block (the "Closed Block Policies"). The reserves related to the Closed Block Policies of approximately \$410 million are expected to constitute approximately 7% of Union Central's total reserves and deposit liabilities as of the Effective Time. There is a substantial amount of participating (par) business that is excluded from the Closed Block; however, the vast majority of the par business excluded from the Closed Block is universal life and annuity business for which dividends have not historically been paid and for which there are no expectations of projected dividends in the future.

The Closed Block is designed to give reasonable assurance to holders of Closed Block Policies that assets will be available to provide for continuation, in the aggregate, of dividends throughout the life of such policies based upon the 2005 dividend scale if the experience underlying such dividend scale (including portfolio interest rates) continues, and for appropriate adjustment in such dividend scale if the experience changes. After the Reorganization, policies will continue to be eligible for policy dividends as declared by the Union Central Board. The Closed Block consists of identifiable assets and cash flows agreed by Union Central and the Insurance Superintendent of the State of Ohio (the "Ohio Superintendent") to be designated for the benefit of the holders of Closed Block Policies, and is designed to maintain those Union Central Policyholders' reasonable policy dividend expectations. The purpose of the Closed Block is to reduce the potential of conflict, in the event that shares of AHC are sold to investors who are not Union Central Policyholders, between the interests of Union Central Policyholders who receive policy dividends and shareholders of AHC who receive shareholder dividends.

Assets of Union Central will be assigned to the Closed Block in an amount that produces cash flows which, together with anticipated revenues from the Closed Block Policies, are expected to be sufficient to support the Closed Block Policies, including, but not limited to, provisions for payment of claims and certain expenses and taxes, and to provide for continuation of the dividend scale payable for 2005 in the aggregate if the experience underlying such scale continues, and for appropriate adjustments in such scale if the experience changes. To the extent that over time cash flows from the assets of the Closed Block and other experience relating to the Closed Block Policies are, in the aggregate, more favorable than have been assumed, total policy dividends paid to the holders of Closed Block Policies in future years may be greater, in the aggregate, than if the dividend scale payable for policy years ending in 2005 had been continued. To the extent that over time such cash flows and other experiences are, in the aggregate, less favorable than have been assumed, policy dividends paid to holders of Closed Block Policies in future years may, in the aggregate, be less than if the dividend scale payable for policy years ending in 2005 had been

continued. Policy dividends on Closed Block Policies, as in the past, may vary from time to time and are not guaranteed. Union Central is not required to support the payment of policy dividends on Closed Block Policies from its general funds, although Union Central could choose to declare dividends in excess of those determined in accordance with the Plan. In the event of an insolvency of Union Central, the assets in the Closed Block would not be available exclusively to Union Central Policyholders included in the Closed Block.

Union Central will continue to pay guaranteed benefits under all policies, including the Closed Block Policies, in accordance with their terms. If the assets assigned to the Closed Block, the investment cash flows from those assets and the revenues from the Closed Block Policies prove to be insufficient to pay the benefits guaranteed under the Closed Block Policies, Union Central will be required to make such payments from its general funds. Although Union Central will use its best efforts to support the Closed Block Policies with the assets assigned to the Closed Block, these assets are Union Central's general account assets and are subject to the same liabilities (with the same priority in an insolvency or liquidation) as assets outside the Closed Block. While the Closed Block is in effect, none of the assets or cash flows of the Closed Block, except for deductions as permitted under the terms of the Plan and the Closed Block Memorandum, may revert to the benefit of Union Central's shareholder, AHC.

The Closed Block will initially be funded with policy loans on policies in the Closed Block, due and deferred premiums on the policies in the Closed Block, and certain designated assets in Union Central's general account (which may include bonds, notes, mortgages, due and accrued investment income on such bonds, notes and mortgages, stock, real estate, cash and other permitted investments). The composition of assets in the Closed Block will change over time as a result of new investments, which will be made in accordance with Union Central's investment policies and guidelines as adopted by the Union Central Board from time to time. The Closed Block Memorandum describes the methodology that the Company's actuaries will use to calculate the precise amount of assets that will be required to fund the Closed Block.

#### ***Operation of the Closed Block***

Premiums received and investment cash flows from the assets allocated to the Closed Block will be added to, and policy benefits on the Closed Block Policies will be withdrawn from, the Closed Block as provided in the Plan. Federal and state taxes and certain other expenses relating to the Closed Block, and investment expenses associated with Closed Block assets, will be withdrawn from the Closed Block as provided in the Plan.

Policy dividends on the Closed Block Policies will be apportioned by the Union Central Board in accordance with policy provisions and applicable law and with the objective of minimizing tontine effects (a concept referring to a holder of an individual life insurance policy receiving proportionally greater dividends under the policy than another holder simply because the former outlived the latter) and exhausting assets allocated to the Closed Block with the final payment under the last policy contained in the Closed Block. Such dividends will also be allocated among the Closed Block Policies so as to reflect the underlying experience of the Closed Block and the degree to which the various classes of Closed Block Policies contributed to such experience. An income statement and balance sheet for the Closed Block will be prepared and submitted to the Ohio Superintendent, the Superintendent of Insurance of the State of New York (the "New York Superintendent") and the Union Central Board annually. In addition, Union Central will retain an independent consulting actuary to periodically review the operation of the Closed Block and to make a report thereon to the Union Central Board and to the Ohio Superintendent and the New York Superintendent. The first such review is required as of December 31, 2008, and subsequent reviews are required no less frequently than every fifth year thereafter or at such other times as the Ohio Superintendent or the New York Superintendent reasonably requires.

As noted above in "Closed Block," the Closed Block mechanism does not guarantee that policy dividends will continue according to the 2005 dividend scale or at all, nor does it create an absolute ceiling on dividends. It should be noted that any gains in efficiency realized by the Company as a result of a reduction in expenses, acquisitions or otherwise would generally inure to the benefit of AHC, the shareholder of Union Central, and ultimately to the shareholders of AHC, potentially including outside investors, if any, and not necessarily to holders of the Closed Block Policies through increased policy dividends.

The Closed Block will continue in effect until either (i) the last Closed Block Policy is no longer in force or (ii) the dissolution of the Closed Block. The Closed Block may not be dissolved without the approval of the Ohio Superintendent or, as to New York policyholders, the New York Superintendent. Even if the Ohio Superintendent approves a dissolution of the Closed Block, the Closed Block Policies at the time of dissolution will remain obligations of Union Central, and policy dividends on these policies must be apportioned by the Union Central Board in accordance with policy provisions and applicable law.

### ***Amendments to the Plan of Reorganization***

The Plan permits the Union Central Board, by the affirmative vote of not less than two-thirds of the directors, to amend the Plan (including the Exhibits) in certain respects at any time after approval of the Plan by Union Central Policyholders, but only if such amendment is required by the Ohio Superintendent in order for the Ohio Superintendent to approve the Plan as being fair and equitable to Union Central Policyholders or in order to conform the Plan to the requirements of applicable law, provided that no such amendment may be made which could adversely affect the interests of Union Central Policyholders in any material respect. Union Central, with the prior approval of the Ohio Superintendent, may make such minor modifications as are appropriate to correct errors, clarify existing items or make additions to correct manifest omissions in the Plan. At any time before the Plan has received the approval of the Ohio Superintendent under Section 3913.28 of the Ohio Revised Code, Union Central may, by the affirmative vote of not less than two-thirds of the Union Central Board, withdraw the Plan.

In addition to the above, after the Effective Time, the Plan may be amended or modified in any respect; provided that no such amendment or modification shall become effective unless and until it is (i) authorized by the affirmative vote of not less than two-thirds of the Union Central Board and 80% of the UNIFI Board; (ii) approved by the affirmative vote of at least a majority of the UNIFI Members voting in person or by proxy at a duly noticed and convened special or annual meeting of the UNIFI Members; and (iii) approved by the Ohio Superintendent and, if required by Nebraska law, the Nebraska Director. In addition to the foregoing, if the Ohio Superintendent or the Nebraska Director requires a public hearing relating to any proposed amendment to or modification of the Plan, such amendment or modification shall not be effective until such hearing has been held and any order resulting therefrom issued.

### **Change of Control Agreements**

#### ***Union Central***

Union Central has Key Officer Change in Control Agreements (“Change in Control Agreements”) in place with nine of its executive officers, including John H. Jacobs, Gary Huffman, David F. Westerbeck, Steve Johnston, Steven R. Sutermeister, Steve Valerius, Lisa Mullen, Elizabeth Monsell and Dale Johnson (collectively, the “Key Officers”). These Change in Control Agreements were entered into between Union Central and each such Key Officer on September 16, 2004 to induce the Key Officer to remain in the employ of Union Central despite uncertainties created by any potential change in control of Union Central, which would include the Reorganization. The Change in Control Agreements state, generally, that if any Key Officer’s employment is terminated without cause, or the Key Officer is “effectively terminated” (i.e., such officer suffers a significant reduction in salary or incentive compensation or is transferred to a location greater than 50 miles from the current job location without such officer’s consent), within a twenty-four (24) month period following a “Change in Control” (as defined in the Change in Control Agreements), then Union Central will: (a) continue to pay to the applicable Key Officer his or her base salary (minus all applicable tax and benefit deductions) for a specified period ranging from twenty-four (24) to thirty-six (36) months after the date his or her employment was terminated, and (b) continue to provide benefits in effect under Union Central’s or its successor’s then current group medical, dental, vision, and life insurance plans, subject to current employee and Union Central cost sharing contribution levels, for the same period after the date his or her employment was terminated or until the Key Officer commences other employment with substantially equivalent benefits, whichever comes first. Under the Change in Control Agreements, a Change in Control is deemed to have occurred if, among other things, Union Central merges with and into another entity not owned exclusively by Union Central Policyholders. The Merger constitutes a Change in Control under such definition. It is not anticipated that any of the Key Officers will waive their respective rights under their Change in Control Agreements. If all nine executives that have entered into Change in Control Agreements were to become entitled to payments under such agreements by reason of such executives having been terminated after the Merger without cause or “effectively terminated,” Union Central would be obligated to pay a total of approximately \$6.5 million in the aggregate to such persons. There are no present plans or intentions to terminate any of these executives after the Merger.

#### ***Ameritas Acacia***

Ameritas Acacia also has key officer change in control agreements (“Ameritas Acacia Change in Control Agreements”) in place with 17 of its executive officers (collectively, the “Ameritas Acacia Key Officers”). These Ameritas Acacia Change in Control Agreements were entered into between Ameritas Acacia and each such Ameritas Acacia Key Officer to induce the Ameritas Acacia Key Officer to remain in the employ of Ameritas Acacia despite uncertainties created by any potential change in control of Ameritas Acacia, which would include the Reorganization. The Ameritas Acacia Change in Control Agreements

state, generally, that if any Ameritas Acacia Key Officer's employment is terminated without cause, or the Ameritas Acacia Key Officer is "effectively terminated" (i.e., such officer suffers a significant reduction in salary or incentive compensation or is transferred to a location greater than 50 miles from the current job location without such officer's consent), within a twenty-four (24) month period following a "Change in Control" (as defined in the Ameritas Acacia Change in Control Agreements), then Ameritas Acacia will: (a) continue to pay to the applicable Ameritas Acacia Key Officer his or her base salary (minus all applicable tax and benefit deductions) for twenty-four (24) months after the date his or her employment was terminated, or the Ameritas Acacia Key Officer can elect to receive the full amount as a lump sum at the time of termination; (b) continue to provide benefits in effect under Ameritas Acacia's or its successor's then current group medical, dental, vision, and life insurance plans, subject to current employee and Ameritas Acacia cost sharing contribution levels, for the same period after the date his or her employment was terminated or until the Ameritas Acacia Key Officer commences other employment with substantially equivalent benefits, whichever comes first; and (c) vest certain rights to the Ameritas Acacia Key Officers under certain company incentive plans as further described in the Ameritas Acacia Change in Control Agreements. The severance payments and benefits described above are subject to certain tax related events, which could alter the severance payment paid to an Ameritas Acacia Key Officer. Under the Ameritas Acacia Change in Control Agreements, a Change in Control is deemed to have occurred if, among other things, any person or group becomes the beneficial owner of more than fifty percent (50%) of the then outstanding voting stock of Ameritas Acacia. The Merger constitutes an Ameritas Acacia Change in Control under such definition. It is not anticipated that any of the Ameritas Acacia Key Officers will waive their respective rights under their Ameritas Acacia Change in Control Agreements. If all 17 executives that have entered into Ameritas Acacia Change in Control Agreements were to become entitled to payments under such agreements by reason of such executives having been terminated after the Merger without cause or "effectively terminated," Ameritas Acacia would be obligated to pay a total of approximately \$10.4 million in the aggregate to such persons. There are no present plans or intentions to terminate any of these executives after the Merger.

The majority of these Ameritas Acacia Change in Control Agreements were entered into in September of 2002 and were amended in 2005 to comport with the requirements of the American Jobs Creation Act of 2004. The Ameritas Acacia Change in Control Agreements were not entered into specifically in contemplation of the pending Merger. Rather, they were entered into as a result of Ameritas Acacia's ongoing business objective of seeking growth opportunities through appropriate mergers and acquisitions.

## Comparison of Union Central Policyholders' Rights Before and After the Reorganization

The following table provides a brief description of the effects the Reorganization will have on the contract rights and membership interests of Union Central Policyholders.

	<u>Rights</u>	<u>Before Reorganization</u>	<u>After Reorganization</u>
Contract Rights	Right to receive, as a Union Central Policyholder, policy benefits and policy guarantees	Policy benefits and guarantees are obligations of Union Central.	Union Central Policyholders continue to be policyholders of the same (reorganized) life insurance company, Union Central. The Plan will not in any way increase premiums or contributions, or diminish policy benefits, values, guarantees, or other policy obligations. All policy obligations will remain obligations of Union Central.
	Policy dividends	Some policies are "participating" policies and pay policy dividends as declared by the Union Central Board. Policy dividends generally are based on actual experience (including investment, mortality, persistency and expense experience). Dividends may increase or decrease as experience changes.	Dividend-paying policies will continue to pay policy dividends as and when declared by the Union Central Board. As before, policy dividends may increase or decrease as experience changes.

For most participating individual policies that were issued by Union Central prior to the Effective Time and which receive dividends, the Closed Block Policies, Union Central will establish a Closed Block to which certain assets will be allocated. These assets will produce cash flows, which, together with anticipated revenues from the Closed Block Policies, are expected to be sufficient to support the Closed Block Policies and to provide for continuation of participating dividends in aggregate in accordance with the 2005 dividend scale if the experience underlying such scale continues, and for appropriate adjustments in the dividend scale if the experience changes. The Closed Block is designed to give reasonable assurance to holders of Closed Block Policies that Union Central's basis for declaring policy dividends will not be changed by reason of the Reorganization. The Union Central Board may, if conditions permit and in its discretion, pay dividends on Closed Block Policies that are greater than those determined in accordance with the provisions of the Plan and the Closed Block Memorandum attached as Exhibit M to the Plan (the "Closed Block Memorandum"). See "The Reorganization – Impact On Your Policy Dividends," at page 36.

	<b>Rights</b>	<b>Before Reorganization</b>	<b>After Reorganization</b>
Membership interests	Voting for election of directors and on other corporate matters	One vote per Voting Union Central Policyholder in elections of directors of Union Central and on other matters presented for member vote in accordance with Articles of Incorporation and Code of Regulations of Union Central and as provided by law. Union Central Policyholders have the power to elect all members on the Union Central Board.	Voting rights in Union Central become voting rights in UNIFI. Policyholders of Ameritas Life and Acacia Life will also be UNIFI Members that are entitled to vote. Accordingly, the voting power of Union Central Policyholders will be diluted in the sense that the voting power of Union Central Policyholders will be shared with all of the UNIFI Members. One vote per voting UNIFI Member in elections of directors of UNIFI and on other matters presented for member vote in accordance with Articles of Incorporation and By-laws of UNIFI. It is estimated that the Union Central Policyholders would comprise approximately 57% of the voting members of UNIFI if the Merger had been consummated on June 15, 2005, resulting in substantial dilution in the voting power of Union Central Policyholders.
	Nomination of Director Candidates	Voting Union Central Policyholders may nominate candidates for election to the Union Central Board in accordance with the Code of Regulations of Union Central.	During the Six-Year Mandatory Period, designees of Union Central shall have the right to nominate, for election by UNIFI members, 11 of the 25 members of the Boards of Directors of UNIFI and AHC, which is less than a majority of such members. During such period, designees of Ameritas Acacia ( <i>i.e.</i> , Ameritas Life and Acacia Life) shall have the right to nominate, for election by UNIFI members, the remaining 14 members of the UNIFI Board. UNIFI Members may also propose director nominees to stand for election at the annual meeting of the UNIFI Members pursuant to its Amended and Restated Bylaws. The UNIFI Board and the AHC Board will have the discretion to reduce the number of persons that constitute their entire respective Board of Directors to not less than three, subject to certain limitations. In all cases, however, Union Central will not have the ability to nominate a majority of the members of the Board of Directors of either UNIFI or AHC.  For the same period, all of the members of the Union Central Board shall be comprised of persons selected by the Union Central Designees to the AHC Board.

Rights	Before Reorganization	After Reorganization
Liquidation	Under Ohio law, Union Central Policyholder claims have priority over claims of most of the insurer's creditors. In addition, Union Central Policyholders, as members, share in any assets left after payment of all liabilities to policyholders and creditors in the event the insurer ceases to exist.	<p>Upon liquidation of Union Central, Union Central Policyholder claims have the same priority as before the Reorganization. If Union Central (or Ameritas Life or Acacia Life) is unable to satisfy the claims of its policyholders, the assets of UNIFI and AHC could be used to satisfy such claims. These assets might in the future include the stock of other subsidiaries and/or funds or securities held at the AHC or UNIFI level.</p> <p>Upon liquidation of UNIFI, Union Central Policyholders, as UNIFI Members, also share upon liquidation in any assets of UNIFI left after payment of its liabilities to all policyholders of the insurance companies and creditors.</p>
Reorganization to a stock corporation (demutualization)	Under Ohio law, Union Central may convert to a stock corporation that is not part of a mutual insurance holding company structure through a process known as a demutualization, if the Union Central Board and the Union Central Policyholders determine that such a conversion is appropriate and if the Ohio Superintendent approves the conversion.	Under Nebraska law, UNIFI may convert to a stock corporation through a demutualization at some future date, if the UNIFI Board (by Supermajority Vote) and UNIFI Members determine that such a conversion is then appropriate and if the Nebraska Director and other applicable regulatory authorities approve the conversion. Under Nebraska law, the Nebraska Director may not approve a demutualization plan unless he finds that the plan is fair and equitable to policyholders, and that the plan does not deprive policyholders of property rights or due process.
In the Event of an Initial Public Offering	A mutual insurance company may not issue shares of capital stock of any class.	AHC will be able to issue stock. UNIFI Members will have the right to participate in any future IPO of AHC on the same economic terms as the investing public. This right is not transferable and does not have any separate or immediate value. The participation in the IPO will be made available to Union Central Policyholders in one or more of the following ways: (i) providing priority subscription rights to purchase shares of common stock of AHC; (ii) reserving or setting aside for the Union Central Policyholders the Reserved Shares; (iii) making an offering of a specified number of shares of common stock being offered in the IPO;

Rights	Before Reorganization	After Reorganization
		<p>(iv) providing the Union Central Policyholders with written notice of the proposed IPO with the opportunity to request a copy of the prospectus and purchase shares in the IPO on terms no less favorable to Union Central Policyholders than those offered to the public, subject to the availability of shares or other conditions appropriate for an IPO; or (v) providing other rights to participate in the IPO as are consistent with the Plan and the Merger Agreement and applicable law and are approved by the Ohio Superintendent. In each of (i) through (v) above, the common stock being offered in the IPO to the Union Central Policyholders who are UNIFI Members on the date of the IPO shall be offered at the price and on other terms no less favorable to such persons than those offered to the public in the IPO.</p>

## CORPORATE GOVERNANCE OF UNIFI AND SUBSIDIARIES

### *General*

In the Merger Agreement, Ameritas Acacia and Union Central agreed to certain matters relating to the composition of the boards of directors of UNIFI, AHC and Union Central, the composition of various committees of the boards of UNIFI and AHC and certain matters relating to the conduct of the affairs of UNIFI and its subsidiaries, including Union Central. These agreements, most of which are reflected in the By-laws of UNIFI and AHC, will remain in effect for the Six-Year Mandatory Period. If the Reorganization is not consummated, these corporate governance provisions will not become effective. These agreements are discussed below.

### **Post-Merger Board of Directors**

#### *Board of Directors of UNIFI and AHC*

At the Effective Time, the UNIFI Board will be comprised of 25 directors consisting of a total of 14 Ameritas Acacia (or Ameritas Life and Acacia Life) designees ("Ameritas Acacia Designees") and 11 Union Central Designees ("Union Central Designees"). During the Six-Year Mandatory Period, no more than two of the Ameritas Acacia Designees may be an "Inside Director" (defined as a person who has been a full-time employee of Ameritas Acacia, Union Central or their respective affiliates at any time during the past five years, or who receives remuneration from such entities other than customary director's fees) and no more than two of the Union Central Designees may be an Inside Director; provided, however, that after Mr. Larry Pike (who, along with Mr. Jacobs is one of the two initial Union Central designated Inside Directors) retires from the UNIFI Board, no more than one Union Central Designee may be an Inside Director.

The AHC Board at the Effective Time will be comprised of the same 25 persons that are serving as UNIFI directors at such time. Thereafter, during the Six-Year Mandatory Period, the directors of AHC will be nominated by the two Designation Committees of AHC (one Union Central and one Ameritas Acacia) and elected by UNIFI. If the UNIFI Board is reduced to a number less than 25, the AHC Board shall also be reduced to the same size.

The UNIFI Board and the AHC Board will both be "classified" into three separate classes. This means that, at any given annual meeting of the members of UNIFI, only approximately one-third of the directors will stand for election. The number of Ameritas Acacia Designees serving in any single class may not exceed the number of Union Central Designees serving in such class by more than one director (other than Class III, in which the difference may be two) for more than a reasonable period of time. See "Initial UNIFI Board of Directors," at page 53. The members of UNIFI will elect Class III Directors whose terms expire in 2006 at the annual meeting of members in 2006 and, thereafter, at each successive annual meeting, the Directors of the class whose term is then expiring.

During the Six-Year Mandatory Period, in the event of a vacancy of a Union Central Designee on the UNIFI Board for any reason, if the UNIFI Board determines to fill such vacancy rather than reduce the size of the UNIFI Board consistent with the ratio requirements, the remaining Union Central Designees have the right to designate another director to fill the vacancy to serve in such vacating director's stead for the remainder of the term of such vacating director, subject to the proposed replacement director being acceptable to the UNIFI Board. Such replacement director must be an Independent Director if the person he is replacing was an Independent Director. Such replacement director may be either an Independent Director or an Inside Director if the person he is replacing was an Inside Director (other than Mr. Pike, whose replacement if he vacates must be an Independent Director). Ameritas Acacia has identical rights to fill vacancies of Ameritas Acacia Designees that arise for any reason during the Six-Year Mandatory Period, subject to the proposed replacement director being acceptable to the UNIFI Board.

Vacancies in the AHC Board during the Six-Year Mandatory Period are filled in the same manner.

#### *Committees of the UNIFI Board*

Under the Merger Agreement and the By-laws, UNIFI is required to maintain the following Board committees: Executive; Audit; Nominating and Corporate Governance; Compensation; Intercompany Transactions; Ameritas Acacia Designation Committee and Union Central Designation Committee.

Pursuant to the Merger Agreement, the initial chairpersons and members of the committees (other than the Designation Committees described below) will be determined by an eight-member ad hoc Committee Designation Committee (the "CDC"), all of the members of which shall be Independent Directors. The CDC will be comprised of four directors selected by Ameritas Acacia and four directors selected by Union Central.

At the Effective Time and during the Six-Year Mandatory Period, the Merger Agreement provides that at least one of the following Board committees of the UNIFI Board and the AHC Board shall be chaired by a Union Central Designee: Nominating and Corporate Governance Committee, Audit Committee, Compensation Committee.

Vacancies in any committee (other than the Ameritas Acacia Designation Committee, the Union Central Designation Committee and the Nominating and Corporate Governance Committee) may be filled by action of the UNIFI Board. In addition, the CDC's initial committee nominations will be subject to UNIFI Board approval.

A brief description of each committee follows:

- Executive Committee. Except as limited by the laws of the State of Nebraska or by the provisions of the Articles of Incorporation, the Executive Committee has all the powers of the UNIFI Board in the interim between meetings of the UNIFI Board. The Executive Committee is obligated to carry into practical effect all orders and directions of the UNIFI Board and shall in such interim decide all questions of current business policy. The Executive Committee may elect, appoint, employ, remove or authorize the appointment, employment or removal of such supervisory and administrative officers and employees as it shall deem necessary for the conduct of UNIFI's business, including one or more assistant secretaries and one or more assistant treasurers, with full authority to perform the duties of Secretary and Treasurer, respectively, and fix and authorize payment of the compensation of such officers and employees. It may, at its discretion, adjust the compensation of such officers and employees so elected, appointed or employed.
- Audit Committee. The Audit Committee is comprised of Independent Directors who shall serve until their successors are elected and qualified. The Audit Committee assists the UNIFI Board in its oversight of the integrity of UNIFI's financial statements, UNIFI's compliance with legal and regulatory requirements and the performance of UNIFI's internal audit functions. The Audit Committee will also interact directly with and evaluate the performance of independent auditors, including determining whether to engage or dismiss such independent auditors and will monitor their qualifications and independence.
- Nominating and Corporate Governance Committee. During the Six-Year Mandatory Period, the nominees selected by the Designation Committees to stand for election at the next Annual Meeting are required to be submitted by the Nominating and Corporate Governance Committee as the management nominees to the UNIFI Board. The UNIFI Board is required to declare them as the official nominees for director elections at the next Annual Meeting. This committee also makes periodic recommendations to the UNIFI Board as to committee appointments. During the Six-Year Mandatory Period, the Nominating and Corporate Governance Committee will be comprised of an equal number of Ameritas Acacia Independent Directors and Union Central Independent Directors. In the event of a vacancy on the Nominating and Corporate Governance Committee during the Six-Year Mandatory Period, the Ameritas Acacia Designation Committee (if the vacating director is an Ameritas Acacia Independent Director) and the Union Central Designation Committee (if the vacating director is a Union Central Independent Director) will designate another director to serve in such vacating director's stead.
- Compensation Committee. The Compensation Committee is comprised of Independent Directors who shall serve until their successors are elected and qualified. The Compensation Committee evaluates and make recommendations (and reports such evaluations and recommendations to the Board of Directors) with respect to the compensation of the officers of UNIFI, and their performance relative to their compensation, to assure that they are compensated effectively in a manner consistent with the overall objectives of UNIFI. The Board of Directors makes all final determinations relating to the compensation of executive officers of UNIFI.
- Intercompany Transactions Committee. The Intercompany Transactions Committee is comprised of six (6) Independent Directors who shall serve until their successors are elected and qualified. During the Effective Period, four (4) of the members of the Intercompany Transactions Committee shall be Ameritas Acacia Designees (two of which Ameritas Acacia Designees shall be persons then serving as directors of Ameritas Life and two of which shall be persons then serving as directors of Acacia Life) and two (2) shall be Union Central Designees (which Union Central Designees shall be persons then serving as directors of Union Central). The Intercompany Transactions Committee is required to review intercompany transactions involving potential conflicts of interest among UNIFI and its subsidiaries, or any one of them, involving transactions between or among (a) Ameritas Life or subsidiaries, (b) Acacia Life or any Acacia Life subsidiaries, and/or (c) Union Central or any Union Central subsidiaries, against standards as may be imposed by the Nebraska Insurance Holding Company Systems Act, Sections 44-2120 through 44-2153, Sections 23A, 23B, 22(g) and 22(h) of the Federal Reserve Act (FRA), through Section 10 of the

Home Owners' Loan Act (HOLA) 12 USC 1468 or which in such Committee's opinion might be applicable to a potential conflict of interest. In the event that AHC or any of its subsidiaries shall determine to raise debt or equity capital in the future, prior to initiating any such transaction, the Intercompany Transactions Committee will review such transaction or transactions between the outside investor or investors and UNIFI or its subsidiaries for the purpose of ensuring that the interests of members are protected.

- **Designation Committees.** During the Six-Year Mandatory Period, UNIFI shall have an Ameritas Acacia Designation Committee and a Union Central Designation Committee (together, the "Designation Committees"). Each party's Designation Committee will be comprised of the Ameritas Acacia Designees and the Union Central Designees then serving as directors of UNIFI. During the Six-Year Mandatory Period, the Ameritas Acacia Designation Committee will select and designate the Ameritas Acacia Designees, and the Union Central Designation Committee will select and designate the Union Central Designees, to be nominated to stand for election as management nominees at each annual meeting of the UNIFI Members ("Annual Meeting"). Each party's Designation Committee will provide a list of its designees to be so nominated to the Nominating and Corporate Governance Committee prior to the next Annual Meeting. The nominees so designated are all management nominees on whose behalf proxies are required to be solicited by UNIFI or AHC. Members shall be permitted to nominate candidates for election to the UNIFI Board in accordance with the Amended and Restated UNIFI Articles. In addition, the By-laws empower the Union Central Designation Committee to enforce the corporate governance provisions in the Merger Agreement and the UNIFI By-laws.
- **Nominations by Members.** Nominations for candidates to stand for election to the UNIFI Board may also be made by qualified voting UNIFI Members by petition filed with the Secretary of UNIFI at least five (5) months prior to the meeting at which the election is to be held. Each such petition is required to include, in addition to the name, address, date of signing, and policy number of each signer, the name, address, occupation, and state of qualifications of each nominee. The minimum number of valid signatures required for nomination is three percent (3%) of the total number of qualified voters. Upon written request by a qualified voting UNIFI Member delivered to the Secretary of UNIFI not sooner than eight (8) months before the meeting at which an election of directors is to be held, the Secretary of UNIFI shall provide by first class mail to the address of the requesting UNIFI Member, an estimate of the number of qualified voting UNIFI Members as of the date that such written request is received by the Secretary. The number of UNIFI Members so specified by the Secretary as of such date shall be deemed controlling for purposes of determining the above 3% requirement. No signatures affixed to the petition more than sixty (60) days before the filing shall be counted. Upon receipt of proper nomination by petition, the Secretary of UNIFI must forward to the Nebraska Director notice of such nomination and include the names of such nominees on the ballot with nominees of the UNIFI Board, both with appropriate designations.

#### ***Committees of the AHC Board***

AHC, during the Six-Year Mandatory Period, is required to have the same Board Committees as does UNIFI. For the Six-Year Mandatory Period, the Union Central Designation Committee of AHC will have the ability to elect all of the members of the Union Central Board.

#### ***Enforcement of Corporate Governance Provisions; Supermajority Vote***

The board composition and internal corporate governance provisions discussed above will be effective for the Six-Year Mandatory Period and may not be amended, modified or waived without a Supermajority Vote of 80% of the entire UNIFI Board or the AHC Board, as the case may be (which means that they could not be amended, modified or waived without the concurrence of at least some of the Union Central Designees to the UNIFI or AHC Board, as the case may be), except that the requirement that Ameritas Acacia must have at least one director but not more than three directors more than Union Central on the UNIFI Board and the AHC Board will survive indefinitely until amended or modified (and this particular amendment or modification will require the unanimous vote of the UNIFI Board or AHC Board, as applicable). Finally, the UNIFI and AHC By-laws will empower the Union Central Designation Committee and the Ameritas Acacia Designation Committee to enforce these board composition and corporate governance provisions. No Union Central Designee or Ameritas Acacia Designee will be personally liable to UNIFI or any UNIFI Member or to AHC or any stockholder thereof for monetary damages that arise as a result of enforcing the board composition and corporate governance provisions of the Merger Agreement or any provision in the By-laws.

Under the UNIFI By-laws, a Supermajority Vote of 80% is also required to authorize any of the following actions: amendment to or waiver of any provisions of UNIFI's By-laws; the redomestication or change of domicile of UNIFI from the State of Nebraska; relocation of the domicile of any of UNIFI's subsidiaries from their current state of domicile; the change of any

subsidiary's name; a material change to UNIFI's capital structure; the sale of any subsidiary; sale or disposition of substantially all or all of the assets of UNIFI or any of its subsidiaries; a corporate reorganization of UNIFI; raising of debt or equity capital by UNIFI; the merger or consolidation, demutualization, liquidation or dissolution of UNIFI; and any modification, amendment or waiver of certain provisions of the Merger Agreement. The voting requirements described in this paragraph remain in effect for the Six-Year Mandatory Period and, thereafter, automatically become null and void. Unless a Supermajority Vote of 80% is required, the action of the majority of the Directors present at a meeting at which a quorum is present shall be sufficient to authorize corporate action on behalf of UNIFI, unless a greater vote is required by law. The AHC by-laws similarly provide for a Supermajority Vote.

## **Post-Merger Management**

### ***CEO Succession***

In the Merger Agreement, Ameritas Acacia and Union Central have agreed that, at the Effective Time and continuing until the earlier to occur of (x) the date upon which Lawrence J. Arth, the current Chairman and Chief Executive Officer of Ameritas Acacia and AHC, no longer serving as Chief Executive Officer of UNIFI and AHC or (y) July 31, 2008, UNIFI and AHC will cause Mr. Arth to serve as Chairman of the Board of Directors and Chief Executive Officer of UNIFI and AHC and John H. Jacobs, the current Chairman and Chief Executive Officer of Union Central, to serve as Vice Chairman of the Board of Directors, President and Chief Operating Officer of both UNIFI and AHC. UNIFI and AHC will cause Mr. Jacobs to be elected and appointed as Chairman of the Board of Directors and Chief Executive Officer of both UNIFI and AHC to immediately succeed Mr. Arth no later than July 31, 2008. During the Six-Year Mandatory Period, the employment of Mr. Arth and Mr. Jacobs cannot be terminated without a Supermajority Vote of 80%, except in connection with the CEO succession discussed above. In addition, after the consummation of the Merger, Mr. Arth and Mr. Jacobs will promptly submit a written detailed CEO succession plan to the UNIFI Board and AHC Board for their review and action, as applicable.

### ***Executive Officers***

Gary Huffman, Union Central's Executive Vice-President in charge of One Company Marketing, will be the senior executive of UNIFI responsible for all individual insurance operations, which is expected to facilitate the implementation of Union Central's One Company Marketing across all of the UNIFI companies.

### ***Executive Offices***

The executive offices of Ameritas Life, Acacia Life and Union Central are, respectively: Lincoln, Nebraska; Bethesda, Maryland; and Cincinnati, Ohio. The Merger Agreement provides that at least one senior executive of UNIFI and AHC will maintain a presence at each of the Lincoln, Bethesda and Cincinnati executive office locations. It also provides that at least one of the Chairman, CEO, President or COO of each of UNIFI and AHC shall reside at the Lincoln executive office location and at least one shall reside at the Cincinnati executive office location. The Lincoln executive office location will continue to be designated as the corporate domicile of UNIFI and AHC.

## THE MERGER AGREEMENT

*The following is a brief summary of certain material provisions of the Merger Agreement. The descriptions of the terms and conditions of the Merger Agreement set forth below or included elsewhere in this Policyholder Information Booklet are qualified in their entirety by reference to the Merger Agreement, a copy of which is included as Exhibit B to the Plan. Union Central Policyholders are urged to read the Merger Agreement in its entirety prior to voting on the Plan.*

### **The Merger**

The Merger Agreement provides that, at the time the merger becomes effective, UCMHC will merge with and into Ameritas Acacia. Ameritas Acacia will be the surviving entity in the merger, and the name of the surviving entity will be changed to UNIFI Mutual Holding Company. As contemplated in the Merger Agreement, Union Central adopted the Plan on July 20, 2005 and filed it with the Ohio Superintendent immediately thereafter. Pursuant to the Plan, Union Central will convert to an Ohio mutual insurance holding company structure and will immediately thereafter effect the Merger with Ameritas Acacia. The Conversion will not be effective unless the Merger is consummated.

The Merger Agreement contains detailed representations, warranties and covenants by each of Union Central and Ameritas Acacia which are customary for a transaction of this type. In particular, the Merger Agreement contains material covenants of Ameritas Acacia that survive the Merger, including covenants regarding post-Merger corporate governance, subsidiary operations and the determination of policyholder equity shares in the event UNIFI were to demutualize after the Merger. The Merger Agreement and the Plan also require that Union Central establish a closed block to support the dividend expectations of certain Union Central Policyholders. In addition, each of the Conversion and the Merger is subject to the satisfaction of certain conditions including the requisite approvals of policyholders/members and the receipt of all required regulatory approvals.

The Merger Agreement also contains a specific representation and warranty by Ameritas Acacia relating to a joint venture agreement between Ameritas Life and AmerUs Life Insurance Company, dated March 8, 1996, as amended. The representation (the "AMAL Representation and Warranty") is to the effect that the Reorganization will not prevent, prohibit or restrict UNIFI or Union Central from conducting Union Central's individual variable life insurance and annuity business in the same manner as such business was conducted by Union Central prior to the Reorganization; provided, however, that the variable insurance products issued, marketed and sold by Union Central would have to be distributed through marketing channels which do not include the existing distribution channels of Ameritas Acacia. Generally, the breach of representations and warranties in the Merger Agreement give the non-breaching party the right to terminate the Merger Agreement only if the failure of such representations and warranties to be true and correct at closing would, individually or in the aggregate, have a "Material Adverse Effect" or a material adverse effect on the ability of the breaching party to consummate the Merger or any other of the transactions contemplated by the Merger Agreement. The AMAL Representation and Warranty, however, must be true and correct in all material respects as of the date of the Reorganization without regard to whether or not the failure of such representation and warranty to be true and correct would have a Material Adverse Effect, either individually or in the aggregate with other representations and warranties of Ameritas Acacia in the Merger Agreement.

It is possible that Ameritas Acacia will determine that UNIFI's individual variable life business (including that of Union Central) should not be conducted through separate distribution channels. In such event, Union Central believes that Ameritas Acacia would seek to amend the AMAL Joint Venture Agreement to accommodate the Union Central individual life business in a mutually satisfactory manner. If a satisfactory arrangement cannot be negotiated with the joint venture partner, a separate distribution channel would have to be maintained by Union Central, which would involve duplicative marketing costs for such products. Such costs, however, would not be material to UNIFI.

### **Conditions to Effectiveness of Reorganization**

The obligations of Union Central and Ameritas Acacia to consummate the Merger are subject to the satisfaction of the following conditions: (1) the approval of the Reorganization by the Union Central Policyholders and approval of the Merger by the Ameritas Acacia Members; (2) the receipt of certain specified regulatory approvals and other consents, including the approval of the Ohio Superintendent, the Nebraska Director and a no-action letter from the Securities and Exchange Commission (the "SEC") or an opinion of counsel to the effect that no registration under the Securities Act of 1933 is required; (3) the absence of any order, law or proceeding entered, promulgated, enacted or brought by any governmental entity restraining or materially delaying the Merger; (4) Ameritas Acacia shall have received a private letter ruling from the Internal Revenue Service or an opinion of counsel to the effect that the Merger will be treated for federal income tax purposes as a Section 368(a) reorganization; (5) Union Central shall have received a private letter ruling from the Internal Revenue Service or an

opinion of counsel to the effect that the Merger will qualify as a transaction in which no gain or loss will be recognized to Union Central, Union Central Policyholders, or UCMHC under Section 368 and/or Section 351 and that the Merger will be treated for federal income tax purposes as a Section 368(a) reorganization; (6) the termination or expiration of any waiting period applicable to the consummation of the Reorganization under the Hart-Scott-Rodino Antitrust Improvements Act of 1976; (7) Union Central shall have established the Closed Block; (8) the truth and accuracy of the representations and warranties of Union Central and Ameritas Acacia as if made at the Effective Time of the Merger; (9) receipt of a certificate from each of the parties certifying each party's compliance with their respective obligations under the Merger Agreement; (10) receipt of actuarial fairness opinions relating to the Reorganization; and (11) Union Central shall have received a fairness opinion from Morgan Stanley relating to the Merger.

The effectiveness of the Plan is subject to the satisfaction of the following conditions: (1) the approval of the Plan by the Union Central Policyholders; (2) the receipt of certain specified regulatory approvals and other consents, including the approval of the Ohio Superintendent; (3) receipt by Union Central of an actuarial opinion relating to the sufficiency of the funding of the Closed Block; (4) receipt by Union Central of a fairness opinion from Morgan Stanley relating to the Reorganization; and (5) the filing of the Plan and certain other required documents with the Ohio Secretary of State.

#### **Conduct of Business Prior to Completion of the Merger**

Pursuant to the Merger Agreement, Union Central and Ameritas Acacia have agreed that from January 28, 2005, the date of the Merger Agreement, until the Effective Time of the Merger, Union Central, Ameritas Acacia, and their respective subsidiaries will conduct their businesses in the ordinary course, consistent with past practices and will use all reasonable efforts to preserve intact their business organizations and goodwill relationships with third parties.

Specifically, Union Central and Ameritas Acacia has each agreed, among other things, as to itself and its subsidiaries prior to the Merger, subject to certain exceptions, to: (1) conduct its business in the ordinary course; (2) use all reasonable efforts to preserve its relationships with its respective policyholders, members, insureds, agents, brokers, suppliers, customers, depositors and others having business dealings with it; (3) not make or propose any change in its premium rates, dividends, underwriting, investment and other material insurance or business practices or policies in any material respect other than in the ordinary course of business; (4) not amend its articles or by-laws/code of regulations; (5) except pursuant to certain disclosed contracts, not issue or sell any shares of, or rights of any kind to acquire any shares of or to receive any payment based on the value of, its capital stock or any securities convertible into shares of any such capital stock; not incur any indebtedness for borrowed money other than in the ordinary course of business and other than borrowings less than one percent (1%) of each party's assets in the aggregate; (6) not make any material change in any method of accounting or accounting practice or policy, except as required by law; (7) except as otherwise contemplated under the Merger Agreement, not agree to any merger, consolidation, demutualization, redomestication, sale of all or substantially all of its assets, bulk or assumption reinsurance arrangement or similar reorganization, or business combination; (8) not enter into any contract that could materially and adversely affect such party's ability to perform its obligations under the Merger Agreement; (9) not enter into any contract limiting the ability of such party or any of its subsidiaries to engage in any business, to compete with any person, to do business with any person or in any location or to employ any person; not enter into any contract relating to the direct or indirect guarantee (other than the endorsement of negotiable instruments for collection in the ordinary course of business) of any obligation of any person (other than its subsidiaries or UNIFI) in respect of indebtedness for borrowed money or other financial obligations of any person (other than its subsidiaries or ultimate parent); (10) not take any action that would be reasonably likely to adversely affect the status of either the Merger as a reorganization under Section 368(a) of the Code; (11) not modify any contract in existence as of the date of the Merger Agreement in such a way as would violate clauses (4) through (10) above; (12) not increase in any manner the compensation of its directors, officers or employees, except in the ordinary course of business or pursuant to the terms of agreements or plans currently in effect; (13) except as previously disclosed in writing, not pay or agree to pay any pension, severance, retirement allowance or other employee benefit not required by any existing employee benefit plan, agreement or arrangement to any director, officer or employee, whether past or present, except that either party may offer a reasonable employee retention plan or program or a reasonable early retirement plan or program to meet its business needs; (14) except as required by the terms of any existing plan or contract, not adopt or commit itself to or enter into any additional pension, profit-sharing, bonus, incentive, deferred compensation, group insurance, severance pay, retirement or other employee benefit plan or contract, or to any employment or consulting agreement with or for the benefit of any person which cannot be terminated by a party to the Merger Agreement, its successor in interest or its subsidiary upon notice of thirty (30) days or less without penalty or premium; (15) not amend any plan or contract referred to in clause (14) above, not enter into, adopt or increase any indemnification or hold harmless arrangements with any directors, officers or

other employees or agents of any person; (16) other than in the ordinary course of business, not make any capital expenditures or commitments for capital expenditures (other than in respect of Investment Assets as defined in the Merger Agreement) which individually exceed \$500,000 or which in the aggregate for such party and its subsidiaries, taken as whole, exceed \$5 million; (17) other than in the ordinary course of business, not settle or compromise any claim in any proceeding or investigation which could result in an expenditure in excess of \$500,000; (18) not take any action that would reasonably be expected to result in a reduction of a life insurance subsidiary's financial strength or claims paying ratings; and (19) not agree, in writing or otherwise, to take any of the actions prohibited by clauses (1) through (18) above.

#### **No Solicitations of Other Transactions**

Union Central and Ameritas Acacia has each agreed that pending the Effective Time, it shall not, nor shall it permit any of its subsidiaries to, without obtaining prior written consent of the other party, authorize or permit any of its officers, directors, employees or other persons retained by it or on its behalf to: (1) solicit or take any action to pursue any inquiries or the making of any proposal which constitutes, or is reasonably likely to lead to, any competing offer (as defined below); (2) participate in any discussions regarding, or furnish to any person other than the other party to the Merger Agreement (and its representatives) any information with respect to, or otherwise cooperate in any way with, any efforts which may lead to a competing offer, or (3) approve any competing offer; *provided*, Union Central or Ameritas Acacia may (A) provide information in response to a request by a person who has made an unsolicited *bona fide* written competing offer; (B) engage in discussions with any person who has made an unsolicited *bona fide* written competing offer; or (C) recommend such a competing offer to the members or policyholders of their respective companies, if, (x) in each such case referred to in (A), (B) or (C) above, the Board of Directors of the party to whom such competing offer is made determines in good faith that the failure to take such action is reasonably likely to result in a breach of the Board of Directors' fiduciary duties under applicable laws; and (y) in each case referred to in (B) or (C) above, the applicable Board of Directors determines in good faith that such competing offer may be a superior proposal.

The parties may engage in discussions with persons with respect to any transaction (other than a merger involving Ameritas Acacia or Union Central) involving an acquisition or sale of assets with a fair market value, individually or in the aggregate, of \$25 million or less. Neither Ameritas Acacia nor Union Central will finalize any such transaction without the other's prior written approval.

A "competing offer" for purposes of the prohibition on solicitation means, other than the transactions contemplated by the Merger Agreement, any offer, proposal or inquiry relating to, or any third party indication of interest in, (A) any acquisition or purchase, direct or indirect, of all or a significant amount of the consolidated assets of the applicable party and its subsidiaries (other than investment assets) or (B) a merger, consolidation, business combination, reorganization, recapitalization, demutualization, bulk or assumption reinsurance arrangement involving all or a significant portion of insurance liabilities, liquidation, dissolution or other similar transaction involving the applicable party or any of its subsidiaries whose assets, individually or in the aggregate, constitutes more than 50% of the consolidated assets of the applicable party.

If either Union Central or Ameritas Acacia terminates the Merger Agreement by reason of a competing offer, a termination fee may be payable to the non-terminating party. The Merger Agreement provides that if a party terminates the Merger Agreement in order to accept a competing offer or due to the fact that its Board of Directors withdrew its recommendation to avoid breaching its fiduciary duties, then the terminating party shall pay immediately to the other party an amount of \$30 million as liquidated damages in addition to all reasonable out-of-pocket expenses incurred by the non-terminating party in pursuit of the Reorganization.

#### **Certain Post-Merger Governance Matters**

Ameritas Acacia and Union Central agreed to certain matters relating to the composition of the Boards of Directors of UNIFI, AHC and Union Central, the composition of various committees of the Boards of UNIFI and AHC and certain matters relating to the conduct of the affairs of UNIFI and its subsidiaries, including Union Central. Many of these agreements, some of which are reflected in the By-Laws of UNIFI and AHC, will remain in effect for the Six-Year Mandatory Period. See "Corporate Governance of UNIFI and Subsidiaries," at page 44.

### **Separate Existence of Union Central; Financial Strength Rating**

The Merger Agreement contemplates that each of the three principal operating subsidiaries of UNIFI (*i.e.*, Ameritas Life, Acacia Life and Union Central) will continue to exist as a separate corporate entity. With respect to Union Central, UNIFI and AHC have agreed in the Merger Agreement to use their reasonable efforts to ensure that Union Central will be in a position to pursue its strategic business objectives (including One Company Marketing) and develop its products. This principle is supported by a covenant to allocate capital fairly among the operating insurance subsidiaries; specifically, the Merger Agreement contemplates that UNIFI and AHC will use their reasonable efforts to maintain or invest additional capital in each subsidiary or take such other action to ensure that each subsidiary's separate S&P financial strength rating (or equivalent rating from another rating agency of national reputation) is at least equal to the combined rating, *i.e.*, UNIFI's rating, it being understood that UNIFI and AHC cannot control the actual ratings assigned by any rating agency to any insurer. The obligation of UNIFI and AHC to so maintain or invest capital in any such subsidiary (including Union Central) is subject to (i) the applicable insurance subsidiary submitting a business proposal demonstrating a satisfactory return on the requested additional capital or such other action to maintain or ensure financial strength ratings and (ii) approval of such plan by the UNIFI Board and AHC Board.

### **Operations of UNIFI and Subsidiaries Following the Merger**

Ameritas Acacia and Union Central agreed upon a non-binding statement of operating principles (the "Statement of Operating Principles") to realize the competitive advantages of linking the businesses of Ameritas Acacia and Union Central as contemplated by the Merger Agreement. The parties intend to work together as affiliates in the UNIFI mutual insurance holding company structure to, and cause UNIFI and its subsidiaries to, carry out in good faith the post-merger integration plan based on the principles set forth in the Statement of Operating Principles. The parties acknowledge that there will be deviations from the post-merger integration principles set forth in the Statement of Operating Principles which may need to be made from time to time to allow the parties the maximum flexibility they need in order to achieve an efficient integration. The focal points of the Statement of Operating Principles include maintaining the operating independence of Ameritas Life, Acacia Life, Union Central, and their subsidiaries, implementing the integration plan, implementing the Union Central One Company Marketing philosophy, and increasing economies of scale and reducing overhead costs. Ameritas Acacia and Union Central have also agreed that the principles and practices that each of them currently applies in the redetermination of non-guaranteed charges and/or benefits for individual life insurance contracts and annuity contracts will continue to be applied by each such company after the Effective Time with respect to such contracts that are in force at the Effective Time until such time as such principles and practices are revised by the Board of Directors of Union Central, Ameritas Life or Acacia Life, as the case may be. The Statement of Operating Principles is attached to the Merger Agreement as Exhibit 1.9(d).

These principles and practices for Union Central include the following: (i) the contract classes applicable to a new contract that is being introduced will be identified at the time of initial determination of non-guaranteed charges and benefits, (ii) the process of redetermination of such non-guaranteed charges and/or benefits will be carried out for a single contract class or for several related contract classes, (iii) non-guaranteed charges will be assessed on a class basis and will not be made in a way that unfairly discriminates between individual contracts, (iv) changes to non-guaranteed elements will be done in accordance with applicable state laws and regulations, (v) new non-guaranteed charges or benefits applicable to contracts in force will be consistent with those charged for similar contracts available for sale at the time of change, (vi) changes to non-guaranteed elements will only reflect experience anticipated in the future which might have changed since the time the contract was issued and will not be used to recover past losses or distribute gains that occurred prior to the time of the rate change, (vii) profit margins that were in an acceptable range at the time the policies were sold would be maintained in the same range at the time of rate revisions unless there is sufficient justification for a change, and (viii) experience will be reviewed not more than annually or less than every five years with respect to the need to change non-guaranteed elements and should be reviewed whenever similar new contracts are introduced.

### **Amendments**

The Merger Agreement may be amended in writing by the parties at any time before or after the approval of the Reorganization by the Union Central Policyholders or by the Ameritas Acacia Members, but after either such approval, no amendment or modification may be made which in any way materially adversely affects the rights of such persons without the further approval of such persons. Union Central and Ameritas Acacia have agreed to amend the Merger Agreement to the extent

necessary to obtain the regulatory approvals and other consents, including the approval of the Ohio and Nebraska Departments of Insurance, required to consummate the Merger, provided that the Union Central Board and the Ameritas Acacia Board each may withdraw the authorization to enter into any such amendment if such board determines that the amendment materially detracts from the value of the transaction to the respective company's policyholders. Any amendments, modifications or material waivers by the parties to the Merger Agreement shall be subject to the approval of the Ohio Superintendent and the Nebraska Director.

### **Termination**

The Merger Agreement may be terminated prior to the Effective Time, whether before or after approval of the Reorganization by the Union Central Policyholders or by the Ameritas Acacia Members, as follows: (1) by mutual consent of the Union Central Board and the Ameritas Acacia Board; (2) by either of the Union Central Board or the Ameritas Acacia Board if the Merger has not been consummated on or before December 31, 2005, *provided*, a party may not terminate the Merger Agreement if its own failure to fulfill a closing obligation is the reason for the Merger not yet having been consummated; (3) by either of the Union Central Board or the Ameritas Acacia Board if the requisite policyholder and member approvals were not obtained; (4) by either of the Union Central Board or the Ameritas Acacia Board if either party enters into a definitive binding agreement with a third party for the transactions contemplated by a competing offer, *provided*, that prior to any such termination, the party seeking to terminate and enter into another agreement (i) complies in all respects with certain other provisions of the Merger Agreement, (ii) provides five business days prior written notice to the other party of its intention to enter into such other agreement, and (iii) makes the payments contemplated by the Merger Agreement; (5) by either of the Union Central Board or the Ameritas Acacia Board, if the Board of Directors of such other party changes, withdraws or adversely modifies its recommendations from those set forth in the Merger Agreement to avoid breaching its fiduciary duties under applicable law due to a competing offer having been made; or (6) by either of the Union Central Board or the Ameritas Acacia Board (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the Merger Agreement which would be reasonably expected to have an Ameritas Acacia Material Adverse Effect or Union Central Material Adverse Effect (as defined in the Merger Agreement), as the case may be, on such terminating party), if there has been a material breach on the part of the other party of any representation, warranty or agreement contained in the Merger Agreement and such breach would be reasonably expected to have an Ameritas Acacia Material Adverse Effect or a Union Central Material Adverse Effect, and such breach cannot be or has not been cured within 60 days after written notice.

### **Costs and Expenses; Termination Fee**

The Merger Agreement provides, generally, that each of Union Central and Ameritas Acacia will bear its own expenses, and jointly incurred expenses shall be borne equally by the parties. However, if a party terminates the Merger Agreement in order to accept a competing offer or due to the fact that its Board of Directors withdrew its recommendation to avoid breaching its fiduciary duties, then the terminating party shall pay immediately to the other party an amount of \$30 million as liquidated damages in addition to all reasonable out-of-pocket expenses incurred by the non-terminating party in pursuit of the Reorganization (the "Termination Fee"). The Termination Fee will not become payable if the Union Central Policyholders or the Ohio Superintendent or the Nebraska Director do not approve the Reorganization.

The amount of the Termination Fee was determined by negotiations between the parties to the Merger Agreement. The Termination Fee is approximately 4.9% of the consolidated GAAP net worth of Union Central and its subsidiaries at December 31, 2003, and approximately 3% of the consolidated GAAP net worth of Ameritas Acacia at such date. The Union Central Board believes that a termination fee of this size is within the range of termination fees for transactions of the size and complexity of the Reorganization and provides reasonable compensation to the non-terminating party for its time, effort and opportunity costs, especially in light of the comparatively long period of time between execution of the Merger Agreement and the likely consummation of the transaction.

## INITIAL UNIFI BOARD OF DIRECTORS

At the Effective Time, the following persons shall comprise the Board of Directors of UNIFI and AHC, to serve as such for the term indicated.

Director/Biography	Initial Term Expires	Union Central Designee/Ameritas Acacia Designee
<b>Class I</b> <b>Mr. James M. Anderson</b> , 63, President and CEO, Children's Hospital Medical Center, Cincinnati, Ohio, since 1996. Mr. Anderson is currently a member of the Boards of Directors of Children's Hospital Medical Center, Gateway Investment Trust and the National Stock Exchange. Mr. Anderson is also a trustee and member of various health associations.	2008	Union Central Designee
<b>Mr. John H. Jacobs</b> , 58, Chairman, President and Chief Executive Officer of The Union Central Life Insurance Company since September 2002. Mr. Jacobs served as President and Chief Executive Officer from May 2000 until September 2002 and as President and Chief Operating Officer from July 1998 until May 2000. Mr. Jacobs joined The Union Central Life Insurance Company in 1981 and served in several capacities until his election as President and Chief Operating Officer in 1998. Mr. Jacobs is also Chairman of the Board of the Dan Beard Council of the Boy Scouts of America and serves on the boards of other non-profit organizations in the Cincinnati, Ohio, community.	2008	Union Central Designee
<b>Mr. Larry R. Pike</b> , 69, Former Chairman, President and Chief Executive Officer of The Union Central Life Insurance Company. Mr. Pike served as Chairman, President and Chief Executive Officer from February 1990 until September 2002 and as President and Chief Operating Officer from April 1989 until February 1990. Mr. Pike joined the Company in 1987. Mr. Pike is also active in the Boy Scouts of America and The Salvation Army.	2008	Union Central Designee
<b>Mr. Dudley S. Taft</b> , 65, President of Taft Broadcasting since 1987. Mr. Taft also serves on the Boards of Directors of Fifth Third Bancorp, Cinergy Corporation, and Tribune Company.	2008	Union Central Designee
<b>Mr. Lawrence J. Arth</b> , 61, Chairman of the Board & Chief Executive Officer, Ameritas Life, Lincoln, Nebraska.	2008	Ameritas Acacia Designee
<b>Mr. Bert A. Getz</b> , 66, Chairman, Globe Corporation, Scottsdale, Arizona.	2008	Ameritas Acacia Designee
<b>Ms. Floretta D. McKenzie</b> , 69, Chairwoman and Founder, The McKenzie Group, Washington, D.C.	2008	Ameritas Acacia Designee
<b>Mr. Winston J. Wade</b> , 54, Retired Chief Executive Officer, Media One – Malaysia, Vice President, Media One	2008	Ameritas Acacia Designee
<b>Mr. Robert M Willis</b> , 60, President and Chief Executive Officer, McCarran Ferguson Captive Management, Inc.	2008	Ameritas Acacia Designee

	<b>Director/Biography</b>	<b>Initial Term Expires</b>	<b>Union Central Designee/Ameritas Acacia Designee</b>
<b>Class II</b>	<b>Mr. Michael S. Cambron</b> , 61, Senior Portfolio Manager, Bartlett and Company, Cincinnati, Ohio. Mr. Cambron began his career with Bartlett and Company in 1970. Mr. Cambron's community service includes serving as Chairman of the Salvation Army's Advisory Committee, trustee to the Children's Hospital Medical Center and serving on the Hamilton County, Ohio, Hospital Commission.	2007	Union Central Designee
	<b>Mr. Richard H. Finan</b> , 70, Past President of the Ohio State Senate. Mr. Finan became a member of the Ohio State Senate in 1978. Mr. Finan currently practices law and is a member of the Boards of Directors of First Franklin Corporation, Rest Haven Cemetery Association, and Franklin Savings and Loan.	2007	Union Central Designee
	<b>Mr. Michael A. Fisher</b> , 46, President and Chief Executive Officer of the Greater Cincinnati USA Regional Commerce since 2001. Mr. Fisher is a member of the Board of Directors of Premier Manufacturing Support Services, Inc. and is a Principal in the Fisher Investment Group. Mr. Fisher also serves on several non-profit boards in the Cincinnati, Ohio, community.	2007	Union Central Designee
	<b>Mr. Francis V. Mastrianna, Ph.D.</b> , 64, Former Dean, College of Information Science and Business Administration at Slippery Rock University of Pennsylvania. Dr. Mastrianna was named Dean in 1987 and retired in 2002. From 1980 until 1987, Dr. Mastrianna served as a Dean at Xavier University in Cincinnati, Ohio. Dr. Mastrianna joined the faculty of Xavier University in 1971.	2007	Union Central Designee
	<b>Mr. James P. Abel</b> , 53, President of NEBCO, Inc. in Lincoln, Nebraska.	2007	Ameritas Acacia Designee
	<b>Mr. Haluk Ariturk</b> , 55, Executive Vice President of Ameritas Acacia Mutual Holding Company, Bethesda, Maryland.	2007	Ameritas Acacia Designee
	<b>Mr. Tonn M. Ostergard</b> , 45, President & Chief Executive Officer, Crete Carrier Corporation.	2007	Ameritas Acacia Designee
	<b>Mr. Wayne D. Silby</b> , 56, Co-Chairperson, Calvert Social Investment Fund, Bethesda, Maryland.	2007	Ameritas Acacia Designee
<b>Class III</b>	<b>Mr. Thomas E. Petry</b> , 64, Former Chairman of the Board, President and Chief Executive Officer of Eagle-Picher Industries, Inc. Mr. Petry joined the company in 1968 and served in various capacities until his retirement in 1998. Mr. Petry is currently a member of the Boards of Directors of US Bancorp, Cinergy Corporation and William Powell Company.	2006	Union Central Designee
	<b>Myrtis H. Powell, Ph. D.</b> , 66, President and Chief Executive Officer of the Cincinnati Youth Collaborative since November 2003. From June, 1989 until June 2002. Dr. Powell served as Vice President for Student Affairs at Miami University in Oxford, Ohio. Dr. Powell also serves on the boards of several non-profit organizations in the Cincinnati, Ohio community.	2006	Union Central Designee

<b>Director/Biography</b>	<b>Initial Term Expires</b>	<b>Union Central Designee/Ameritas Acacia Designee</b>
<b>John M. Tew, Jr., M.D.</b> , 69, Professor of Neurosurgery and Medical Director – The Neuroscience Institute at University Hospital, Cincinnati, Ohio. Dr. Tew currently serves on the Boards of Directors of various medical companies. Dr. Tew is an honorary fellow of the Royal College of Surgeons of Edinburgh, Scotland.	2006	Union Central Designee
<b>Mr. William W. Cook, Jr.</b> , 66, President and Chief Executive Officer, the Beatrice National Bank & Trust Company.	2006	Ameritas Acacia Designee
<b>Mr. James R. Knapp</b> , 68, Chairman, The Brookhollow Group, Costa Mesa, California.	2006	Ameritas Acacia Designee
<b>Ms. Patricia A. McGuire</b> , 54, President, Trinity University, Washington, D.C.	2006	Ameritas Acacia Designee
<b>Mr. Edward J. Quinn, Jr.</b> , 63, Chairman and Chief Executive Officer, T.W. Perry, Chevy Chase, Maryland.	2006	Ameritas Acacia Designee
<b>Mr. Paul C. Schorr, III</b> , 67, President and Chief Executive Office, ComCor Holding, Inc., Lincoln, Nebraska.	2006	Ameritas Acacia Designee

## UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

### *Circular 230 Disclosure:*

The summary tax discussion set forth below is not intended or written to be used, and it cannot be used, by any Union Central Policyholder for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code on the Union Central Policyholder. It was written to support the promotion or marketing of the Reorganization. The Policyholder should seek advice based on the Union Central Policyholder's particular circumstance from an independent tax advisor.

Federal Income Tax Regulations effective on June 20, 2005 require the foregoing disclosure to accompany a summary tax discussion such as the one set forth in this Policyholder Information Booklet.

### *Scope of Summary*

The following is a summary of the United States federal income tax consequences of the Reorganization. This summary is for general information only, and it is not intended to be a complete discussion of all tax consequences that may be relevant to a particular Union Central Policyholder. Additionally, this summary does not address the federal estate, state, and local tax consequences of the Reorganization. Accordingly, each Union Central Policyholder may wish to consult a tax advisor to determine the federal estate, state, local, and any applicable foreign tax consequences of the Reorganization.

Union Central has received an opinion from LeBoeuf, Lamb, Greene & MacRae, LLP that this summary of the United States federal income tax consequences of the Reorganization is correct and complete in all material respects as of the date hereof. In addition, Union Central expects to receive a private letter ruling from the Internal Revenue Service (the "IRS Ruling") confirming the tax consequences of the Reorganization to the Union Central policyholders and to Union Central, UCMHC, Ameritas Acacia, and AHC that are described below. The IRS Ruling will be binding on the Internal Revenue Service provided the Reorganization is consummated in the manner described in this Policyholder Information Booklet and provided the representations Union Central made to the IRS regarding the Reorganization remain true at the Effective Time.

### **Consequences to Union Central Policyholders**

Union Central Policyholders will not recognize gain or loss on the termination of a membership interest in Union Central or on the receipt of a membership interest in Ameritas Acacia (to be renamed UNIFI) in connection with the Reorganization. The holding period that a Union Central Policyholder will have in its UNIFI membership interest will include the period the Union Central Policyholder held its membership interest in Union Central (provided the membership interest was held at the Effective Time as an asset on which capital gain or loss would be recognized on disposition). In addition, in accordance with the IRS's ruling position, a Union Central Policyholder will have a tax basis (or tax cost) of zero in its UNIFI membership interest.

The federal income tax treatment of policyholders of certain life insurance and annuity policies has been changed significantly by a number of different tax laws since 1981. These tax legislative changes generally have been applied on a prospective basis so that the prior tax treatment of policies issued, purchased, or entered into before some effective date associated with the legislative consideration of such change would not have been affected by such change. The Reorganization will not cause any policy issued by Union Central to be treated as newly issued, purchased or entered into, and the Reorganization will not require testing or the start of new test periods for contracts for purposes of determining whether each policy is treated as life insurance, an annuity, or a modified endowment contract, or whether policy loan interest is deductible. Thus, if a policy was issued before changes in the federal income tax treatment of newly issued policies of the same type became effective, the treatment of that policy under the prior tax law will not be adversely affected by the Reorganization.

With respect to those Union Central Policyholders who hold policies that are individual retirement annuities or tax sheltered annuities, or are otherwise part of a tax-qualified retirement funding arrangement, the Reorganization will not adversely affect the tax-favored status of such policies, and the Reorganization will not result in current federal income or excise taxes for the holders of such policies. Moreover, the Reorganization will not be treated as causing a contribution or distribution that would result in additional taxes or penalties or be subject to withholding taxes for holders of such policies under the Code.

### **Consequences to Union Central, UCMHC, Ameritas Acacia, UNIFI and AHC**

Union Central will not realize or recognize any taxable income as a result of the Reorganization, except that certain previously deferred gains and losses on intercompany transactions between and among Union Central and its subsidiaries may be required to be taken into account as gain or loss, as the case may be, as a result of the transaction. The Reorganization will be tax free to UCMHC, Ameritas Acacia, UNIFI and AHC.

## REGULATORY MATTERS

### General

Union Central, a mutual life insurance company organized under Ohio law, is subject to the regulation and supervision of the State of Ohio. The Reorganization is subject to review by, and the approval of the Ohio Superintendent pursuant to the requirements of Sections 3913.25 to 3913.38 of the Ohio Revised Code. The Reorganization is further subject to the review by, and approval of, the Nebraska Director because Ameritas Acacia, the company with and into which UCMHC will be merged, is a mutual insurance holding company organized under Nebraska law. In addition, the New York Superintendent of Insurance is reviewing the Plan under Section 1106(i) of the New York Insurance Law with respect to the fairness of the Plan to Union Central's New York policyholders and to determine whether to lodge any objections with the Ohio Superintendent and Union Central; other than satisfactory resolution of such objections (if any), no approval by the New York Superintendent is required, however.

Upon the Reorganization, UCMHC will be merged with and into Ameritas Acacia, which will then be renamed UNIFI Mutual Holding Company. UNIFI, a mutual insurance holding company, and AHC, an intermediate holding company and UNIFI's direct subsidiary, both organized under the Nebraska Mutual Insurance Holding Company Act, will continue to be subject to the supervision of the Nebraska Director to ensure that both member and policyholder interests of the policyholders are protected. Neither UNIFI nor AHC is a licensed insurance company and therefore neither has the authority to directly engage in the business of insurance; however, as insurance holding companies, UNIFI and AHC will continue to be subject to regulation by the Nebraska Department of Insurance pursuant to the provisions of the Nebraska Mutual Insurance Holding Company Act. Such ongoing regulation will include UNIFI and AHC continuing to be treated as domestic insurance companies subject to the Nebraska Insurers Demutualization Act, the Nebraska Insurers Supervision, Rehabilitation and Liquidation Act, and Chapter 44, Article 2 and Section 44-301 of Nebraska Revised Statutes. Except with the approval of the Nebraska Director, UNIFI may not encumber more than 49% of AHC or any reorganized stock insurer. At least 50% of UNIFI's net worth, as determined by generally accepted accounting principles, is required to be invested in insurance companies. In addition, UNIFI will, except as otherwise limited by the insurance laws of the State of Nebraska, have all the powers granted to corporations organized pursuant to the Nebraska Business Corporation Act.

Upon the Reorganization, Union Central will be a direct subsidiary of AHC, along with Ameritas Life and Acacia Life. Union Central will continue to be an Ohio-domiciled insurer subject to ongoing insurance regulation by the Ohio Superintendent, with the exception that it will be subject to those provisions of the Ohio law relating to stock, as opposed to mutual, insurance companies. Ameritas Life will continue to be a Nebraska-domiciled insurer subject to ongoing insurance regulation by the Nebraska Director. Acacia Life will continue to be a District of Columbia-domiciled insurer subject to ongoing insurance regulation by the District of Columbia Insurance Commissioner.

### Nebraska Approval Order

The Nebraska Insurance Law requires the prior approval of the Merger Agreement by the Nebraska Director and the Merger Agreement provides that the consummation of the Merger is conditioned upon the receipt of such approval. Pursuant to Nebraska Revised Statutes § 44-224.07 and § 44-6125, Ameritas Acacia filed the Merger Agreement with the Nebraska Department of Insurance on March 11, 2005 and subsequently filed a number of supplements and related documents. After reviewing the Merger Agreement, as supplemented, and the related documents, the Nebraska Director has determined that, on the basis of the information filed with the Nebraska Department of Insurance, there is sufficient reason to find that the interests of the policyholders of Ameritas Life and the members of Ameritas Acacia will be protected under the proposed Merger. The Nebraska Director approved the Merger Agreement and issued an approval order dated July 19, 2005. The order is subject to the following conditions: (i) issuance of an order approving the reorganization of Union Central into a mutual insurance holding company structure and approval of the Merger Agreement by the Ohio Department of Insurance; (ii) approval by two-thirds majority of the votes cast by the eligible members of Ameritas Acacia as defined in the Merger Agreement at the Special Meeting of Members on August 31, 2005; (iii) approval by a majority of the votes cast by eligible Union Central Policyholders as defined in the Plan and in the Merger Agreement at the Special Meeting of Policyholders on September 1, 2005; (iv) receipt by the Nebraska Department of Insurance of the Articles of Merger; and (v) receipt by the Nebraska Department of Insurance of a copy of a tax opinion of Ameritas Acacia counsel.

Additionally, on or about June 29, 2005, the Nebraska Department of Insurance approved Ameritas Acacia's request to exempt Ameritas Acacia from the filing of a Form A Statement of Acquisition of Control pursuant to Nebraska Revised Statutes §44-2128(2) in connection with the Merger. The exemption was granted on the basis that the Merger is not made or entered into for the purpose, and does not have the effect of changing or influencing the control of, Ameritas Acacia, AHC or Ameritas Life. In its exemption order, the Nebraska Department of Insurance reserved the power to re-examine the control issue at a later date if new information should warrant such review.

#### **Mutual Insurance Holding Company Assets Available to Satisfy Claims of Union Central Policyholders**

UNIFI and AHC would automatically be parties in the event of any insolvency or delinquency proceeding brought against (i) Union Central under the Ohio Insurers Supervision, Rehabilitation and Liquidation Act, Ohio Rev. Code Sections 3093.01 to 3903.59, (ii) Ameritas Life under the Nebraska Insurers Supervision, Rehabilitation and Liquidation Act, Neb. Rev. Stat. Sections 44-4803 to 4862, or (iii) Acacia Life under the District of Columbia Insurers Rehabilitation and Liquidation Act of 1993, Title 31, Sections 1301-1357, D.C. Code Ann. If necessary, the assets of UNIFI and AHC may be deemed to be assets of Union Central, Ameritas Life or Acacia Life for purposes of satisfying the claims of their policyholders. This means that in the unlikely event that Union Central, Ameritas Life or Acacia Life could not satisfy the claims of its policyholders, the assets of UNIFI and AHC could be used to satisfy such claims. These assets might in the future include the stock of other subsidiaries and/or funds or securities held at the AHC or UNIFI level.

#### **Dissolution or Liquidation of Mutual Insurance Holding Company**

UNIFI and AHC may not dissolve or liquidate without the approval of the Nebraska Director or as ordered by a court of law pursuant to Nebraska law. In the event of the ultimate dissolution or liquidation of UNIFI, any surplus which remains at the time of such dissolution or liquidation after payment of the liabilities of UNIFI would be distributed to the UNIFI Members (which would include policyholders of Union Central, Ameritas Life and Acacia Life) in a manner determined by the UNIFI Board and as approved by the Nebraska Director pursuant to Nebraska Statutes Annotated, Section 44-4842 and other provisions of the Nebraska Insurers Supervision, Rehabilitation and Liquidation Act.

#### **Affiliated Transactions**

Any material transaction between Union Central and any of its affiliates must, among other things, be on terms which are fair and reasonable. Certain transactions involving Union Central may not be entered into until 30 days after the Ohio Superintendent has received, for her review, written notice of the insurer's intention to enter into the transaction and if, during that period, the Ohio Superintendent has not disapproved the proposed transaction. The transactions requiring such prior notice include (i) sales, purchases, exchanges, loans, or extensions of credit, guarantees, or investments if such transactions are equal to or exceed the lesser of 3% of the entity's admitted assets as of December 31 of the preceding year or 25% of the entity's surplus as regards policyholders as of December 31 of the preceding year, (ii) loans or extensions of credit to any person who is not an affiliate, when the insurer makes such loans or extensions of credit with the agreement or understanding that the proceeds of such transactions, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase assets of, or to make investments in any affiliate of the insurer making such loans or extensions of credit if such transactions are equal to or exceed 3% of the insurer's admitted assets as of December 31 of the preceding year or 25% of the entity's surplus as regards policyholders as of December 31 of the preceding year, (iii) reinsurance agreements or modifications thereto in which the reinsurance premium or a change in the insurer's liabilities equals or exceeds 5% of the insurer's policyholders surplus as of December 31 of the preceding year, (iv) management agreement, service contract or cost-sharing arrangement, and (v) any material transaction, specified by rule and regulation, which the Ohio Superintendent determines may adversely affect the interests of Union Central Policyholders.

Similarly, other life insurance subsidiaries of UNIFI that enter into such affiliate transactions may also be required to provide prior notice to their respective state insurance regulators according to relevant insurance laws and regulations of their respective domiciliary states.

#### **Dividends**

Under Ohio law, Union Central may not pay any extraordinary dividend or make any other extraordinary distribution to its sole shareholder, AHC, until 30 days after the Ohio Superintendent has received notice of the declaration of such dividend and has not within such period disapproved such payment (or the payment has been approved within such 30-day period). An

extraordinary dividend or distribution, for these purposes, includes any dividend or distribution of cash or other property, whose fair market value, together with that of other dividends or distributions made within the preceding 12 months, exceeds the greater of 10% of Union Central's surplus as of the preceding December 31 or the net income of Union Central for the 12-month period ending the preceding December 31, but shall not include pro rata distributions of any class of Union Central's own securities. Any dividend or distribution paid from other than earned surplus is also considered an extraordinary dividend or extraordinary distribution for these purposes. "Earned Surplus" in this context means an amount equal to an insurer's unassigned funds as set forth in its most recent statutory financial statement submitted to the Ohio Superintendent, including net unrealized capital gains and losses or revaluation of assets.

As discussed elsewhere in this Policyholder Information Booklet, even if Union Central were to declare and pay dividends to AHC, the payment thereof does not mean that the members of UNIFI would receive a dividend concurrently, or at all. See "The Reorganization – Impact on Your Membership Interests – Effect of an Offering of Stock by AHC," at page 34.

Under Nebraska law, any distribution to UNIFI's members will require prior written approval of the Nebraska Director and may be made only upon the Nebraska Director's satisfaction that such distribution is fair and equitable to policyholders as UNIFI Members. In addition, UNIFI will not, under its Amended and Restated Articles of Incorporation, be permitted to make any direct payment of dividends or any other distributions or payments of income, dividends or profits directly to members, except as provided for in the Amended and Restated Articles of Incorporation in the event of the ultimate dissolution or liquidation of UNIFI or as otherwise approved by the Nebraska Director.

### **Stipulation with the New York Department of Insurance**

Although Union Central is domiciled in the State of Ohio, the New York State Insurance Department ("New York Department") has conducted a review of the Plan pursuant to Section 1106(i) of the New York Insurance Law. Ameritas Acacia (on behalf of itself and after the Effective Time, UNIFI), AHC and Union Central, as well as any party that subsequently acquires control of Union Central (the "Bound Parties") have agreed to comply with certain terms that the New York Superintendent has required. These terms are set forth in a stipulation that will be entered into by the Bound Parties and the New York Department (the "Stipulation"). The Stipulation is summarized below.

Any application seeking the demutualization, conversion or any other change in corporate form of UNIFI, or other transaction, which is reasonably expected to permit or cause the members of UNIFI to realize all or part of the economic value of their membership interests in UNIFI, will be subject to review by the New York Department. Prior to the issuance or sale of any securities by a Bound Party that is subject to the review of the Ohio Superintendent or the Nebraska Director or any other insurance regulatory body, certain information will be filed with the New York Superintendent relating to such securities offering. Prior notification of the New York Superintendent will also be required for each Affiliate Transaction (as defined in the Stipulation), that involves payments, transfers, value or property in an amount equal to or exceeding 5% of the admitted assets of Union Central as of the preceding December 31 (other than reinsurance transactions, which require prior notification without regard to amount). If the New York Superintendent finds that any of these transactions will not be fair or equitable to New York policyholders of Union Central, the New York Superintendent will set forth the reasons for such findings and notify the primary regulators and the Bound Parties, advising them of any requirements necessary for the protection of New York policyholders of Union Central in order to permit Union Central to continue to do business in New York.

The Bound Parties also have agreed to support and not to interfere with any efforts made by the New York Superintendent to assert standing in any rehabilitation or liquidation proceeding of UNIFI, or to which UNIFI is a party.

In addition, the Stipulation requires Union Central to comply with the following requirements relating to the Closed Block:

- Union Central must obtain the prior approval of the New York Superintendent prior to ceasing to maintain the Closed Block, if the Closed Block at such time includes policies held by New York policyholders;
- Union Central must obtain the prior approval of the New York Superintendent prior to changing the federal income, state and local tax allocation or charging procedures relating to the Closed Block, if the Closed Block at such time includes policies held by New York policyholders;
- Union Central must notify the New York Superintendent with respect to various other matters concerning the Closed Block;

- If Union Central declares or pays, with respect to any class of policies (as defined in the Stipulation) other than Closed Block Policies, policy dividends that are based on the overall financial experience (as defined in the Stipulation) of Union Central rather than on the financial experience of such class of policies, Union Central must pay a reasonably proportionate amount with respect to Closed Block policies, and such amount paid with respect to Closed Block policies will not be charged to the Closed Block;
- Union Central must redevelop dividend rates during 2006 for the dividend scale payable in 2007 based on a traditional three-factor dividend methodology; and
- Union Central must obtain the prior approval of the New York Superintendent prior to changing its Non-Guaranteed Element Principles and Practices document, including any change in profit margins, as it affects New York policyholders. The Non-Guaranteed Element Principles and Practices document governs the determination of non-guaranteed elements for policies not included in the Closed Block or covered by the Closed Block Memorandum.

### **Risk Based Capital**

As of December 31, 2004, Union Central's Risk Based Capital ("RBC") Ratio was 313%, Ameritas Life's was 958% and Acacia Life's was 430%. For purposes of this paragraph, "RBC Ratio" with respect to a life insurance company means an amount (expressed as a percentage) calculated as (A) the total adjusted capital of such life insurance company as shown on such life insurance company's most recently filed annual statutory statement required to be filed by it with one or more state insurance commissioners or other state insurance regulatory authorities divided by (B) the Company-Action-Level, which can be calculated as 2 times the Authorized Control Level RBC as shown on such life insurance company's most recently filed annual statutory statement.

### **Undertakings to be Provided to the Ohio Department of Insurance**

Union Central will adopt undertakings or enter into agreements with the Ohio Superintendent covering such matters as the Ohio Superintendent may require in connection with her approval of the Plan. These undertakings may be amended by agreement between Union Central and the Ohio Superintendent at a future time without a vote of Union Central's Policyholders or the UNIFI Members.

## BUSINESS OF THE COMPANIES

### The Union Central Life Insurance Company

#### *General*

Established in 1867, Union Central is an Ohio-domiciled mutual life insurance company that provides insurance and financial products and services to assist individual, group and pension policyholders in achieving their financial goals. Union Central subsidiaries offer other services, including securities brokerage, mutual fund management, asset management, mortgage banking and pension administration. Union Central offers life and disability insurance, annuities and retirement plans through a network of field associates including general agents, brokerage general agents, disability income centers and retirement plan sales consultants. Union Central is licensed in all 50 states and the District of Columbia, and is one of the 10 largest mutual life insurance companies in the United States in terms of assets. Approximately 14% of Union Central Policyholders are New York policyholders.

In 2004, Union Central's statutory capital grew to \$338 million, an increase of more than 8% from 2003, and statutory assets under management reached \$6.5 billion.

Union Central's corporate objectives continue to follow the overall strategic direction we began in 1995. Through our corporate objectives, we strive to deliver value to our customers, sustain managed financial growth and expand One Company Marketing.

Union Central's field representatives and home office associates remain committed to the corporate goal we've embraced throughout our 138-year history: to assure Union Central's financial strength and stability in the best, long-term interest of our policyholders. We strive not only to provide our clients with financial solutions that meet their individual needs, but also to exceed their expectations of what an insurance company can do for them.

Union Central is rated "Secure" by three major independent rating agencies. Fitch as of March, 2005, rated Union Central 'A' (Strong), the third highest rating out of Fitch's twelve ratings, viewing it as possessing a strong capacity to meet policyholder and contract obligations. S&P rated Union Central 'A-' (Strong), the seventh highest rating out of S&P's 21 ratings, as of February, 2005, stating that Union Central has strong financial security characteristics, but noting that it is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings. A.M. Best rated Union Central 'A-' (Excellent), the fourth highest rating out of A.M. Best's fifteen ratings, as of February 2005.

#### *Products and Services*

Union Central offers a wide variety of annuities, individual insurance and financial products designed to serve the needs of its customers. Annuity products consist of fixed, variable and equity indexed annuities. Individual insurance products consist of term insurance, traditional whole life insurance, universal life insurance, variable universal life insurance and disability income insurance. Financial products consist of mutual funds.

As of December 31, 2004, the number of contracts issued by Union Central and in force were as follows: individual life insurance, 198,975; individual annuities, 33,328; individual disability insurance, 49,017; group life insurance, 83; group disability insurance, 564; and group annuities, 2,582.

Life Insurance. Union Central provides a wide range of individual life and disability income products focused on meeting the needs of our target markets: small- to medium-sized business owners and upwardly mobile and affluent individuals.

Our current life insurance products include:

- Whole life insurance that has guaranteed death benefits and guaranteed cash values paid for through periodic fixed premiums. Several options and riders are offered in connection with these policies to provide such benefits as waiver of premium, accidental death, paid up additions, additional term and accelerated benefits.
- Universal life insurance that has flexible premiums and adjustable death benefits. Premiums in excess of specified charges are credited to the account value of the policy, which is credited with interest at a rate that is set periodically, subject to minimum guaranteed contract credit rates. The cost of insurance and certain administrative charges are deducted from the account value. Union Central also offers "second-to-die" universal life policies, and "indexed" universal life policies.

- Variable universal life insurance that has flexible premiums and adjustable death benefits. Premiums in excess of specified charges are credited to the account value of the policy and may be invested in one or more variable account investment options of the Carillon Life Account, an investment company under the Investment Company Act of 1940 and registered separate account of Union Central, or to the guaranteed account, or to both. All or a portion of policy values vary with the performance of a separate account.
- Term life insurance that provides life insurance coverage for a fixed period and has no cash value. Union Central offers the following type, among others: term insurance with 10, 15, 20 and 30 year guaranteed level premiums and annually renewable term insurance.
- Disability income insurance that provides income payments to an insured who is unable to work because of sickness or injury. Individual disability income insurance is generally issued by Union Central on a non-cancelable long term basis. Union Central also issues Business Overhead Insurance, which covers the costs of running a business in the event the owner is disabled.

Annuity. Our Annuity line of business provides a wide range of individual and group annuity products for individuals, corporations and other institutions.

Union Central's principal annuity products are:

- Deferred annuity contracts that accumulate funds in a fixed account and permit the election of periodic income benefits beginning at a specified future date and continuing for the life of the annuitant, the lives of two or more persons or for a specified period of time. Union Central offers several varieties.
- Immediate annuities (*i.e.*, single premium products with benefit payments commencing immediately or shortly after issue.)
- Deferred fixed annuities on an individual or group basis that may be single premium or flexible (periodic) premium products. The premium is deposited in a fixed interest account and credited with interest at a rate that is periodically set by Union Central, but not less than the rate guaranteed in the contract.
- Equity index annuities: Deferred, flexible premium fixed index annuities (*i.e.*, non-variable) annuities. The premium is deposited, per the policyholder's instructions, into either a fixed interest account or an indexed account. In the fixed interest account, the funds are credited with interest at a rate that is periodically set by Union Central, but not less than the rate guaranteed in the contract. Funds in the indexed account are credited interest at a rate that is based upon the movement of the S&P 500 index, subject to a maximum and subject to a participation rate set by Union Central; however, the credited interest rate on the indexed account cannot be less than zero.
- Variable annuities, both individual and group. Individual annuities include contract values that may be invested in one or more variable account investment options of the Carillon registered separate account, an investment company under the Investment Company Act of 1940 and an affiliate of Union Central, or to the guaranteed account, or to both.

Retirement Plans. Union Central provides an Employee Savings Plan product primarily to employers with 25 to 250 employees in the 401(k) market. This product is offered on a bundled basis that includes investments and full administrative services or on an investments-only basis.

### ***Marketing and Distribution***

Union Central uses two sustainable competitive strategies with our customers and distribution partners. It refers to its customer strategy as "One Company Marketing" and its distribution partner strategy as "Trusted Relationships." Both are difficult for competitors to duplicate because they are derived from our unique culture, values and management expertise.

Union Central's One Company Marketing business culture emphasizes synergy, cooperation and common interests among all operational and functional areas to better meet the needs of our customers. A diverse portfolio of products and services provide customers and producers with a wide range of choices. From a corporate standpoint, it also minimizes the risks of market shifts and legislative or tax changes. One Company Marketing is intended to result in Union Central providing a larger share of its clients' financial planning needs, while at the same time providing dependable services. One Company Marketing has encouraged producers to sell multiple products from different product lines in order to enhance producer productivity and client service.

Union Central's Trusted Relationships is its practice of associating with producers that have a shared customer focus to that of Union Central. Through association with like-minded producers, both Union Central and the producers are positioned to achieve their respective long-term goals. These producers share our vision, values, and target markets. Union Central believes it is an attractive partner to high quality producers who successfully build long-term relationships with their clients. Past experience demonstrates that these partners are dedicated, loyal and productive.

Trusted Relationships are embodied in our Field Advisory Cabinet ("FAC"), established in 1959. FAC members are more than business partners – they also serve as strategic partners, providing input on key business decisions that impact our direction in the marketplace, and playing an integral role in developing products, programs and procedures.

Union Central distributes its products in all 50 states and the District of Columbia. Union Central's product portfolio is sold through a diverse and synergistic multiple channel distribution system with these main distribution avenues: General Agencies, Brokerage General Agencies, Disability Income Centers and Retirement Plans Sales Consultants. We have successfully grown and maintained multiple channels of distribution. A significant number of large sales volume producers sell multiple Union Central products. Union Central believes that multiple channel distribution benefits all involved: it offers Union Central diversity in distribution; it offers producers diversity in access to Union Central, its products and services; and it offers customers choices in how they interact with the agent.

General Agency Channel. The core General Agency ("GA") system consists of offices with demonstrated expertise in Union Central's target markets: upwardly mobile and affluent individuals, and small- to medium-sized businesses. Those with Million Dollar Round Table level producers (*i.e.*, those producers who generate \$1 million or more of annual sales in terms of premiums) are our target. These agencies appreciate strong home office support and relationships. They also share our company culture and values.

Brokerage General Agency Channel. ("BGAs") Brokerage General Agencies ("BGAs"), while generally product-specific in focus, effectively differentiate themselves beyond product or price. We are particularly interested in partnering with BGAs who are relationship-driven, as they offer value added advanced underwriting expertise or other specialized services to the independent representative.

Disability Income Center Channel. Disability Income Centers are company-owned brokerage offices whose primary customers are brokers within specific geographical regions. As the name implies, Disability Income Centers focus primarily on generating disability income premium, although some life and annuity premium comes from this channel as well. As a result of their emphasis and expertise in Disability Income, Disability Income Centers show strong underwriting profitability.

Retirement Plan Sales Consultants. Retirement Plan Sales Consultants are specialized staff, located around the country, who support retirement plans sales. Retirement Plans Sales Consultants work with GAs and independent producers to drive retirement plans sales through multiple channels.

### ***Subsidiaries and Affiliates***

Other financial products and services are offered through Union Central's wholly-owned non-life insurance subsidiaries and affiliates. Carillon Investments Inc. is a wholly-owned retail securities broker-dealer, operating on a fully disclosed basis, registered under the Securities Exchange Act of 1934, and an investment advisor registered under the Investment Advisors Act of 1940. Carillon Investments Inc. markets securities through its registered representatives, all of whom are insurance agents of Union Central. Carillon Investments Inc. serves as a distributor for affiliated mutual funds, variable annuity and variable universal life contracts issued by Carillon Account and Carillon Life Account, respectively, and the Employee Saving Plan group annuity contracts of Union Central.

### ***Diversified Financial Services***

The Summit Group is comprised of the three wholly-owned subsidiaries listed below. Assets under management were in excess of \$6 billion as of December 31, 2004.

Summit Investment Partners, Inc. provides investment advisory services to institutional clients and is the advisor to Summit Mutual Funds, Inc.

Summit Investment Partners, LLC provides investment advisory services to Union Central in addition to the special purpose entities.

Union Central Mortgage Funding, Inc. originates and places commercial mortgages. In addition, this group services in excess of \$1 billion in loans.

### ***Underwriting and Pricing***

Individual insurance underwriting involves the selection of risks consistent with product pricing. Union Central's underwriting department is responsible for reviewing and underwriting applications for coverage. The underwriters are expected to comply with Union Central's established practices and procedures that are designed to appropriately assess and quantify all manners of risk. The underwriting of these risks may take into account multiple factors, including an applicant's medical history, alcohol, drug and tobacco use, driving record, occupation and financial profile. A policy is not issued until recognized risk factors have been evaluated and the extent of the risks has been resolved.

Union Central bases underwriting primarily on its own mortality and morbidity experience in addition to comparing its underwriting against industry standards. This process is consistently evaluated and updated based upon industry experience and advances in medical science.

Product pricing reflects Union Central's underwriting standards. Factors considered in setting premiums and charges for insurance products include assumptions as to future investment returns, expenses, persistency, mortality, morbidity, taxes and certain macroeconomic factors such as inflation. Product specifications and underwriting are designed to produce experience, which Union Central periodically monitors, that is equal to or more favorable than pricing assumptions. The long term profitability of Union Central is affected by the degree to which future experience deviates from these assumptions.

### ***Reserves***

Like other insurance companies, Union Central establishes and carries liabilities for actuarially determined statutory reserves that are calculated to meet the payment of future policy benefits and obligations. Reserves are based on actuarially recognized methods that employ prescribed mortality and morbidity tables in general use, which are modified to reflect actual experience when appropriate. These reserves are computed at amounts that, with additions from future premiums and interest on such reserves compounded at specified assumed rates, are expected to be sufficient to meet an insurer's future policy obligations. Reserves for assumed reinsurance are computed on a basis comparable to direct insurance reserves.

The GAAP reserves that appear in Union Central's audited consolidated financial statements may vary from those established based on statutory accounting practices. Statutory accounting practices are specified by the various state insurance departments through statute or regulation. GAAP accounting is governed by the Financial Accounting Standards Board.

### ***Reinsurance***

Union Central follows the standard industry practice of reinsuring ("ceding") certain portions of its insurance risks with other insurance companies under traditional indemnity reinsurance agreements. Union Central uses reinsurance in this manner to limit the mortality and morbidity risk on its individual life and disability insurance business.

Reinsurance does not discharge an insurer from its obligations to pay policy claims on the reinsured business. Accordingly, Union Central remains fully responsible for claims on policies it has ceded even if the reinsurer should fail to pay its portion of the claims. For this reason, Union Central only enters into reinsurance treaties with highly rated reinsurers that have passed an internal due diligence review.

Conventional reinsurance, or indemnity reinsurance, is obtained on doubtful risks or when the automatic retention limits are exceeded. Automatic retention limits vary by issue age and underwriting rating. Maximum retention for Union Central is \$1 million on any one life. At December 31, 2004, reinsurance ceded by Union Central was \$18.9 billion of insurance in force, representing 57% of in force business.

Maximum retention for Union Central is \$4,000 per month on any one disability risk. In 2004, \$15 million, or 28% of direct premiums, had been ceded by Union Central.

### ***Investment Portfolio***

Summit Investment Partners, Inc. manages Union Central's investment operations. In consultation with product actuaries, Summit is responsible for determining, within specified risk tolerances and investment guidelines, the asset allocation, duration, and other characteristics of Union Central's investment portfolio.

### ***Competition***

Competition among life insurance companies is intense and many of Union Central's competitors have substantially more resources than Union Central. Union Central competes on the basis of product offerings and customer service. Union Central management believes that consolidation within the insurance industry will continue as companies seek to reduce unit costs and overhead expenses. Such consolidation could result in more formidable competition.

In recent years, there has been a trend in the industry away from products that protect against the uncertainties of death to products that allow customers to accumulate assets so as to maintain an acceptable standard of living during their retirement years. This change has resulted in the introduction of new insurance and financial products and has increased competition with non-insurance company rivals, such as mutual funds. In addition, insurance and annuity products may now be purchased through banks, broker/dealers, financial planners, and the Internet, which also increases competition.

The life insurance industry enjoys favorable tax treatment for several of its life and annuity products. The attractiveness of these products hinges on the continued existence of such favorable tax treatment including tax deferral features. Recently, however, some legislators and politicians have indicated that the tax-favored treatment of these products is unnecessary and should therefore be lessened, if not eliminated. Union Central believes that if Congress were to repeal this favorable tax treatment, the overall competitiveness of insurers, including Union Central, and their products compared to substitute products would be adversely affected in the long term.

### ***Legal Proceedings***

Like other U.S. insurers, Union Central is a respondent in a number of legal proceedings. Union Central is a defendant in actions arising out of its business and is, from time to time, involved as a party in various governmental and administrative proceedings. Union Central does not believe that any liability which may result from these actions is likely to have a material adverse effect on its business, financial position or results of operations.

### ***Employees***

As of December 31, 2004, Union Central employed approximately 900 employees. Union Central has good relations with its employees.

### **Ameritas Acacia Mutual Holding Company**

The information that follows about Ameritas Acacia and its subsidiaries was provided by Ameritas Acacia.

Ameritas Acacia was formed effective January 1, 1999, as a result of the merger of Acacia Mutual Holding Company into Ameritas Mutual Insurance Holding Company. This merger represented the first merger of mutual holding companies.

Ameritas Acacia owns 100% of the stock of AHC. AHC owns 100% of the stock of both Ameritas Life and Acacia Life.

### ***Ameritas Acacia Life Insurance Companies - Individual Company Information***

#### ***Ameritas Life Insurance Corp.***

Ameritas Life, formerly known as Bankers Life Insurance Company of Nebraska, was originally incorporated as a stock insurance company under the laws of Nebraska in 1887. Ameritas Life began its operations as mutual life insurance company in 1949. It became the fifth mutual life insurance company in the United States to reorganize under the mutual insurance holding company laws, completing its reorganization effective January 1, 1998. Ameritas Life with its subsidiaries, maintains in excess of \$5.5 billion in consolidated assets and in excess of \$839 million equity as of December 31, 2004.

Ameritas Life and its subsidiaries provide a broad range of individual life and annuity products for individuals and business. Principal products include term life, variable life and annuity contracts and a low load series of universal and variable life and variable annuity products. As of December 31, 2004, approximately 132,000 individual life policies were in force with a face amount in excess of \$21.2 billion and 49,000 individual annuities were in force.

Ameritas Life markets variable life and annuity products primarily through its affiliate, Ameritas Variable Life Insurance Company ("AVLIC"). AVLIC also markets fixed annuity products. In 1996, Ameritas Life entered into a Joint Venture with AmerUs Life Insurance Company to form AMAL Corporation. AMAL Corporation owns 100% of AVLIC and Ameritas

Investment Corp. ("AIC"), a full service broker-dealer. Ameritas Life currently owns 52.4% of AMAL Corporation, Acacia Life and subsidiaries currently owns 14% of AMAL Corporation, and the remaining 33.6% is owned by AmerUs Life Insurance Company, which is not affiliated with either Ameritas Life or Acacia Life. For further information about the Joint Venture Agreement between Ameritas Acacia and AmerUs Life Insurance Company, see "The Merger Agreement – The Merger" at page 48.

Individual insurance operations are conducted through diversified distribution systems that include career agencies, special marketing agencies, personal producing general agents, and a broker-dealer distribution system for variable products.

Ameritas Life is known for its group dental and eyecare products and services. Group dental products include trust plans; tailored indemnity programs; and programs in a participating provider panel setting. Ameritas Life also provides administration and claims services only business for other companies. In 2004, total premium income for this line of business exceeded \$425 million. Group products and services in New York are marketed by First Ameritas Life Insurance Corp. of New York.

The Ameritas Life Retirement Line of business offers a wide range of investment products for qualified pension plans. The Retirement Line also provides administrative services for qualified plans. The Pension Line has over \$1 billion of assets under management.

Investment products and services are marketed through Ameritas Life affiliated companies. AIC offers a wide spectrum of investment products, including stocks, bonds, mutual funds, and fee based advisory services, as well as serving as the principal underwriter for variable contracts issued by Ameritas Life and AVLIC. The Public Finance Division of AIC specializes in developing and marketing bond offerings for corporations, municipalities, and school districts.

Ameritas Investment Advisors, Inc ("AIA") provides investment advisory services to Ameritas Life, Acacia Life, and other affiliated insurance companies. AIA also offers an investment management account, giving non-affiliated, non-insurance clients the opportunity to obtain professional investment advisory services.

Pathmark Administrators, Inc. distributes and administers worksite products and services. Ameritas Life's financial strength and operating performance is rated 'Ag\*' (Excellent) by A.M. Best, the third highest rating of fifteen ratings. Upon announcement of the merger, this rating was affirmed. S&P rates Ameritas Life as 'AA-' (Very Strong), the fourth highest of S&P's 21 ratings for its financial strength. Upon announcement of the Merger, this rating was affirmed. Moody's rates Ameritas Life as 'A1', which is the seventh highest of Moody's 27 ratings for long-term insurance financial strength. Upon announcement of the merger, this rating was affirmed.

#### ***Acacia Life Insurance Company***

Acacia Mutual, chartered by a Special Act of Congress in 1869, was the third mutual life insurance company in the United States to reorganize into the mutual holding company form. The reorganization, completed effective June 30, 1997, simultaneously created a mutual insurance holding company and reorganized Acacia Mutual as a stock life insurance company of the new mutual holding company. Acacia Life with its subsidiaries, maintains in excess of \$2.6 billion in consolidated assets and equity in excess of \$359 million as of December 31, 2004.

Acacia Life provides a broad range of fixed life insurance products for individuals and businesses. These products include traditional whole life, universal life, and fixed annuities.

As of December 31, 2004, approximately 102,000 individual life policies were in force with a face amount in excess of \$5.7 billion and 14,000 individual annuities were in force.

Individual insurance operations are conducted through diversified distribution systems that include career agencies, special marketing agencies, personal producing general agents, and a broker-dealer distribution system for variable products.

#### ***Diversified Financial Services***

Acacia Life owns all of the outstanding stock of the Acacia Financial, a holding company that owns all of the stock of various other subsidiaries, including:

Calvert, a wholly-owned subsidiary of Acacia Financial, which through its subsidiaries and affiliates, offers a broad range of investment products and services, including the nation's largest family of socially responsible mutual funds. Calvert offers a full family of mutual funds designed to help investors achieve financial security while helping to build a sustainable future.

With over 25 years of expertise, Calvert offers a diversified range of fixed income funds including corporate bond, tax-free and money market funds. Calvert employs their unique, investment strategies to achieve competitive performance. For the year ended December 31, 2004, total revenue for Calvert was \$93.3 million, and total assets under management were \$10.3 billion.

Acacia Federal, a wholly-owned subsidiary of Acacia Financial, offers its customers a wide range of banking products and services. Acacia Federal offers certificates of deposit, money market accounts, and IRAs. Acacia Federal also offers automobile loans, unsecured credit lines, secured and unsecured personal loans, residential mortgage loans, including fixed and adjustable rate first trust mortgages, second trust loans, home equity lines of credit, and residential construction and commercial loans. For the year ended December 31, 2004, Acacia Federal had assets of \$957.6 million and total revenues were \$47.4 million.

The Acacia Realty Corp., another wholly-owned subsidiary of Acacia Financial, owns commercial real estate properties.

### ***Ameritas Acacia Life Insurance Companies - Combined Operations Information***

#### **Employees and Sales Representatives**

As of June 30, 2005, the Ameritas Acacia group of companies, including Ameritas Life and Acacia Life, employed approximately 1,550 employees and contracted with approximately 1,700 sales representatives. Ameritas Life and Acacia Life have good relations with their employees and sales representatives.

#### **Underwriting and Pricing**

Individual insurance underwriting involves the selection of risks consistent with product pricing. The Ameritas Life and Acacia Life underwriting department is responsible for reviewing and underwriting applications for coverage. The underwriters are expected to comply with Ameritas Life and Acacia Life established practices and procedures that are designed to appropriately assess and quantify all manners of risk. The underwriting of these risks may take into account multiple factors, including an applicant's medical history, alcohol, drug and tobacco use, driving record, occupation and financial profile. A policy is not issued until recognized risk factors have been evaluated and the extent of the risks has been resolved.

Ameritas Life and Acacia Life base underwriting primarily on the mortality experience criteria of their reinsurers, in addition to comparing their underwriting against industry standards. This process is consistently evaluated and updated based upon industry experience and advances in medical science.

Product pricing reflects Ameritas Life and Acacia Life underwriting standards. Factors considered in setting premiums and charges for insurance products include assumptions as to future investment returns, expenses, persistency, mortality, morbidity, taxes and certain macroeconomic factors such as inflation. Product specifications and underwriting are designed to produce actual experience, which Ameritas Life and Acacia Life periodically monitor, that is equal to or more favorable than pricing assumptions. The long term profitability of Ameritas Life and Acacia Life is affected by the degree to which future experience deviates from these assumptions.

#### **Competition**

Competition among life insurance companies is intense and many of Ameritas Life's and Acacia Life's competitors have substantially more resources than Ameritas Life and Acacia Life. Ameritas Life and Acacia Life compete on the basis of product offerings and customer service. Ameritas Life and Acacia Life management believe that consolidation within the insurance industry will continue as companies seek to reduce unit costs and overhead expenses. Such consolidation could result in more formidable competition.

In recent years, there has been a trend in the industry away from products that protect against the uncertainties of death to products that allow customers to accumulate assets so as to maintain an acceptable standard of living during their retirement years. This change has resulted in the introduction of new insurance and financial products and has increased competition with non-insurance company rivals, such as mutual funds. In addition, insurance and annuity products may now be purchased through banks, broker/dealers, financial planners, and the Internet, which also increases competition.

The life insurance industry enjoys favorable tax treatment for several of its life and annuity products. The attractiveness of these products hinges on the continued existence of such favorable tax treatment including tax deferral features. Recently, however, some legislators and politicians have indicated that the tax-favored treatment of these products is unnecessary and should therefore be lessened, if not eliminated. Ameritas Life and Acacia Life believe that if Congress were to repeal this

favorable tax treatment, the overall competitiveness of insurers, including Ameritas Life and Acacia Life, and their products compared to substitute products would be adversely affected in the long term.

#### Legal Proceedings

Like other U.S. insurers, Ameritas Life and Acacia Life are respondents in a number of legal proceedings. Ameritas Life and Acacia Life are defendants in actions arising out of their business and are, from time to time, involved as parties in various governmental and administrative proceedings. Ameritas Life and Acacia Life do not believe that any liability which may result from these actions is likely to have a material adverse effect on their business, financial position or results of operations.

#### Reserves

Information related to reserve calculations is contained in Footnote 1, pages 3-9 to 3-15, Footnote 3, pages 3-17 to 3-19, and Footnote 11, page 3-30 of the Audited Consolidated Financial Statements of Ameritas Acacia. For further details, see "The Ameritas Acacia Mutual Holding Company and Subsidiaries Consolidated Financial Statements for years ended December 31, 2004 and 2003 with Report of Independent Auditors," included in Exhibit 3 of the Exhibit Volume.

#### Reinsurance

Reinsurance calculations are contained in Footnote 10, page 3-29 of the Audited Consolidated Financial Statements of Ameritas Acacia. For further details, see "The Ameritas Acacia Mutual Holding Company and Subsidiaries Consolidated Financial Statements for years ended December 31, 2004 and 2003 with Report of Independent Auditors," included in Exhibit 3 of the Exhibit Volume.

#### Investment portfolio

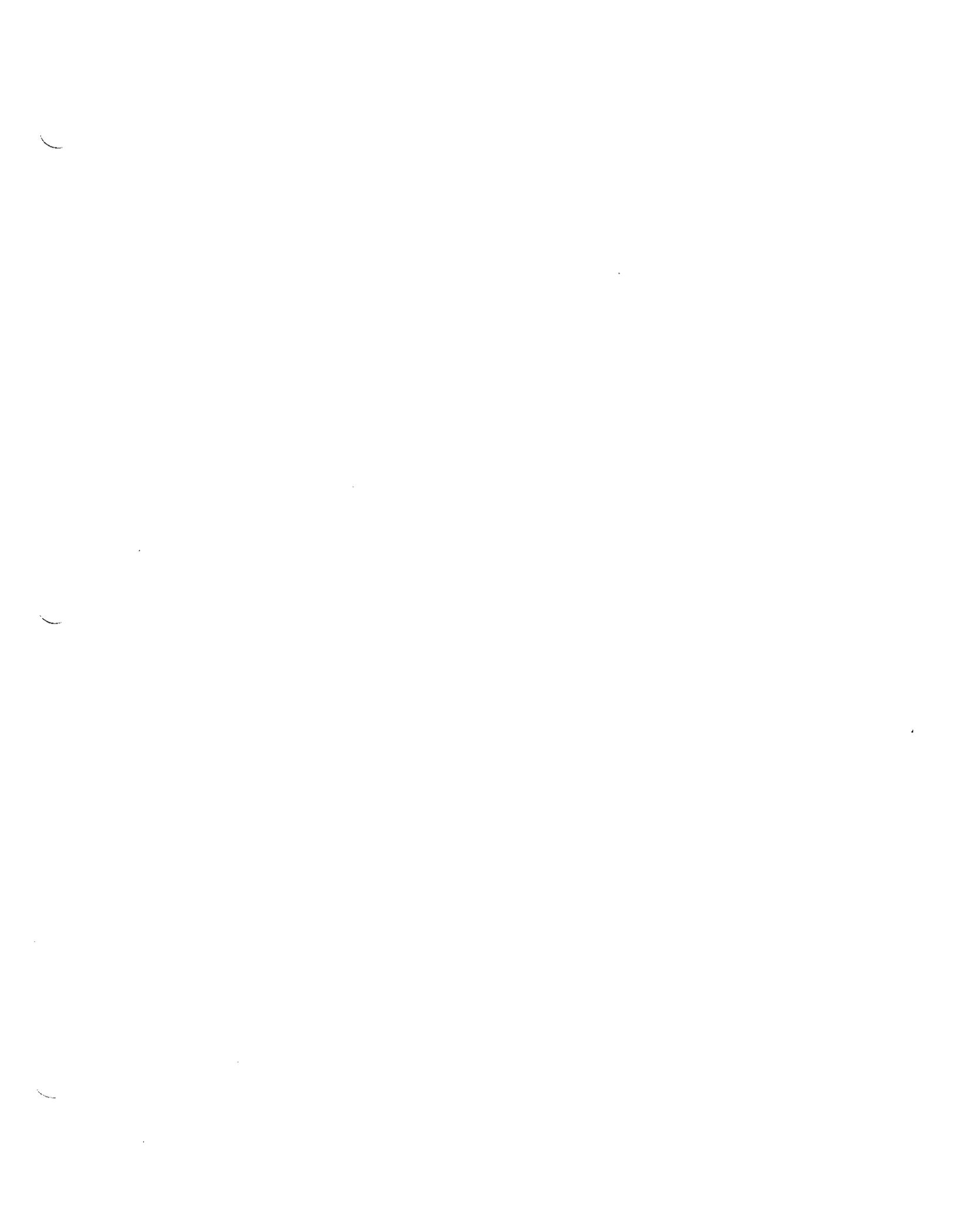
Information related to investments is contained in Footnote 1, pages 3-9 to 3-10, Footnote 4, pages 3-19 to 3-23, and Footnote 13, pages 3-32 to 3-33 of the Audited Consolidated Financial Statements of Ameritas Acacia. For further details, see "The Ameritas Acacia Mutual Holding Company and Subsidiaries Consolidated Financial Statements for years ended December 31, 2004 and 2003 with Report of Independent Auditors," included in Exhibit 3 of the Exhibit Volume.

## AVAILABLE INFORMATION

Union Central is organized in Ohio and is subject to Ohio laws and regulations applicable to life insurance companies. In accordance with those laws and regulations, Union Central files financial reports and other public information with the Ohio Department of Insurance. The publicly available financial reports and other information regarding Union Central can be inspected at the offices of the Ohio Department of Insurance at 2100 Stella Court, Columbus, Ohio, during normal business hours.

Union Central is filing an application for approval of the Plan and related documents (the "Filing") with the Ohio Superintendent in compliance with Section 3913.26(G) of the Ohio Revised Code. The Filing, including the complete text of the exhibits to the Plan, can be inspected at the offices of the Ohio Department of Insurance at 2100 Stella Court, Columbus, Ohio, or at the offices of Union Central, 1876 Waycross Road, Cincinnati, Ohio, during normal business hours. You can also call Union Central's Reorganization line at 1-800-315-9781 if you have any questions about the Reorganization.

Ameritas Acacia is subject to the laws and regulations of the State of Nebraska applicable to mutual holding companies and therefore is required to file financial reports and other information with the Nebraska Department of Insurance. The publicly available financial reports and other information regarding Ameritas Acacia are available at the offices of the Nebraska Department of Insurance, 941 "O" Street, Lincoln, Nebraska 68508.





**EXHIBITS TO**  
**THE UNION CENTRAL LIFE INSURANCE COMPANY**  
**POLICYHOLDER INFORMATION BOOKLET**

**Dated: July 21, 2005**

## TABLE OF CONTENTS

	<u>Page</u>
EXHIBIT 1	
PLAN OF REORGANIZATION OF THE UNION CENTRAL LIFE INSURANCE COMPANY .....	1-1
EXHIBIT 2	
THE UNION CENTRAL LIFE INSURANCE COMPANY AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS FOR YEARS ENDED DECEMBER 31, 2004 AND 2003 WITH REPORT OF INDEPENDENT AUDITORS .....	2-i
EXHIBIT 3	
THE AMERITAS ACACIA MUTUAL HOLDING COMPANY AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS FOR YEARS ENDED DECEMBER 31, 2004 AND 2003 WITH REPORT OF INDEPENDENT AUDITORS .....	3-i
EXHIBIT 4	
FAIRNESS OPINION OF MORGAN STANLEY, DATED JULY 20, 2005 .....	4-i
EXHIBIT 5	
FAIRNESS OPINION OF INDEPENDENT ACTUARIES, DATED JULY 20, 2005 .....	5-i
OPINION OF INDEPENDENT ACTUARIES RELATING TO THE CLOSED BLOCK, DATED JULY 20, 2005 .....	5-4
EXHIBIT 6	
PRINCIPAL SUBSIDIARIES OF AMERITAS ACACIA AND UNION CENTRAL ORGANIZATIONAL CHART .....	6-1