EXHIBIT 2

AMERITASACACIA℠
MUTUAL HOLDING COMPANY

YOUR VOTE IS IMPORTANT YOU MAY VOTE BY INTERNET / TELEPHONE / MAIL 24 HOURS A DAY / 7 DAYS A WEEK

Special Meeting of Members
On August 31, 2005
10:00 a.m. Central Time

INTERNET

http://www.dfking.com/ameritasacacia

- Go to the web site address listed above.
- **Have your proxy card ready.**
- Follow the simple instructions that appear on your computer screen.

OR

TELEPHONE

1-800-992-2856

- Use any touch-tone telephone.
- **Have your proxy card ready.**
- Follow the simple recorded instructions.

OR

MAIL

Ameritas Acacia Mutual Holding Company
C/O D.F. King & Co., Inc.
Wall Street Station – P. O. Box 1163
New York, NY 10269-0070

- Mark, sign and date your proxy card.
- Detach your proxy card.
- Return your proxy card in the postage-paid envelope provided.

Your telephone or Internet vote authorizes the named proxies to vote your membership interest in the same manner as if you marked, signed and returned the proxy card.
If you have submitted your proxy by telephone or the Internet, there is no need for you to mail back your proxy.

If you have any questions regarding the proxy information or about voting, you may call the Ameritas Acacia Merger Information Center at 1-877-667-6368. The center will be open from 7:45 a.m. to 4:30 p.m. (central time) Monday through Friday, August 1 through August 31, 2005.

▼ **(PLEASE DETACH HERE AND RETAIN THE UPPER PORTION.)** ▼

AMERITASACACIA℠
MUTUAL HOLDING COMPANY

FOR ☐ **AGAINST** ☐

SEE REVERSE SIDE FOR ADDITIONAL PROXY INFORMATION

(Note: Please mark only one box, sign and date to validly complete your proxy.)

The following proposals:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger between Ameritas Acacia Mutual Holding Company (AAMHC) and The Union Central Life Insurance Company (Union Central) dated January 28, 2005, providing for the merger of Union Central with and into AAMHC, and the transactions contemplated thereby.
2. To consider and vote upon a proposal to approve and adopt the Amendments to the Articles of Incorporation of Ameritas Acacia Mutual Holding Company providing for (i) the change of name of the surviving company to "UNIFI Mutual Holding Company," and (ii) the inclusion of Union Central's members as members of UNIFI Mutual Holding Company.
3. To transact such other business, if any, as may properly come before the Special Meeting.

Control No. **PIN**

Signature(s) ____________________

Signature(s) ____________________

(Please sign exactly as your name(s) appear above. When signing in a capacity other than as an individual person, please refer to items 4 and 5 on reverse side prior to completion.)

Title(s) ____________________ **Date** __________

RULES AND PROCEDURES FOR VOTING

In order for your proxy to be counted, there are certain rules and procedures that should be followed so your proxy can be validated and counted when it is received.

Under the terms of the Merger/Consolidation Statutes in Nebraska and the Plan of Merger, you are entitled to one vote without regard to the number of policies or amount of insurance held. Ownership is determined based on the policyholder name and address as maintained in the administrative systems of Ameritas Life Insurance Corp. as of July 15, 2005.

2. The signature on the proxy card can be printed, written or a facsimile can be used.
3. A proxy that is properly submitted, but is not marked "FOR" or "AGAINST," will be assumed to be a vote "FOR" adoption of the Plan of Merger. A proxy showing a vote "FOR" and "AGAINST" shall not be counted as a proxy cast.
4. If you are signing or submitting the proxy in an official capacity for a corporation; association; or religious, educational, charitable or social entity, you should indicate your capacity to sign or submit. The proxy should be signed or submitted by an officer of the entity.
5. If there is more than one owner listed on the proxy, all must sign or submit unless one has a power of attorney. In that case, please indicate POA on the proxy.
6. A proxy can be revoked by:
   a) casting a vote in person at the Special Member's Meeting
   b) sending a second proxy
   c) written request to revoke proxy
7. If a member wishes to designate a proxy agent other than the ones listed on the proxy, the member can request a "FORM OF PROXY" from the Ameritas Acacia Merger Information Center. The member can then designate the individual to serve as proxy agent.

After you have reviewed the enclosed materials, please cast your vote by telephone, Internet or mail. Your vote must be received by 9:00 p.m. (central time) on August 26, 2005 to be effective. Please use the enclosed envelope if you wish to return your proxy by mail. If the envelope is damaged or missing, please use this address for mailing your completed proxy:

Ameritas Acacia Mutual Holding Company
C/O D.F. King & Co., Inc.
Wall Street Station – P. O. Box 1163
New York, NY 10269-0070

The Board of Directors has adopted the Plan of Merger and the Director of the Nebraska Department of Insurance has approved the Plan of Merger.

The Board of Directors unanimously recommends a vote "FOR" the proposals.

By submitting a proxy, you appoint Donald R. Stading, an officer of the Company, and JoAnn M. Martin, an officer of the Company, or either of them, as my lawful attorneys and agents for me to vote as my proxy, with full power of substitution for the Special Member's Meeting to be held on August 31, 2005 at 10:00 a.m. (central time) at the home office of Ameritas Acacia Mutual Holding Company, 5900 O Street, Lincoln, Nebraska, regarding the proposals and any adjournment(s) thereof, with all powers the member(s) would possess if personally present, and to vote the proxy at the meeting as indicated above.

If neither box is checked and a signature is affixed, the proxy will be voted "FOR." If both boxes are checked or not signed as indicated, the proxy will not be counted. The proxy is provided to you pursuant to Nebraska Law.

AMERITASACACIA℠
MUTUAL HOLDING COMPANY

July 25, 2005

Dear Mutual Holding Company Member:

On January 26 and 28, 2005, respectively, the Boards of Directors of Ameritas Acacia Mutual Holding Company (AAMHC) and The Union Central Life Insurance Company (Union Central) adopted a Plan of Merger to combine their mutual holding companies. The AAMHC Plan has been filed with the Nebraska Department of Insurance. This plan is now being submitted for a vote by mutual holding company members.

You are invited to attend a Special Members Meeting on August 31, 2005 at 10:00 a.m. central time at the Ameritas Life home office, 5900 O Street, Lincoln, Neb. Included in this communication is the official meeting notice.

Union Central, currently a mutual insurance company, will form a mutual holding company and simultaneously merge with Ameritas Acacia Mutual Holding Company. AAMHC will remain a Nebraska-domiciled company and change its name to UNIFI Mutual Holding Company. The intermediate holding company, Ameritas Holding Company, will continue with the same name and remain under the laws of the State of Nebraska.

On the effective date of the merger, Ameritas Life, Acacia Life, Union Central and all other corporate subsidiaries will retain their identities and will continue to operate as separate companies. The outcome of the merger will add Union Central to the mutual holding company structure, not unlike the merger of the Ameritas and Acacia mutual holding companies in 1999. On the back page of this communication you will find organization charts depicting the current and new corporate structure.

Joining forces under the UNIFI Mutual Holding Company umbrella presents a unique, synergistic opportunity by peer companies that share common principles, vision and a commitment to operate together in the best possible way. From the members' perspective, the affiliation among Ameritas Life, Acacia Life and Union Central will better position the companies to meet and serve your financial needs.

The merger will not reduce in any way, the benefits, values, guarantees or other terms of your policies or contracts and will not change your premium. If a policy has been eligible to receive dividends, future dividends will be payable as declared by the respective Boards of Directors, but may, as in the past, vary from year to year. All contracts and guarantees made to policyholders will remain in force according to their contract terms.

According to the Articles of Incorporation and Bylaws of AAMHC, a member may vote in person or by proxy. Please review the material carefully. Your vote is important. Your proxy or ballot must be submitted by the time and date indicated on your proxy for the ballot to be effective. The Board of Directors unanimously recommends a vote "For" the proposals.

A merger information center has been established to respond to members' questions about the merger. If you have merger-related questions, call the center toll-free at 1-877-667-6368. The center will be open from 7:45 a.m. to 4:30 p.m. (central time) Monday through Friday, August 1 through August 31, 2005.

Thank you for the continued support and confidence you have placed in us.

Sincerely,

Lawrence J. Arth

Lawrence J. Arth, CFA
Chairman, President and Chief Executive Officer
Ameritas Acacia Mutual Holding Company

Ameritas Acacia Mutual Holding Company
5900 O Street
Lincoln, Nebraska 68510

Notice of Special Meeting of Members
to be held Wednesday, August 31, 2005
at 10:00 a.m. central time

TO MEMBERS OF AMERITAS ACACIA MUTUAL HOLDING COMPANY (AAMHC):

NOTICE IS HEREBY GIVEN THAT a special meeting (Special Meeting) of the members of AAMHC will be held at the home office of Ameritas Life Insurance Corp., 5900 O Street, Lincoln, Nebraska 68510, on Wednesday, August 31, 2005, at 10:00 a.m. central time for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger between AAMHC and The Union Central Life Insurance Company (Union Central) dated January 28, 2005, providing for the merger of Union Central with and into AAMHC, and the transactions contemplated thereby.

2. To consider and vote upon a proposal to approve and adopt the Amendments to the Articles of Incorporation of Ameritas Acacia Mutual Holding Company providing for (i) the change of name of the surviving company to UNIFI Mutual Holding Company, and (ii) the inclusion of Union Central's members as members of UNIFI Mutual Holding Company.

3. To transact such other business, if any, as may properly come before the Special Meeting.

The Board of Directors of AAMHC unanimously approved and adopted the Plan of Merger, including the amendments to the Articles of Incorporation, and the transactions contemplated thereby, and has determined that the merger is fair and equitable to, and is in the best interest of, the members of Ameritas Acacia Mutual Holding Company. Additionally, the Director of Insurance of the State of Nebraska has approved the Plan of Merger. The Board, therefore, unanimously recommends that the members of Ameritas Acacia Mutual Holding Company vote "For" approval of the Plan of Merger, including the amendments to the Articles of Incorporation, and the transactions contemplated thereby.

All members of Ameritas Acacia Mutual Holding Company whose Ameritas Life Insurance Corp. or Acacia Life Insurance Company policies were in effect on July 15, 2005 (Eligible Members) are cordially invited to attend the Special Meeting. To ensure your representation at the Special Meeting, you are requested to complete and return your proxy by mail, telephone or Internet. Proxies must be received no later than August 26, 2005 to be voted at the Special Meeting.

Please complete and return promptly the accompanying proxy whether or not you plan to attend the Special Meeting. The giving of such proxy does not affect your right to vote in person in the event that you attend the Special Meeting. Any Eligible Member giving a proxy has the power to revoke it at any time, and Eligible Members who are present at the meeting may withdraw their proxies and vote in person.

By Order of the Board of Directors

Donald R Stading

Donald R. Stading
Secretary

Questions and Answers About the Proposed Merger

Question 1: What is the proposed merger between The Ameritas Acacia Companies and The Union Central Life Insurance Company?

Answer: Currently a mutual insurance company, The Union Central Life Insurance Company will form a mutual holding company and simultaneously merge with Ameritas Acacia Mutual Holding Company (AAMHC). AAMHC will then change its name to UNIFI Mutual Holding Company. On the effective date of the merger, Ameritas Life, Acacia Life, Union Central and all other corporate subsidiaries will retain their identities and will continue to operate as separate companies.

Joining forces under the UNIFI Mutual Holding Company (UNIFI) umbrella presents a unique opportunity by peer companies that share a common vision and principles. UNIFI will benefit from combined financial strength and realize new marketplace growth opportunities. The merger will help create economies of scale. Scale is becoming increasingly important in determining success and helps support independent insurance ratings. From a member's perspective, the merger will better position the companies to meet and service the financial services needs of individuals, families and businesses.

Question 2: What is the Plan of Merger?

Answer: The Plan of Merger is a document that specifies how the merger of Ameritas Acacia and Union Central mutual holding companies will take place. It specifies how the companies will operate after a period of transition. The important elements of the Plan are summarized in the enclosed Member Information Statement. In addition, a copy of the Plan can be viewed at http://www.AmeritasAcacia.com/merger.

Question 3: When would the proposed merger become effective?

Answer: The merger is anticipated to become effective November 1, 2005, subject to the approval of regulators, AAMHC members and Union Central policyholders.

Question 4: How will the merger benefit me, the member?

Answer: The combined companies – Ameritas Life, Acacia Life and Union Central – will be a more diversified insurance and financial services organization. This is an important step in continuing to maintain financially strong companies and to support future growth. Plus, members will have a stronger organization supporting their current and future policies. The merger **will not** reduce, in any way, the benefits, values, guarantees or other terms of your policies and contracts, and will not change your premium. All contracts and guarantees made to policyholders will remain in force according to their contract terms.

Question 5: Why was the name UNIFI Mutual Holding Company chosen?

Answer: UNIFI was chosen because of its broad, flexible and growth-oriented connotation. UNIFI will provide connection for the mutual holding company and a message that "in unity there is strength and even greater opportunity."

Question 6: How does the pending merger with Union Central compare with the merger of Ameritas and Acacia in 1999?

Answer: It will be very similar. On the effective date of the merger, Union Central will join Ameritas Life and Acacia Life within a mutual holding company structure, just as Ameritas Life and Acacia Life did in 1999. The three life insurance companies and the other principal corporate subsidiaries will retain their identities and will continue to operate as separate companies.

Question 7: Explain UNIFI Mutual Holding Company's corporate structure?

Answer: As a mutual holding company, UNIFI Mutual Holding Company will be the parent company and will own Ameritas Holding Company. Ameritas Holding Company, in turn, will own 100 percent of the stock of Acacia Life Insurance Company, Ameritas Life Insurance Corp. and The Union Central Life Insurance Company. In the special members mailing you will find organization charts illustrating the current and proposed corporate structure.

Question 8: Will the names of the operating companies change or remain the same?

Answer: All principal operating companies will continue to operate under their current names.

Question 9: Where will UNIFI Mutual Holding Company be headquartered?

Answer: The mutual holding company will be domiciled in the State of Nebraska and headquartered in Lincoln, Nebraska. The three operating companies – Acacia Life, Ameritas Life and Union Central – will continue to have a strong presence in their respective home office communities, Greater Washington D.C., Lincoln, Nebraska, and Cincinnati, Ohio.

Question 10: Who is Ameritas Acacia Mutual Holding Company?

Answer: On January 1, 1999, Ameritas Mutual Insurance Holding Company and Acacia Mutual Holding Corporation merged to form Ameritas Acacia Mutual Holding Company. In the marketplace, AAMHC is referred to as The Ameritas Acacia Companies.

The Ameritas Acacia Companies - Ameritas Life Insurance Corp., Acacia Life Insurance Company and their affiliated companies – are a diversified group of insurance and financial services companies offering life insurance and annuities, group dental and eye care insurance, mutual funds, investments, retirement plans, banking, worksite benefits and public finance. Ameritas Life and Acacia Life were founded in 1887 and 1869, respectively. For more information, visit The Ameritas Acacia Companies' web site at: www.AmeritasAcacia.com.

Question 11: Who is The Union Central Life Insurance Company?

Answer: The Union Central Life Insurance Company and its primary subsidiaries offer individual life and disability insurance, retirement plans, mutual funds and investment products. Union Central is licensed in all 50 states and the District of Columbia. Founded in 1867, the Union Central home office is located in Cincinnati, Ohio. For more information, visit Union Central's web site at: www.unioncentral.com.

Question 12: Who is representing the interests of members in the merger process?

Answer: The State of Nebraska Insurance Department is overseeing the interests of members. In addition, the Ameritas Acacia Mutual Holding Company Board of Directors has a responsibility to protect the interests of members.

Question 13: What are the current ratings from independent ratings analysts for the life insurance operations of The Ameritas Acacia Companies and Union Central?

Answer: The life insurance operations of The Ameritas Acacia Companies have an AA minus (Very Strong) rating for insurer financial strength by Standard and Poor's. This is the fourth highest of S&P's 21 ratings. Union Central has an A minus (Strong) rating from S&P. This is the seventh highest of S&P's 21 ratings. The Ameritas Acacia Companies' life insurance operations have an A (Excellent) for financial strength and operating performance by A.M. Best Company. This is the third highest of Best's 15 ratings. Union Central has an A minus (Excellent) by A.M. Best Company. This is the fourth highest of Best's 15 ratings.

Question 14: What are some examples of the new organization's combined financial strength?

Answer: Upon the effective date of the merger, UNIFI Mutual Holding Company will have approximately $15 billion of assets and $1.9 billion of equity based on GAAP. Total assets under management will exceed $25 billion.

Question 15: How many members have to vote "FOR" the merger for it to be approved?

Answer: Approval of the merger requires two-thirds of those members casting valid votes to vote "FOR" the proposed merger. The Ameritas Acacia Companies and The Union Central Life Insurance Company must each receive a two-thirds approval vote of voting members.

Question 16: With the merger, will there be shares of stock available for purchase?

Answer: There are no immediate plans to issue stock. There is no stock available for purchase.

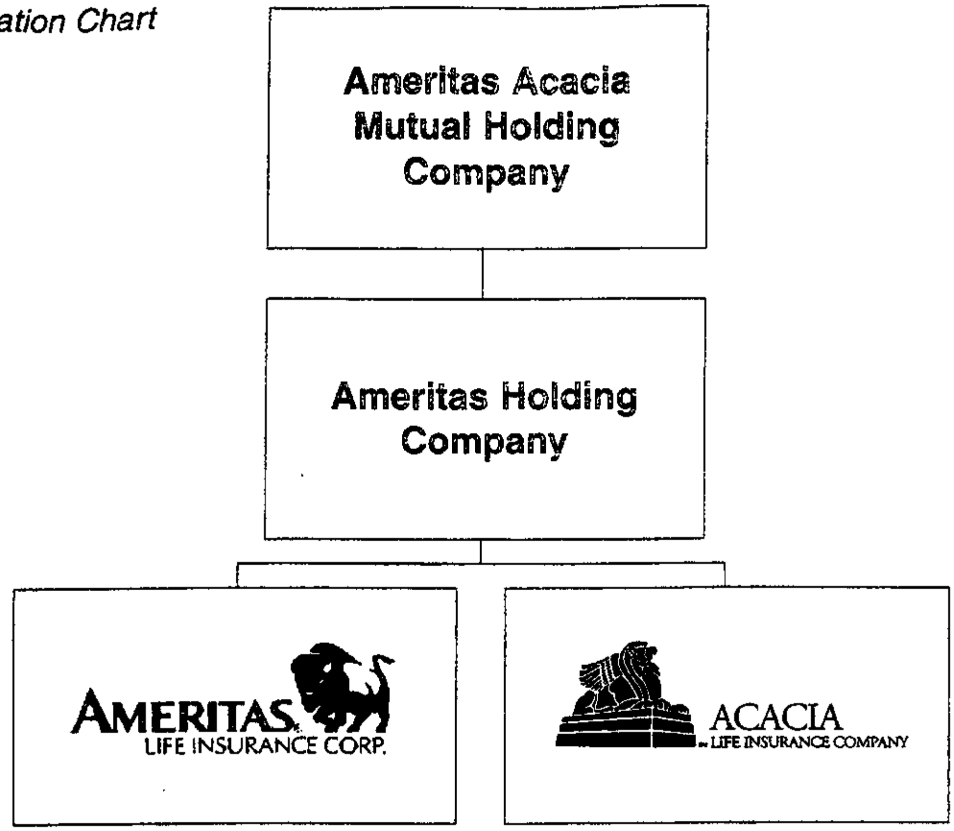
Question 17: Will I still receive subscription rights to purchase shares if there is an Initial Public Offering (IPO)?

Answer: The Plans of Reorganization and Merger provide for subscription rights to eligible members at the time of any Initial Public Offering (IPO).

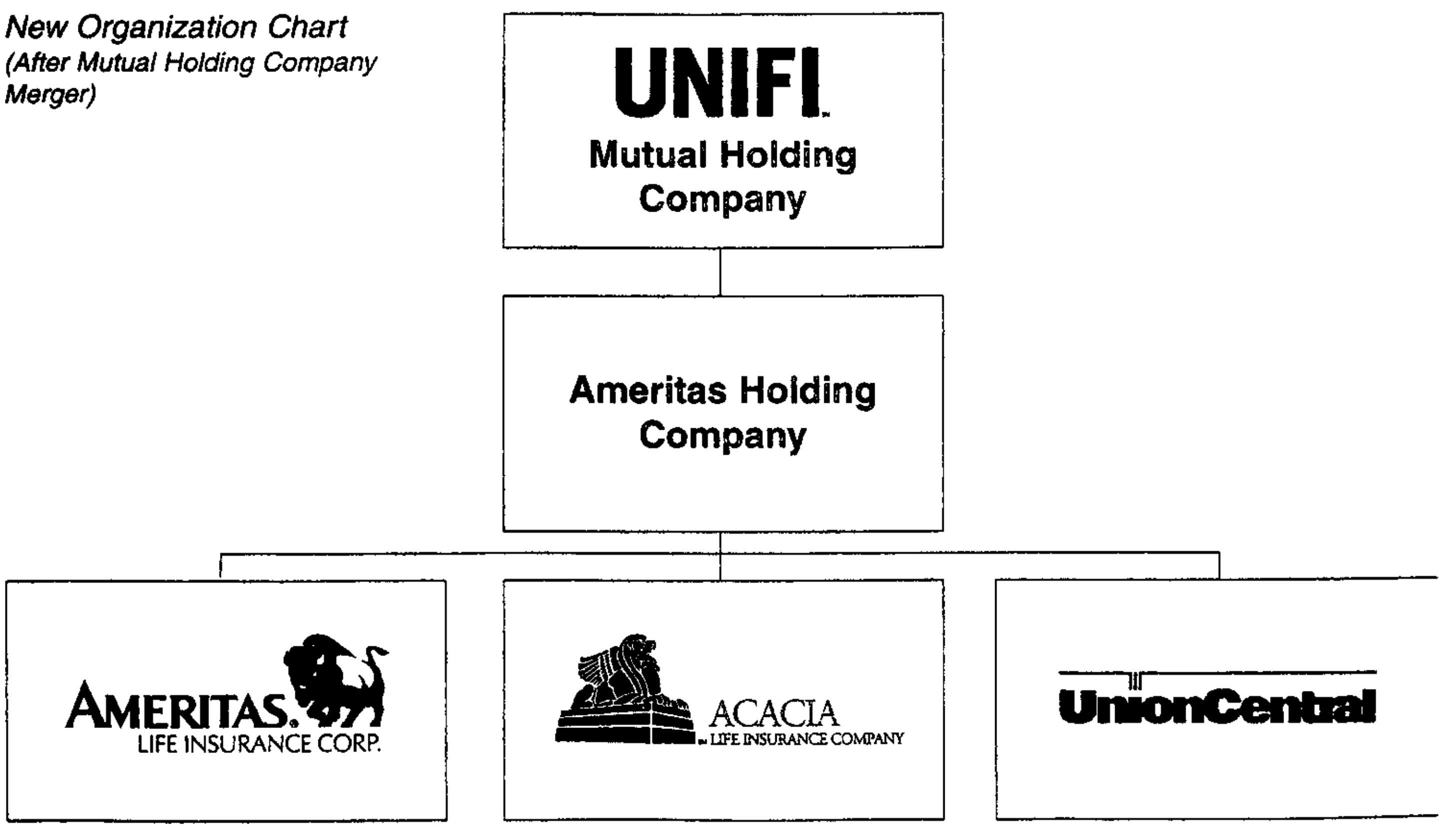
Question 18: Will employees lose their jobs at The Ameritas Acacia Companies because of the merger?

Answer: A limited number of positions will be impacted. The merger will provide for cost efficiencies by eliminating duplicative operations. The combining of life insurance/annuity operations, retirement plans businesses and corporate service areas will impact some positions. However, Union Central and Ameritas Acacia have agreed to share the expense savings from any staff reductions. The number will be determined through integration planning.

Current Organization Chart



New Organization Chart
(After Mutual Holding Company Merger)



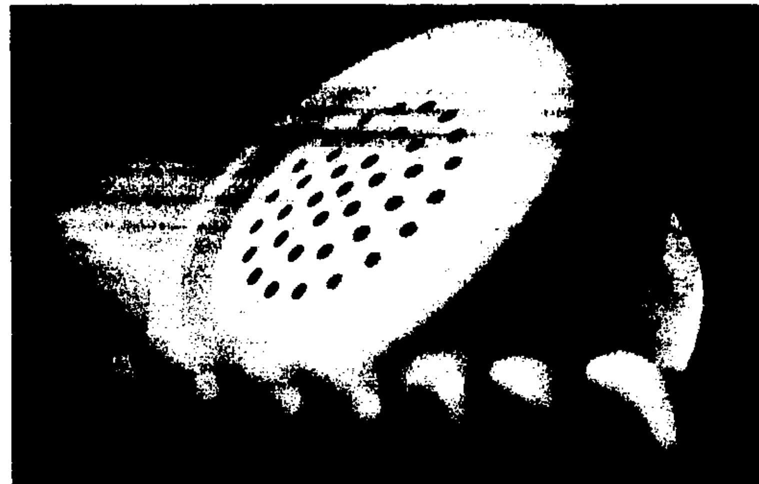
You have two additional voting options

Vote by Internet

Log on
www.dfking.com/ameritasacacia

OR

Vote by Telephone



Call
toll-free 1-800-992-2856
from a touch-tone telephone

Have your proxy card ready. Follow the easy instructions.
The Board of Directors recommends voting "FOR" the Plan of Merger.

VOTE 24 HOURS A DAY, 7 DAYS A WEEK

AMERITASACACIA[SM]
MUTUAL HOLDING COMPANY

Your vote is important. Thank you for voting.

AMERITASACACIA℠
MUTUAL HOLDING COMPANY

Members Information Statement

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AMERITAS ACACIA MUTUAL HOLDING COMPANY

MEMBERS INFORMATION STATEMENT

No person has been authorized to give any information or to make any representation inconsistent with this Information Statement in connection with the Merger and any such information or representation, if given or made, must not be relied upon as having been authorized by Ameritas Acacia Mutual Holding Company.

This Members Information Statement relates to the proposed merger of Ameritas Acacia Mutual Holding Company ("Ameritas Acacia"), a mutual life insurance holding company organized under the laws of the State of Nebraska, and The Union Central Life Insurance Company ("Union Central")[1], a life insurance company organized under the laws of the State of Ohio, anticipated to be effective on November 1, 2005, at 12:01 a.m., pursuant to an Agreement and Plan of Merger ("Plan of Merger") entered into between Ameritas Acacia and Union Central.

This Members Information Statement is furnished to members of Ameritas Acacia who are entitled to vote ("Eligible Members") at the Special Meeting (the "Special Meeting") of Eligible Members. For further details as to the meaning of "Member" see "DEFINITIONS – *Members*." Ameritas Acacia's Eligible Members are those who are shown as members of Ameritas Acacia according to the books and records of Ameritas Acacia at the close of business on July 15, 2005. The Special Meeting of Ameritas Acacia Eligible Members will be held on August 31, 2005 at 10:00 a.m. Central Time at the Home Office of Ameritas Acacia Mutual Holding Company, 5900 "O" Street, Lincoln, Nebraska 68510 and at any adjournment or postponements thereof. Proxies for the Special Meeting are being solicited by the Board of Directors of Ameritas Acacia. At the Ameritas Acacia Special Meeting, Ameritas Acacia Eligible Members will be asked to consider and vote upon proposals to approve the Plan of Merger and the related Amendments to Articles of Incorporation of Ameritas Acacia, which will, if the Merger is approved, be the surviving company to be known as UNIFI Mutual Holding Company ("UNIFI"). The Merger will affect your member rights and is subject to, among other conditions, approval by the Director of the Nebraska Department of Insurance ("Nebraska Insurance Director") as well as approval by a two-thirds majority of the votes cast by Ameritas Acacia Eligible Members voting in person or by proxy at the Special Meeting. The Merger will not reduce, in any way, the benefits, values, guarantees, or other terms of your policies or contract, and will not change your premium. If a policy has been eligible to receive dividends, future dividends will be payable as declared by the respective Boards and may, as in the past, vary from year to year. Your policy will remain with the insurance company that issued the policy. We urge you to read this Members Information Statement carefully.

The Ameritas Acacia Board of Directors has unanimously approved and adopted the Plan of Merger and the transactions contemplated thereby. Additionally, the Nebraska Insurance Director approved the Plan of Merger on July 19, 2005.

The Ameritas Acacia Board of Directors now submits the Plan of Merger to you after careful review and deliberation. The Board believes that the Plan of Merger is in the best interests of Ameritas Acacia and is fair and equitable to and is expected to benefit and serve the best interests of the members as well as the policyholders of the affiliated insurance companies. The Board, therefore, recommends that Eligible Members vote ***"FOR"*** approval and adoption of the Plan of Merger and the transactions contemplated thereby at the Special Meeting and that the Eligible Members vote ***"FOR"*** the proposed amendments to the Articles of Incorporation. For more information regarding the Plan of Merger, you may contact the Ameritas Acacia Merger Information Center at 1-877-667-6368 Monday through Friday from 7:45 a.m. to 4:30 p.m. Central Time, or the Nebraska Department of Insurance, 941 "O" Street, Lincoln, Nebraska 68508, during normal business hours 9:00 a.m. to 5:00 p.m. Central Time. Additionally, you may inspect and view the Proposed Plan of Merger at the Ameritas Acacia web site at http://www.ameritasacacia.com/merger.

YOUR VOTE IS IMPORTANT.

PLEASE VOTE AS SOON AS POSSIBLE BY MAIL, PHONE OR INTERNET. INSTRUCTIONS ON THESE THREE DIFFERENT WAYS TO VOTE YOUR PROXY ARE FOUND ON THE ENCLOSED PROXY FORM. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE SPECIAL MEETING. YOU MAY ALSO VOTE IN PERSON AT THE SPECIAL MEETING.

The date of the Ameritas Acacia Members Information Statement is July 15, 2005.

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[1] To consummate this merger, Union Central will convert to a stock insurance company subsidiary of a mutual insurance holding company to be known as Union Central Mutual Holding Company ("UCMHC"). UCMHC will be the entity merged with and into Ameritas Acacia Mutual Holding Company.

AVAILABLE INFORMATION

Ameritas Acacia is subject to the laws and regulations of the State of Nebraska applicable to mutual insurance 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 can be obtained by calling the Ameritas Acacia Merger Information Center at 1-877-667-6368 Monday through Friday from 7:45 a.m. to 4:30 p.m. Central Time or are available at the offices of the Nebraska Department of Insurance, 941 "O" Street, Lincoln, Nebraska 68508, during its normal business hours.

The Union Central Life Insurance Company including its Subsidiaries are subject to the laws and regulations of the State of Ohio applicable to insurance holding companies and life insurance companies and therefore are required to file financial reports and other information with the Ohio Department of Insurance. The publicly available financial reports and other information regarding Union Central are available at the offices of the Ohio Department of Insurance, 2100 Stella Court, Columbus, Ohio 43215.

Ameritas Acacia has filed the Plan of Merger with the Nebraska Department of Insurance in accordance with the laws and regulations of the State of Nebraska applicable to mutual holding companies seeking to merge. This Plan of Merger describes the proposed merger and contains information required by the laws of the State of Nebraska. Ameritas Acacia has also made an information filing with the District of Columbia Department of Insurance, Securities and Banking Regulation in accordance with the District of Columbia Department's Order approving the merger of Ameritas Mutual Holding Company and Acacia Mutual Holding Company effective January 1, 1999.

Union Central has also made a filing with the Ohio Department of Insurance in accordance with the laws and regulations of the State of Ohio applicable to mutual life insurance companies seeking to reorganize into the mutual holding company form and mutual holding companies seeking to merge, which describes the Plan of Merger and contains information required by law.

This Ameritas Acacia Members Information Statement does not contain all of the information set forth in the Plan of Merger or exhibits attached thereto. Such additional information may be obtained as indicated in the preceding paragraphs. Statements contained in this Members Information Statement or in any document incorporated in this Members Information Statement by reference as to the contents of any contract or other document referred to herein or therein are not necessarily complete and in each instance, where reference is made to the copy of such contract or other document filed as an exhibit to the Plan of Merger or such other document, each such statement is qualified in all respects by such reference.

DEFINITIONS

1. ***Ameritas Acacia*** shall mean Ameritas Acacia Mutual Holding Company.
2. ***Company(ies)*** shall mean Ameritas Acacia or Union Central, individually or collectively.
3. ***Director*** shall mean a member of a Board of Directors of UNIFI or Ameritas Acacia or Union Central or any Subsidiary thereof.
4. ***Effective Date*** shall mean the date on which the Merger becomes effective.
5. ***Eligible Member*** shall mean a Member of Ameritas Acacia as shown on the books and records of Ameritas Acacia at the close of business of July 15, 2005 entitled to vote on the Plan of Merger.
6. ***Independent Director*** shall mean a Director of UNIFI or Ameritas Holding Company or Union Central or any Subsidiary or Affiliate thereof, who may also be a director of Ameritas Life or any Subsidiary thereof, Acacia Life or any Subsidiary thereof, Union Central or any Subsidiary thereof, but who is (x) not a full-time employee of any one or more of the foregoing and has not been such at any time during the last five (5) years from the Effective Date and (y) who is not being paid any remuneration by any of such entities, other than customary director's fees and expenses.
7. ***Inside Director*** shall mean a Director of UNIFI or Ameritas Holding Company or Union Central, or any Subsidiary or Affiliate thereof, who is not an Independent Director.
8. ***Mandatory Period*** shall mean, the period of six years after the Effective Date.
9. ***Member*** shall mean, as to Ameritas Acacia, each Person who is, on July 15, 2005, a member of Ameritas Acacia and entitled to vote in accordance with Ameritas Acacia's articles of incorporation and by-laws, and as to Union Central, each

Person who is, as of September 1, 2004, a Policyholder of Union Central and entitled to vote in accordance with Union Central's articles of incorporation and code of regulations.

10. ***Nebraska Department of Insurance*** shall mean the State of Nebraska Department of Insurance.
11. ***Nebraska Insurance Director*** shall mean the Director of Insurance, Department of Insurance, State of Nebraska.
12. ***Ohio Department of Insurance*** shall mean the State of Ohio Department of Insurance.
13. ***Plan of Merger*** shall mean the Agreement and Plan of Merger dated as of January 28, 2005 together with all Amendments executed between Ameritas Acacia and Union Central.
14. ***Subsidiary*** shall mean any entity in which fifty (50%) or more of the entity is owned directly or indirectly or beneficially by Ameritas Acacia or Union Central.
15. ***Supermajority Vote*** shall mean the affirmative vote of not less than eighty percent (80%) of all Directors eligible to vote upon the question.
16. ***Union Central*** shall mean The Union Central Life Insurance Company. To consummate this Merger, Union Central will convert to a stock insurance company subsidiary of a mutual insurance holding company to be known as Union Central Mutual Holding Company. Union Central Mutual Holding Company will be the entity merged with and into Ameritas Acacia Mutual Holding Company.

SPECIAL MEETING

Date, Time, Place

This Members Information Statement is being furnished to Eligible Members of Ameritas Acacia in connection with the solicitation of proxies by the Board of Directors for use at the Special Meeting of Ameritas Acacia.

The Special meeting of Ameritas Acacia is to be held on August 31, 2005, 10:00 a.m. Central Time, at the Home Office of Ameritas Acacia Mutual Holding Company, 5900 "O" Street, Lincoln, Nebraska 68510.

Matters to be Considered

At the Ameritas Acacia Special Meeting, Eligible Members will be asked to consider and vote upon proposals to approve both the Plan of Merger and the related amendments to Articles of Incorporation of Ameritas Acacia, which will, if the Merger is approved, be the surviving company to be known as UNIFI Mutual Holding Company. Also at the Ameritas Acacia Special Meeting, Eligible Members will be asked to transact such other business, if any, as may properly come before the Ameritas Acacia Special Meeting.

Eligible Members

Only Eligible Members are qualified and entitled to notice and the right to vote at the Special Meeting. Eligible Members are those who were Members, based upon the records of the Company at the close of business on July 15, 2005. Eligible Members may vote at the Special Meeting only in person or if represented by a valid proxy.

Vote Required

Each Eligible Member is entitled to cast one vote with Ameritas Acacia regardless of the number of policies or the amount of insurance held by such Eligible Member with Ameritas Life Insurance Corp. or Acacia Life Insurance Company. A group policy is entitled to cast only one vote regardless of the number of members in the group. Individuals who have acquired membership in more than one capacity (e.g., as a trustee under separate trust) may vote in each such capacity. In accordance with the respective acts creating the mutual insurance holding companies, and in order to approve and adopt the Plan of Merger and to consummate the transactions contemplated thereby, including amending the Articles of Incorporation of Ameritas Acacia by the Eligible Members, a two-thirds majority of the votes cast by Eligible Members voting at the Special Meeting, on the issues presented at such meeting, in person or by proxy, must be voted "FOR" such proposal. For further details, see heading "PLAN OF MERGER – *Conditions of Merger*."

Voting; Revocation of Proxies

If you are an Eligible Member, a proxy for use at the Special Meeting accompanies this Members Information Statement. An Eligible Member may use the proxy if he or she is unable to attend the Ameritas Acacia Special Meeting in person or if he or she wishes to vote by proxy even if he or she attends the Special Meeting. A proxy that is properly completed and returned to Ameritas Acacia via mail, phone, or Internet at or 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 an Eligible Member wishes to designate a proxy agent other than the proxy agent on the proxy provided to the Eligible Member, the Eligible Members must return a "form of proxy" form to the Ameritas Acacia Merger Information Center. Eligible Members must return the proxy properly executed to Ameritas Acacia no later than August 26, 2005 in order to be counted as provided by Section 44-210 R.R.S., 1943. If a proxy is properly completed and returned and the manner of voting is not indicated on the proxy, the proxy will be voted for the proposal to be considered at the Special Meeting. If a proxy is marked to vote both **"FOR"** and **"AGAINST"** the proposals, such proxy will not count and will not be regarded as a vote cast at the Special Meeting. A replacement proxy may be obtained by calling the Ameritas Acacia Merger Information Center at 1-877-667-6368 Monday through Friday from 7:45 a.m. to 4:30 p.m. Central Time.

Any proxy given pursuant to this solicitation may be revoked by the Eligible Member at any time prior to the voting thereof on the matters to be considered at the Special Meeting. An Eligible Member may revoke the proxy and vote at the Special Meeting by appearing in person at the Special Meeting and revoking the proxy previously provided.

Member Mailing Provisions

Any Eligible Member who wishes to contact other Eligible Members regarding the Plan of Merger, may do so at his or her own expense. Ameritas Acacia has agreed to mail or cause to be mailed any Eligible Member's material regarding the Plan of Merger to all Eligible Members or, if the Nebraska Department of Insurance approves, to a segment of Eligible Members. Any Eligible Member who proposes to contact other Eligible Members should promptly contact the Nebraska Department of Insurance for further information on applicable procedures. Eligible Members who request that Ameritas Acacia mail materials on their behalf will be required to: (i) pay in advance the actual cost for such services at the rate paid or allocated by Ameritas Acacia; and (ii) submit such materials to the Nebraska Department of Insurance by 5:00 p.m. Central Time on August 10, 2005. The material is not subject to review by Ameritas Acacia, but will only be mailed after the Nebraska Department of Insurance determines the material is related to the Plan of Merger and not false or misleading in accordance with Nebraska Department of Insurance Regulations.

Voting Considerations

The primary reason for the Merger is to seek to strengthen Ameritas Acacia and position it for future growth through a combination with Union Central (thereby forming UNIFI) while, at the same time, preserving the separate existence, strategy and culture of Ameritas Acacia and its subsidiaries within the UNIFI group of companies.

The Merger would result in Union Central being an indirect subsidiary of UNIFI and a direct subsidiary of Ameritas Holding Company ("AHC"). The potential benefits of the combination with Ameritas Acacia anticipated to result from the Merger include:

- revenue growth.
- improvement in profitability.
- enhanced financial strength.

  Before voting, Members should also carefully consider potential disadvantages of the Merger, some of which are summarized below.

- Some or all of the anticipated benefits of the combination with Union Central referred to above may not be realized for reasons beyond Ameritas Acacia's control.
- Because Ameritas Acacia will be part of the larger UNIFI enterprise that includes another insurance company, situations could arise in transactions between such entities where the interests of the mutual insurance holding company could conflict with the interests of one or more of its subsidiaries, or the interests of the subsidiaries could conflict.

- Failure to obtain requisite governmental and other consents to complete the Merger, may jeopardize or postpone the completion of the Merger, resulting in additional expenditures of money and resources and/or reduction in the anticipated benefits of the Merger.
- The Merger could potentially result in litigation which can be both costly and time-consuming and could result in a diversion of effort and resources by UNIFI's management.
- The costs of Merger prior to the Effective Date, including outside legal, financial, accounting, actuarial, printing, and other fees and expenses for Ameritas Acacia are anticipated to be significant, but are not expected to exceed $14 million.

See *"Reasons for the Merger: Considerations related to Operations and Financial Results."*

THE MERGER

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 Information Statement. Unless otherwise defined, capitalized terms have the meaning ascribed to them herein or in the Plan. Members of Ameritas Acacia are urged to read this Information Statement and the appendices in their entirety.

Overview of Merger

The Merger, as contemplated by the Merger Agreement, has two primary components: the Union Central Conversion and the Merger. Eligible Members are being asked to vote on the Merger, which will not occur unless and until the Union Central Conversion is consummated. The Conversion will result in Union Central being converted into an Ohio stock 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 pursuant to the Merger Agreement. Upon consummation of the Merger, Ameritas Acacia will change its name to UNIFI and the capital stock of Union Central acquired by UNIFI will be contributed by UNIFI to its subsidiary, Ameritas Holding Company, which will result in Union Central being an indirect subsidiary of UNIFI and a direct subsidiary of AHC along with Ameritas Life and Acacia Life. For further details see "*Corporate Structure Before and After the Reorganization*."

The Effect of the Merger

If the Merger is consummated, among other things:

- Ameritas Acacia will maintain majority control of the Board. Union Central will have substantial representation on the Board of Directors of UNIFI and AHC as well. See "Corporate Governance of UNIFI and Subsidiaries."
- Lawrence J. Arth, Chairman, President, and Chief Executive Officer of Ameritas Acacia will become the Chairman and Chief Executive Officer of UNIFI and AHC on the closing date, and 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 on the closing date. John H. Jacobs is slated to succeed to Mr. Arth's positions by not later than July 31, 2008. See "Post-Merger Management." For further details, see heading "PLAN OF MERGER – *Description of the Merger*" and "The MERGER – *Organization Charts*."

Background of the Merger

Over the past several years, Ameritas Acacia and its Subsidiaries' senior management and Boards have engaged in an ongoing process of analyzing the current and future competitive challenges facing Ameritas Acacia and its respective Subsidiaries through which it conducts certain businesses and has been evaluating various strategic alternatives for meeting those challenges, and for advancing the interests of Ameritas Acacia Members. The Ameritas Acacia Board's unanimous decision to approve the Merger is the culmination of this process.

Many of the competitive challenges facing Ameritas Acacia and its Subsidiaries also face their competitors. These challenges include changes in consumer demand for various types of financial products and growing competition from banks, mutual fund companies, and other financial services firms in traditional insurance company markets. Also, the benefits of scale are becoming increasingly important as consolidation continues in both the life insurance industry and the financial services industry, more generally.

Ameritas Acacia has pursued a dual strategy for protecting and enhancing competitive position and protecting the interest of Members in the face of these challenges. The first component of this strategy has been refining and enhancing existing businesses. The second component has been to consider carefully a variety of alternative opportunities for growth and advancement of the interests of Ameritas Acacia Members, including, (i) decreasing the costs of life insurance and annuity products; (ii) diversifying distribution channels and increasing the number of distributors; and (iii) various types of acquisitions of blocks of insurance and annuity policies, joint ventures, strategic alliances, or similar arrangements with other companies and proposals to merge with other mutual insurance holding companies.

In evaluating competitive challenges and strategic alternatives, Ameritas Acacia's Board and management sought to identify courses of action that would advance the interests of its Members and preserve and enhance existing strengths. As part of this effort, Ameritas Acacia management had discussions with numerous insurance company executives, including Union Central. In the course of such discussions, it became apparent to the Ameritas Acacia and Union Central 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. Both Companies' management were 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.

Thereafter, the Chairmen and CEOs of the two companies began the process of evaluating a potential combination. In the spring of 2004, Mr. Lawrence J. Arth and Mr. John H. Jacobs, met and discussed, on a preliminary basis, the possibility of a business combination involving Ameritas Acacia and Union Central. At meetings held in September and December 2004, Ameritas Acacia senior management reviewed with the Ameritas Acacia Board and the Ameritas Acacia Board discussed the Merger and other strategic alternatives that had been considered by Ameritas Acacia during the last several years. At such meetings, senior management specifically discussed with the Ameritas Acacia Board the relative advantages and disadvantages of the Merger and other strategic alternatives. In January 2005, the form of the Plan of Merger was finalized.

At the January 26, 2005 Meeting, the Ameritas Acacia Board unanimously approved the Merger, according to the terms set forth, in the Plan of Merger. Likewise, at its January 28, 2005 Meeting, the Union Central Board also unanimously approved the Plan of Merger.

Reasons for the Merger

Considerations Relating to Operations and Financial Results

The Ameritas Acacia Board believes that the proposed Merger presents the opportunity to capitalize on the relative strengths of Ameritas Acacia and Union Central in terms of product offerings, distribution capacity, management expertise, financial resources, and diversity of revenues and earnings. At the same time, each Company will retain its separate legal existence and a substantial presence in their respective states of domicile. In general, Ameritas Acacia's significant financial resources, as evidenced by strong financial strength ratings and its diversified businesses, coupled with Union Central's One Company Marketing capabilities (*a business culture emphasizing synergy, cooperation and common interests among all operational and functional areas*) are anticipated to position UNIFI for greater future growth and improved profitability.

The Board believes that the following are potential advantages of the Merger:

- Anticipated Improvement in Revenue Growth. Ameritas Life, Acacia Life, and Union Central, 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 is expected to lead to increased sales at all three companies. By expanding the scope of both products and distribution channels and aligning them under the UNIFI brand name, the Board believes that Ameritas Life and Acacia Life will be better positioned to enter new markets and capture a greater share of its customers' total protection and savings needs. The resulting larger and stronger customer base should help expand Ameritas Life's and Acacia Life's capital position and should increase their value to additional potential alliance partners that could help expand the scope of Ameritas Acacia's distribution network, product offerings and cross-selling opportunities.

- Anticipated Improvement in Profitability due to Cost Reductions and Additional Scale of Combined Operations. The Board believes that the Merger will enable Ameritas Life and Acacia Life, once they are part of UNIFI, to reduce unit operating expenses and enhance its operating margins through a more efficient utilization of the combined assets, management and personnel of Ameritas Life, Acacia Life and Union Central. Ameritas Acacia'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.

- Enhanced Financial Strength. Being part of a larger organization with greater financial resources and greater product and distribution channel diversity is anticipated to enhance Ameritas Acacia's financial strength after the Merger. Upon completion of the Merger, UNIFI will have a pro forma combined GAAP equity of approximately $1.9 billion and statutory capital of over $1.5 billion. Union Central GAAP equity totaled $651 million and statutory capital was $357 million 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 Ameritas Life, Acacia Life and Union Central, to maintain and improve their respective S&P financial strength ratings to a level equal to or better than the S&P rating currently assigned to Ameritas Life and Acacia Life, which is expected to continue to be at least AA-. The Ameritas Acacia Board believes that access to greater capital resources will enable UNIFI to better capitalize on opportunities to fund internal growth, to fund new strategic initiatives, and participate in strategic alliances.

Additionally, the Companies, to a large extent, complement each other rather than compete and by bringing the two enterprises together through the Merger each will be in a position to provide their respective customers with a full spectrum of financial services. This should further enhance their ability to meet the needs of their customers and to grow UNIFI.

In addition to considering the factors outlined above, the Board considered the suitability of Union Central as a strategic partner in terms of compatibility of cultures and likely degree of Union Central management's ongoing involvement and influence. The Board believes that entering into an alliance with a partner with a compatible strategic vision and management style, while preserving the ability to influence the strategic direction of the combined company, would facilitate the integration of operations. The Board has determined that Union Central is a good strategic fit based on the following factors:

- Compatible Cultures. The Board believes that the alliance with Union Central is a strong strategic fit in terms of strategic vision and management style, and that this will facilitate a smooth integration of the companies.

- CEO Role; Succession. Lawrence J. Arth, Chairman, President, and Chief Executive Officer of Ameritas Acacia will become the Chairman and Chief Executive Officer of UNIFI and AHC on the closing date. Ameritas Acacia took into consideration the fact that Mr. Jacobs of Union Central 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 Board Representation. The initial 25-member UNIFI Board will include 14 Ameritas Acacia designees, the remainder of the UNIFI Board being made up of 11 designees from Union Central. Although the number of directors may be modified from time to time pursuant to the by-laws of UNIFI and AHC, Ameritas Acacia will always have at least one director but not more than three directors greater than Union Central on the UNIFI Board. Additionally, for a period of six years following the Merger, (i) a ratio of 12 to 9 Independent Ameritas Acacia Designees (as defined herein) to Independent Union Central Designees (as defined herein) must be maintained as precisely as practicable and (ii) the AHC board will be comprised of the same persons then serving as UNIFI directors.

- Supermajority Vote Requirements. Under the UNIFI and AHC By-laws, a Supermajority Vote (as defined herein) is 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 or AHC 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, dissolution of UNIFI; 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 Mandatory Period without the concurrence of at least some Ameritas Acacia designated directors and Union Central designated directors to the UNIFI Board or the AHC Board, as the case may be. See "Corporate Governance of UNIFI and Subsidiaries."

- Other Officers. The Board shall take action to cause Haluk Ariturk and Gary T. ("Doc") Huffman to serve as Executive Vice Presidents, JoAnn M. Martin to serve as Executive Vice President, Chief Financial Officer and

Corporate Treasurer, Jan M. Connolly to serve as Senior Vice President and Corporate Secretary, Robert-John H. Sands to serve as Senior Vice President and General Counsel, Janet L. Schmidt to serve as Senior Vice President and Director of Human Resources, Paul J. Huebner to serve as Senior Vice President and Chief Information Officer, and Dale D. Johnson to serve as Senior Vice President and Corporate Actuary of UNIFI Mutual Holding Company and Ameritas Holding Company.

- The board composition and internal corporate governance provisions discussed above will be effective for a period of six years following the effective date of the Merger 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 greater 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).

The Board also considered the potential disadvantages and risks of the Merger. Prior to voting, Members should carefully consider the potential risks and disadvantages of the Merger considered by the Board, as discussed below.

- Failure to Realize Anticipated Benefits. There can be no assurance that the business strategies of UNIFI following the Merger will be successful. Ameritas Acacia and Union Central may experience difficulties in integrating their businesses, which could cause the combined Companies to fail to realize many of the anticipated potential benefits of the Merger.

  The Companies have entered into the Plan of Merger because they believe that the Merger will be beneficial to each of Ameritas Acacia, Union Central and their respective members and Subsidiaries' policyholders. Achieving the anticipated benefits of the Merger will depend in part upon whether these two Companies integrate their businesses in an efficient and effective manner. They may not be able to accomplish this integration process smoothly or successfully. The necessity of coordinating geographically separated organizations and addressing possible differences in corporate cultures and management philosophies may increase the difficulties of integration. The integration of certain operations following the Merger will require the dedication of significant management resources, which may temporarily distract management's attention from the day-to-day business of the combined company. Employee uncertainty and lack of focus during the integration process may also disrupt the businesses of the combined Company and certain of its Subsidiaries. Any inability of our management to integrate successfully the operations of Ameritas Acacia and Union Central could have a material adverse effect on the business and results of operations of the combined company. The Companies may not be able to achieve the anticipated cross-selling opportunities, the development and marketing of more comprehensive insurance product offerings, cost savings, revenue growth or the consistent use of our best practices. An inability to realize the full extent of, or any of, the anticipated benefits of the Merger, as well as any delays encountered in the transition process, could have an adverse effect upon the revenues, level of expenses and operating results of UNIFI and its life insurance company Subsidiaries.

  The success of UNIFI after the Merger will depend in part upon the ability of Ameritas Acacia and Union Central to retain key employees of both companies. Competition for qualified personnel can be very intense. In addition, key employees may depart because of issues relating to the uncertainty or difficulty of integration or a desire not to remain with UNIFI. Accordingly, no assurance can be given that Ameritas Acacia or Union Central will be able to retain key employees to the same extent that they have been able to do so in the past.

- Failure to Maintain Financial Strength Ratings. Ameritas Life and Acacia Life's financial strength ratings will depend, in part, on the performance and financial condition of UNIFI and its subsidiaries. If the results of operations and financial condition of UNIFI and its insurance subsidiaries do not improve as anticipated for any reason, including any of the risks identified in this Information Statement, the financial strength ratings of UNIFI and Ameritas Life and Acacia Life may not be maintained and could decline. A decline in UNIFI's or Ameritas Life and Acacia Life's financial strength rating may damage its business prospects.

- Failure to Obtain Requisite Governmental and Other Consents. The Companies must obtain many governmental and other consents to complete the Merger, which, if delayed, not granted or granted with unacceptable conditions, may jeopardize or postpone the completion of the Merger, result in additional expenditures of money and resources and/or reduce the anticipated benefits of the Merger.

  The Companies must obtain certain approvals and consents in a timely manner from federal and state agencies prior to the completion of the Merger. If these approvals are not received, or do not meet the terms that satisfy the conditions set forth in the Merger Agreement, then the Companies are not obligated to complete the Merger. The governmental agencies from which approvals are required have broad discretion in administering the governing regulations. As a condition to approval of the Merger, agencies may impose requirements, limitations or costs that could negatively affect the way the combined Company and certain Subsidiaries conduct business. These requirements, limitations or costs could jeopardize or delay the completion of the Merger. If the Companies agree to any material requirements, limitations or costs in order to obtain any approvals required to complete the Merger, these requirements, limitations or additional costs could adversely affect Ameritas Acacia's and Union Central's ability to integrate their operations or reduce the anticipated benefits of the Merger. This could result in a material adverse effect on the business and results of operations of the combined companies.

- Potential Litigation. The Merger could result in litigation which can be both costly and time-consuming and could result in a diversion of effort and resources by UNIFI's management.
- Cost of Merger. Outside legal, financial, accounting, actuarial, printing, and other fees and expenses are anticipated to be significant, but are not expected to exceed $17 million.

Recommendations of the Board of Directors

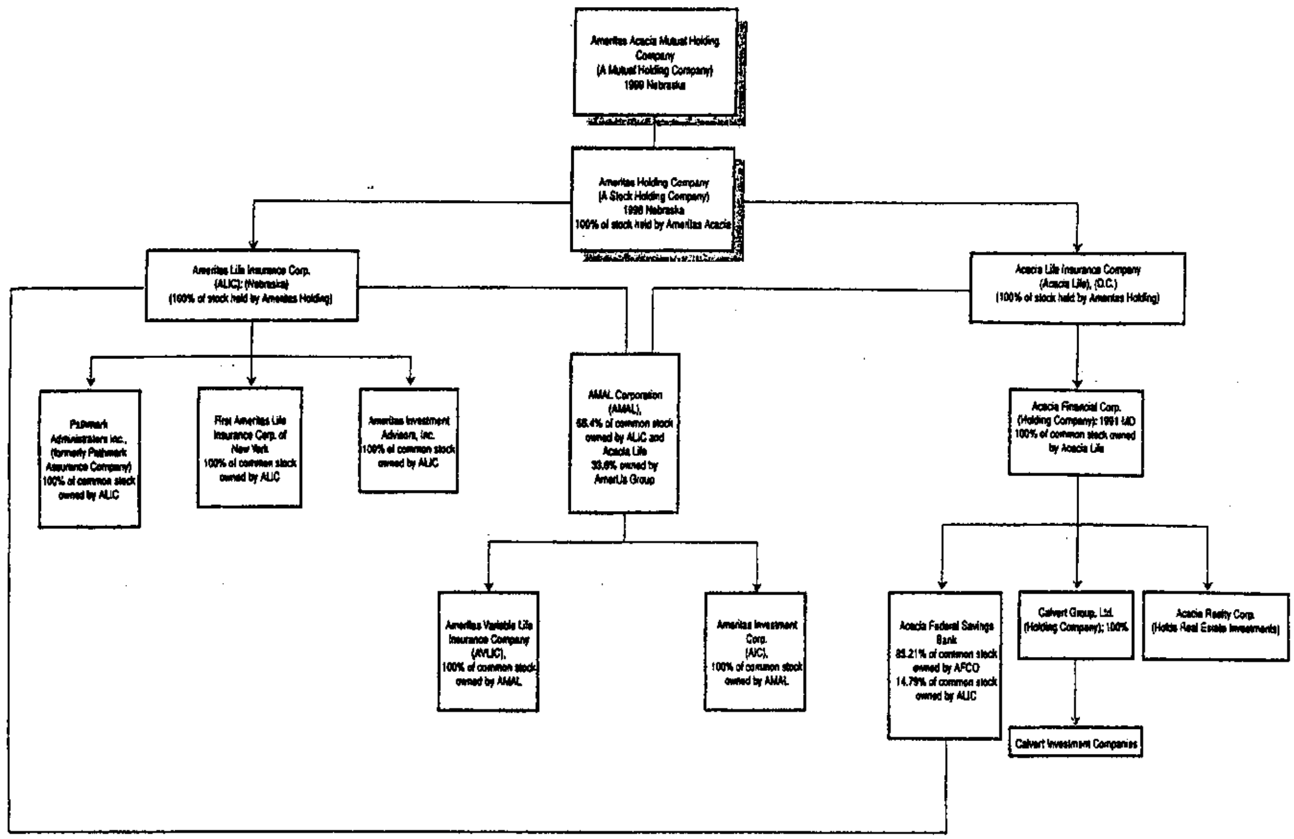
The Board of Directors of Ameritas Acacia recommends that Eligible Members vote "FOR" approval and adoption of the Plan of Merger and "FOR" approval of the amendments to the Articles of Incorporation at its Special Meeting. The Board believes that the Merger will result in a combined company that will be financially stronger and more efficient, and therefore, more competitive than either Company would be separately. The Board further believes that the Merger is in the best interests of Ameritas Acacia and is fair and equitable to and is expected to benefit and serve the best interest of Ameritas Acacia Members, as well as the policyholders of the various insurance subsidiaries, because, among other things: (i) the Merger is expected to result in significant expense savings over time through the consolidation of existing resources; (ii) the distribution system (i.e., the agency force) of the two existing insurance companies is expected to be larger and as a consequence more productive than either system is prior to the Merger; and (iii) the expanded product portfolio available to each of the various insurance companies is expected to reduce product development expenses while increasing distribution opportunities. There can be no assurance, of course, that the benefits anticipated to arise out of the Merger will in fact be achieved. For further details, see heading **"THE MERGER** – ***Reasons for Merger*"**.

Corporate Structure Before and After the Reorganization

The following diagrams depict the organization structure of (1) Ameritas Acacia and Union Central before the Merger, and (2) UNIFI after the Merger.

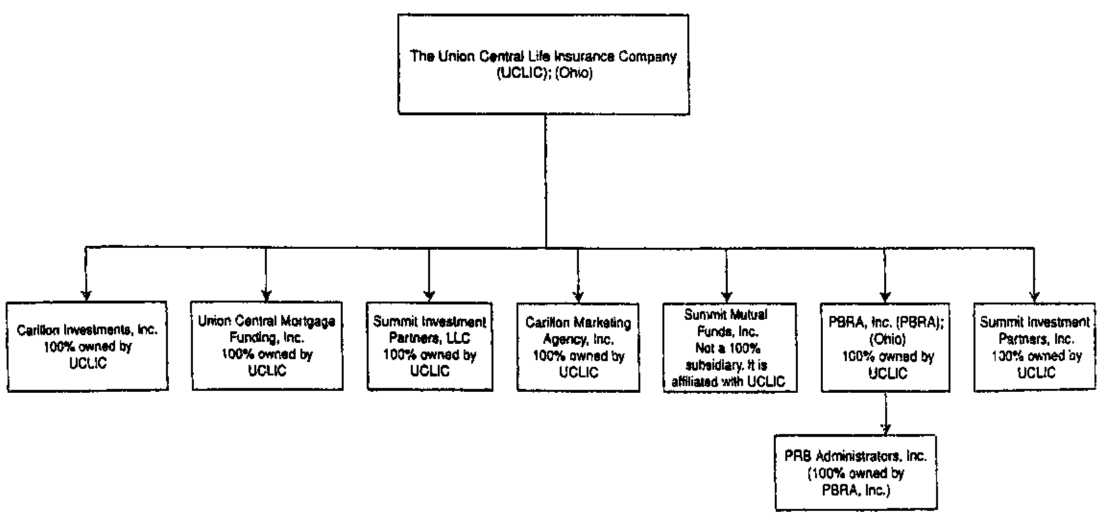
AMERITAS ACACIA

AMERITAS ACACIA PRINCIPAL SUBSIDIARIES ORGANIZATION CHART (JUNE 30, 2005)



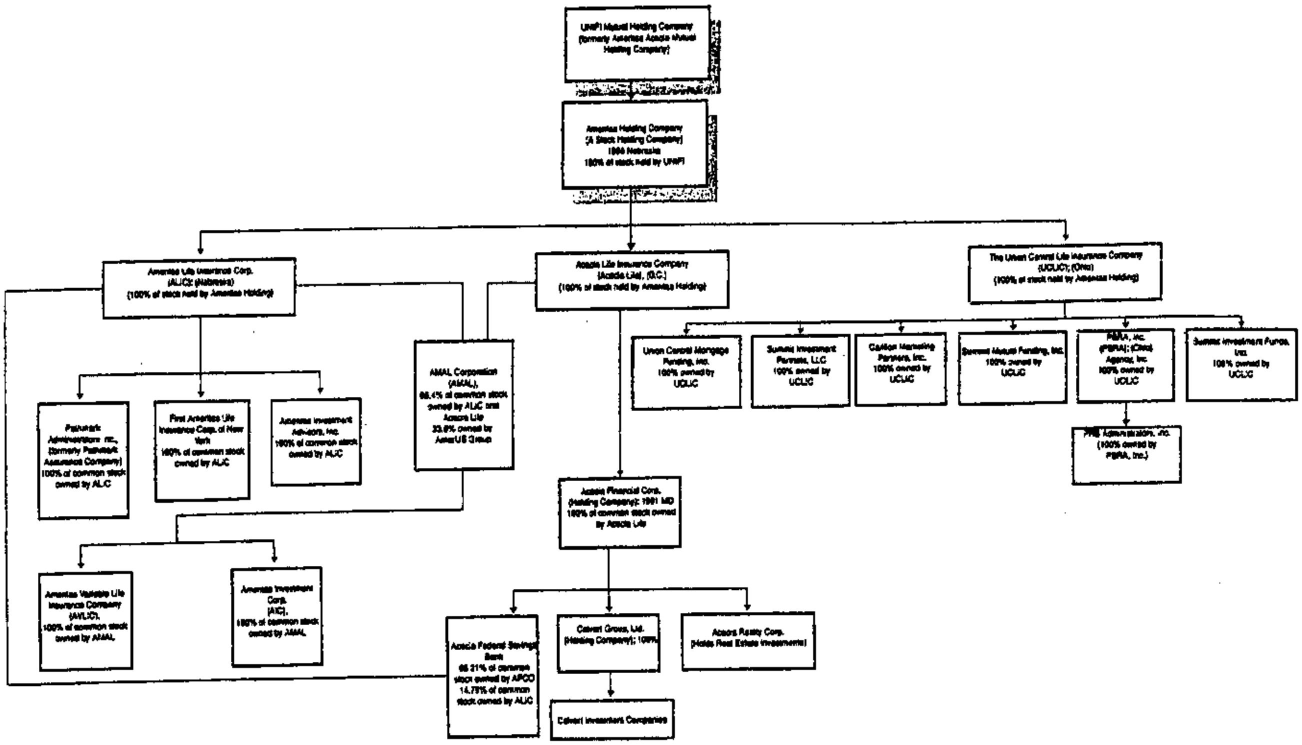
UNION CENTRAL

UNION CENTRAL PRINCIPAL SUBSIDIARIES ORGANIZATION CHART (June 30, 2005)



UNIFI MUTUAL HOLDING COMPANY

UNIFI MUTUAL HOLDING COMPANY PRINCIPAL SUSIDIARIES ORGANIZATION CHART (Proposed)



__Opinion of Actuarial Advisor__

Ameritas Acacia retained Abraham Gootzeit of the actuarial consulting firm, Aon Consulting to evaluate the actuarial fairness of the Merger. Mr. Gootzeit delivered to Ameritas Acacia his written opinion dated as of July 15, 2005, that the Merger is fair to the Members of Ameritas Acacia from an actuarial point of view. A copy of the opinion may be found in the Exhibits section of this Members Information Statement, identified as Exhibit "A".

Ameritas Acacia Members are urged to read the opinion in its entirety for information as to the procedures followed, assumptions made, and matters considered by Abraham Gootzeit in reaching his opinion.

__No Investment Banking Opinion__

Although Union Central obtained an investment banking opinion as to the fairness of the transaction to Union Central from a financial point of view in addition to an actuarial opinion, the board of directors of Ameritas Acacia determined, after considering a number of factors, that an investment banking firm opinion was not needed. Unlike Union Central, Ameritas Acacia is the surviving company. Moreover, this is a merger of mutual insurance holding companies in which neither cash nor stock is changing hands. The separate corporate identities of each of the constituent insurance companies (Ameritas Life, Acacia Life and Union Central) will remain intact and protections for Members' dividend expectations are being initiated and/or continued for the benefit of the policyholders of subsidiaries of Ameritas Acacia. Financial information and analysis with respect to the proposed Merger was prepared by Ameritas Acacia's management and presented to and reviewed by the board of directors of Ameritas Acacia. The Merger is subject to regulatory approval by the Nebraska Department of Insurance and the Ohio Department of Insurance. Finally, the board was informed that a fairness opinion would be extremely costly. In view of the nature of the transaction and these factors, Ameritas Acacia's board determined that no investment bankers' opinion was needed.

__Corporate Governance of UNIFI and Subsidiaries__

General

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 described below, and are reflected in the By-laws of UNIFI and AHC, will remain in effect for a period of six years after the Effective Date of the Merger (the "Effective Time"). These agreements are discussed below.

Board of Directors of UNIFI

At the Effective Date, the UNIFI Board will initially be comprised of 25 directors consisting of a total of 14 Ameritas Acacia designees ("Ameritas Acacia Designees") and 11 Union Central designees ("Union Central Designees"). During the 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 initial AHC Board at the Effective Date will be comprised of the same 25 persons that are then serving as UNIFI directors at such time. Thereafter, during the Mandatory Period, the directors of AHC will be nominated by the two Designation Committees of AHC and elected by UNIFI. If the Board of Directors of UNIFI is reduced to a number of 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 for more than a reasonable period of time. See "INITIAL UNIFI BOARD OF DIRECTORS" 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.

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 five; provided that (x) during the Mandatory Period, the ratio of Independent Ameritas Acacia Designees to Independent Union Central Designees at 12 to 9 is maintained, continued and perpetuated as precisely as practicable and (y) the number of Ameritas Acacia UNIFI Designees serving on the Board of Directors shall always (unless and until changed by a unanimous vote of the UNIFI Board) exceed the number of Union Central UNIFI Designees on such Board by at least one but by not more than three directors.

During the Mandatory Period, in the event of a vacancy of an Ameritas Acacia 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 Ameritas Acacia 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 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. Union Central has identical rights to fill vacancies of Union Central Designees that arise for any reason during the Mandatory Period, with one exception. When Mr. Pike vacates his role as Inside Union Central Director, the proposed replacement director must be a Union Central Independent Director

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

Enforcement of Corporate Governance Provisions; Supermajority Vote

The board composition and internal corporate governance provisions discussed above will be effective for the Mandatory Period and may not be amended, modified or waived without an 80% vote of the entire UNIFI Board of Directors (a "Supermajority Vote") or the AHC Board of Directors, 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 Ameritas Acacia Designees to the UNIFI or AHC Boards, as the case may be), except that the requirement that Ameritas Acacia must have at least one director but not more than three directors greater than Union Central on the UNIFI Board and AHC Board will survive indefinitely until amended or modified (which such amendment or modification will require the unanimous vote of the UNIFI Board and 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 is also required to authorize any of the following significant corporate 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 states 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 key provisions of the Merger Agreement. The voting requirements described in this paragraph remain in effect for the Mandatory Period and, thereafter, automatically become null and void. Unless a Supermajority Vote 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 also provide for this Supermajority Vote.

Post-Merger Management

CEO Succession

In the Merger Agreement, Ameritas Acacia and Union Central have agreed that at the Effective Date and continuing until the earlier to occur of (x) Mr. Arth no longer serving as Chief Executive Officer of UNIFI and AHC or (y) July 31, 2008, UNIFI and AHC shall take action to cause Lawrence J. Arth, the current Chairman and Chief Executive Officer of Ameritas Acacia and AHC, 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 shall take action to cause John H. 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. During the Mandatory Period, the employment of Lawrence J. Arth and John H. Jacobs cannot be terminated without a Supermajority Vote except in connection with the CEO succession discussed above. In addition, after the consummation of the Merger, Lawrence J. Arth and John H. 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

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, provided that each of the Lincoln executive office and the Cincinnati executive office will be the primary residence of at least one of the following executives: the Chairman, CEO, President or COO of UNIFI and AHC. The Lincoln executive office location will continue to be designated as the corporate domicile of UNIFI and AHC. *See "Management."*

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 Information Statement are qualified in their entirety by reference to the Merger Agreement. Members are urged to read the Merger Agreement in its entirety prior to voting on the Plan. You may inspect and view the Proposed Plan of Merger at the Ameritas Acacia web site at http://www.ameritasacacia.com/merger.

The Merger Agreement

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.

The Merger Agreement contains detailed representations, warranties and covenants by each of Ameritas Acacia and Union Central 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. In addition 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.

Conditions to Effectiveness of Merger

The obligations of Ameritas Acacia and Union Central to consummate the Merger are subject to the satisfaction of the following conditions: (1) the approval of the Merger by the Ameritas Acacia Members and the approval of the Reorganization and Merger by Union Central Policyholders; (2) the receipt of certain specified regulatory approvals and other consents, including the approval of the Director of Insurance of the State of Nebraska, the Superintendent of the State of Ohio, 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 its closed block; (8) the truth and accuracy of the representations and warranties of Ameritas Acacia and Union Central as if made at the Effective Date 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 Merger); and (11) Union Central shall have received a fairness opinion from Morgan Stanley relating to the Merger.

Conduct of Business Prior to Completion of the Merger

Pursuant to the Merger Agreement, Ameritas Acacia and Union Central have agreed that from January 28, 2005, the date of the Merger Agreement, until the Effective Date of the Merger, Ameritas Acacia, Union Central, 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, Ameritas Acacia and Union Central 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 them; (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 as 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 dollars; (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; (19) and not agree, in writing or otherwise, to take any of the actions prohibited by the foregoing clauses (1) through (18) above.

No Solicitations of Other Transactions

Ameritas Acacia and Union Central has each agreed that pending the effective Date of the Merger, 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 Reorganization Proposal (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 Reorganization Proposal, or (3) approve any Reorganization Proposal; *provided*, Ameritas Acacia or Union Central may (A) provide information in response to a request by a person who has made an unsolicited *bona fide* written Reorganization Proposal; (B) engage in any discussions with any person who has made an unsolicited *bona fide* written Reorganization Proposal; or (C) recommend such a Reorganization Proposal to the members or policyholders of their respective companies, if, (1) in each such case referred to in clause (A), (B) or (C) above, the Board of Directors of the party to whom such Reorganization Proposal 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 (2) in each case referred to in (B) or (C) above, the applicable Board of Directors determines in good faith that such Reorganization Proposal 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 "Reorganization Proposal" 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 Ameritas Acacia or Union Central terminates the Merger Agreement by reason of a Reorganization Proposal, 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 Reorganization Proposal 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, 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. Many of these agreements, some of which are reflected in the By-laws of UNIFI and AHC, will remain in effect for a period of six years after the Effective Date. *See "Corporate Governance of UNIFI and Subsidiaries."*

Committees of the UNIFI Board of Directors

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 Date and during the 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 UNIFI Board 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, respectfully, 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 Mandatory Period, the nominees selected by the Designation Committees as hereinafter defined 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 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 (with the initial committee composition being comprised of the members of the CDC). In the event of a vacancy on the Nominating and Corporate Governance Committee during the 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 Mandatory 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 44-2120-44-2154, the District of Columbia Insurance Holding Company System Act; Section 31-701 31-710, the Ohio Insurance Holding Company Regulatory Act, Sections 3901.32-3901.37, 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 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 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 of Directors may also be made by qualified voting members by petition filed with the Secretary of the Corporation at least five (5) months prior to the meeting at which the election is to be held. Each such petition is required to carry, 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. No signatures affixed to the petition more than sixty (60) days before the filing are counted. Upon receipt of proper nomination by petition, the Secretary of UNIFI is required to forward to the Nebraska Director notice of such nomination and to include the names of such nominees on the ballot with nominees of the Board of Directors, both with appropriate designations.

Committees of AHC Board of Directors

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

Separate Existence of Ameritas Life, Acacia Life and 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 subsidiary 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

It is contemplated that following the Merger, each of the various subsidiary companies, including Ameritas Life Insurance Corp. and Acacia Life Insurance Company, will continue to operate independently as they did prior to the Merger. The principal exception will be that each life insurance company will be afforded the opportunity of cross selling products and utilizing shared services of the other life insurance company. The strategic planning of the various independent life insurance companies will be supervised and managed by an executive team from AHC, who will then strategically plan for all of the various insurance companies in an effort to coordinate their activities, better utilize their resources, and reduce costs by eliminating duplication of effort. The Executive Vice President, Individual Insurance, will be responsible and accountable for the financial and management operations supporting all individual insurance and annuity products issued by Ameritas Life, Acacia Life and Union Central and their respective insurance company subsidiaries. Each of the three principal operating subsidiaries of UNIFI will continue to exist as separate corporate entities. With respect to Union Central, UNIFI and AHC will use reasonable efforts to ensure that Union Central will be in a position to pursue its strategic business objectives and develop its products. Union Central operates on a One Company Marketing philosophy, which emphasizes synergy, cooperation and common interests to meet the needs of target customers. It is anticipated that Union Central will work with Ameritas Life and Acacia Life to assist with the implementation of the One Company Marketing culture and principles, including but not limited to working to identify key marketing opportunities, including product packaging, UNIFI branding, promotion and service support initiatives critical to clients and to target markets. Additionally, Ameritas Life, Acacia Life and Union Central are expected to provide ongoing training, as necessary, to agents and customer service representatives, and all other persons in a position to advise clients on cross selling strategies and techniques. Additionally, the Merger Agreement provides that UNIFI and AHC will use reasonable efforts to cause Ameritas Life, Acacia Life and Union Central to have the same stand alone Standard & Poors financial strength ratings (or equivalent rating from another rating agency of national reputation) at least equal to the consolidated rating assigned to the combined enterprise, 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 UNIFI and AHC, as applicable. *See "Plan of Merger – Subsidiary Arrangements; Capital Commitments."*

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 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 One Company Marketing philosophy, and increasing economies of scale and reducing overhead costs. The Statement of Operating Principles is attached to the Merger Agreement as Exhibit 1.9(d).

Costs and Expenses; Termination Fee

The Merger Agreement provides, generally, that each of Ameritas Acacia and Union Central 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 Reorganization Proposal 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 amount of the Termination Fee was determined by negotiations between the parties to the Merger Agreement. The Termination Fee is approximately 5% of the consolidated net worth of Union Central and its consolidated subsidiaries at December 31, 2003, and 3% of the consolidated net worth of Ameritas Acacia at such date, in such case as determined in accordance with generally accepted accounting principles. The Ameritas Acacia 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.

Indemnification

- The Plan of Merger provides comprehensive indemnification protection for current and former directors, officers and employees of Union Central or its Subsidiaries ("Indemnified Parties"):

UNIFI Mutual Holding Company and Ameritas Holding Company agree to jointly and severally indemnify and hold harmless the Indemnified Parties against Liabilities (including advancement of reasonable attorneys' fees and expenses) arising in connection with (x) such person's actions as a current or former director, officer or employee of Union Central or its Subsidiaries and (y) the Merger Agreement and the transactions contemplated thereby.

After the Merger, UNIFI Mutual Holding Company and Ameritas Holding Company will honor and assume responsibility for existing indemnification provisions in Union Central's Organizational Documents and any Union Central indemnification agreements in favor of the Indemnified Parties, in each case subject to the limitations on liability provided therein.

With respect to any acts or omissions occurring after the Merger, UNIFI Mutual Holding Company and Ameritas Holding Company will provide D&O insurance to directors, officers and employees comparable to other mutual life holding companies of similar asset size and premiums.

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. Ameritas Acacia and Union Central have agreed to amend the Merger Agreement to the extent necessary to obtain the regulatory approvals and other consents, including the approval of the Nebraska and Ohio Departments of Insurance, required to consummate the Merger, provided that the Ameritas Acacia Board and the Union Central 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 Director of Insurance of the State of Nebraska and the Insurance Superintendent of the State of Ohio.

Termination

The Merger Agreement may be terminated prior to the Effective Date of the Merger, whether before or after approval of the Merger or by the Ameritas Acacia Members, as follows: (1) by mutual consent of the Ameritas Acacia Board and the Union Central Board; 2) by either of the Ameritas Acacia Board or the Union Central 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 Ameritas Acacia Board or the Union Central Board if the requisite policyholder and member approvals were not obtained; (4) by either of the Ameritas Acacia Board or the Union Central Board if either party enters into a definitive binding agreement with a third party for the transactions contemplated by a Reorganization Proposal, *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 (5) 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 Ameritas Acacia Board or the Union Central 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 Reorganization Proposal having been made; or (6) by either of the Ameritas Acacia Board or the Union Central 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 sixty (60) days after written notice.

For further details, see "PLAN OF MERGER – *Indemnifications*".

REGULATORY MATTERS

General

Upon Union Central's Reorganization[2], UCMHC will be merged with and into Ameritas Acacia, which will then be renamed UNIFI. 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 mutual 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.

After the Merger, 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. And, 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.

Mutual Holding Company Assets to Satisfy Claims of Policyholders

UNIFI and AHC would automatically be parties in the event of any insolvency or delinquency proceeding brought against (i) Ameritas Life Insurance Corp. under the Nebraska Insurers Supervision, Rehabilitation and Liquidation Act, Neb. Rev. Stat. Sections 44-4803 to 4862, (ii) Acacia Life Insurance Company under the District of Columbia Insurers Rehabilitation and Liquidation Act of 1993, Title 35, Sections 2801-2857, D.C. Code Ann., or (iii) Union Central under the Ohio Insurers Supervision, Rehabilitation and Liquidation Act, Ohio Rev. Code Sections 3093.01 to 3903.59. If necessary, the assets of UNIFI and AHC may be deemed to be assets of Ameritas Life Insurance Corp., Acacia Life Insurance Company, or Union Central for purposes of satisfying the claims of their policyholders. This means that in the unlikely event that Ameritas Life Insurance Corp., Acacia Life Insurance Company, and Union Central could not satisfy the claims of their 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 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 members of UNIFI (which would include policyholders of Ameritas Life, Acacia Life, and Union Central) in a manner determined by the Board of Directors of UNIFI and as approved by the Nebraska Insurance Director.

Affiliated Transactions

UNIFI will continue to be subject to regulatory limitations on acquiring or operating subsidiaries under the Nebraska law to the same extent as prior to the Reorganization. The life insurance subsidiaries of UNIFI that enter into affiliated transactions may also be required to provide prior notice to their respective state insurance regulators according to relevant insurance regulations of their respective domiciliary states.

Dividends

Neither Ameritas Life, Acacia Life, nor Union Central may pay any extraordinary dividend or make any other extraordinary distribution to its sole shareholder, AHC, until 30 days after its respective insurance regulator has received notice

[2] 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 Insurance 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 entitled under Section 1106(i) of the New York Insurance Law to review the Plan for fairness of the Reorganization to Union Central's New York policyholders and to lodge any objections with the Ohio Superintendent and Union Central; other than satisfactory resolution of the objections (if any), no approval by the New York Superintendent is required.

of the declaration thereof 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 the foregoing 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 Ameritas Life, Acacia Life, or Union Central's surplus as applicable as of the preceding December 31 or the net income of Ameritas Life, Acacia Life, or Union Central as applicable for the 12-month period ending the preceding December 31, but shall not include pro rata distributions of any class of Ameritas Life, Acacia Life, or Union Central's own securities as applicable. 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 applicable life insurance subsidiary's insurance regulator, including net unrealized capital gains and losses on revaluation of assets.

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 Director's satisfaction that such distribution is fair and equitable to policyholders as members of UNIFI. 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.

Certain Tax Consequences

Union Central has received a Private Letter Ruling from the Internal Revenue Service that the Union Central Reorganization will be tax free to Ameritas Acacia, AHC, and UCMHC.

It is a condition of closing the Merger that Ameritas Acacia shall have received an opinion from Sidley Austin Brown & Wood LLP, special tax counsel to Ameritas Acacia, that the consummation of the Merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of the United States, and that no gain or loss will be recognized by either Company to the respective Merger, or by the Members of either Company as a result of the Merger.

Regulatory Approvals

The following regulatory approvals are required for the Merger to be effective:

Hart-Scott-Rodino Act

Under the Hart-Scott-Rodino Act and the rules promulgated thereunder by the Federal Trade Commission, the Merger may not be consummated until notification has been given and certain information has been furnished to the Federal Trade Commission and the Antitrust Division of the Department of Justice, and specific waiting period requirements have been satisfied. Both Companies filed notification report forms under the Hart-Scott-Rodino Act with the Federal Trade Commission and the Antitrust Division of the Justice Department on the February 17, 2005, and the 30 day notification period has expired.

Office of Thrift Supervision

Ameritas Acacia filed written notification of the Plan of Merger with the Office of Thrift Supervision ("OTS") on January 31, 2005. The filing of an OTS Change of Control Application and prior OTS approval of this transaction is not required, as the transaction does not give rise to a change of control of Ameritas Acacia.

Nebraska Department of Insurance

The Plan of Merger and the proposed Amendments to the Articles of Incorporation must be approved by the Nebraska Insurance Director who has now reviewed the Plan of Merger and such other documents as determined to be relevant and has issued an Order dated July 19, 2005, determining that the Plan of Merger, including Amendments to the Articles of Incorporation, meets the statutory requirements and is approved.

DC Notification

Ameritas Acacia filed written notification of the Plan of Merger with the District of Columbia Department of Insurance, Securities & Banking Regulation (the "Department") on March 10, 2005. This notice was filed pursuant to Condition 11(F) of the Department's Decision and Order dated December 28, 1998 (Case Number A-MHC-98-01) approving the merger of the Acacia Mutual Holding Company into Ameritas Mutual Holding Company. Condition 11 provides in pertinent part: .

> Ameritas Acacia and Ameritas Holding shall file with the Commissioner, for his review and comment, any and all of the following plans or proposals:
> F. Any merger of Ameritas Acacia or Ameritas Holding with any other mutual holding company or intermediate stock holding company.

Ohio Department of Insurance

The Ohio Insurance Commissioner is reviewing the Plan of Merger and such other documents as determined to be relevant. He has also scheduled a Public Hearing for September 27, 2005. Following the Hearing, the Ohio Insurance Commissioner will issue an Order either approving or disapproving the Plan of Merger.

UNIFI, AHC, and Union Central may adopt undertakings or enter into agreements with the Superintendent of the Ohio Department of Insurance covering such matters as he may require in connection with his approval of the Union Central Plan of Reorganization and the Plan of Merger. These undertakings may be amended by agreement between UNIFI, AHC, Union Central and the Superintendent at a future time without a vote of UNIFI Members or Union Central Policyholders.

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 Date, 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 requested. These terms are set forth in a stipulation that will be entered into by Ameritas Acacia (on behalf of itself and after the Effective Date, UNIFI), AHC, Union Central and the New York Department ("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% (five percent) of the consolidated net worth of UNIFI as of the preceding December 31. 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 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 includes several provisions relating to the Closed Block. If Union Central declares or pays, with respect to any class of policies 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 agrees to 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. Also, the New York Superintendent is required to be notified with respect to various other matters concerning the Closed Block.

Securities Laws

Under date of June 30, 2005, Ameritas Acacia received an opinion from the Sidley Austin Brown & Wood LLP, opining that the Merger and related conversion of membership interest does not constitute the offering of securities and accordingly, no registration was required under the Securities Act of 1933.

Satisfaction of Section 15 of the Investment Company Act

Pursuant to the Plan of Merger, the Companies were required to obtain, if necessary, the consent of trustees and shareholders. Ameritas Acacia has received an opinion from the law firm of Kirkpatrick & Lockhart Nicholson Graham, LLP., to the effect that the proposed Merger does not cause a requirement under the Investment Company Act of 1940 or the Investment Advisors Act of 1940 to obtain trustee and shareholder approvals with regard to Ameritas Acacia Subsidiaries' investment advisory contracts entered into before the Effective Date.

Regulation and Supervision of UNIFI Mutual Holding Company, Ameritas Holding Company, Ameritas Life Insurance Corp., and Acacia Life Insurance Companies

UNIFI, as a mutual insurance holding company, and Ameritas Holding Company, as an intermediate holding company, organized under the Nebraska Mutual Insurance Holding Company Act, will be subject to the supervision of the Nebraska Insurance Director to ensure that both Member and policyholder interests are protected. Neither UNIFI nor Ameritas Holding Company will, however, have the authority to engage in the business of insurance. UNIFI will be subject to the regulations of the Nebraska Department of Insurance pursuant to the provisions of the Nebraska Mutual Insurance Holding Company Act. Ameritas Life Insurance Corp. will continue to be subject to ongoing insurance regulation by the Nebraska Insurance Director, Acacia Life Insurance Company will continue to be subject to ongoing insurance regulation by the D.C. Insurance Commissioner, and Union Central Life Insurance Company will continue to be subject to ongoing insurance regulation by the Ohio Insurance Commissioner. Ameritas Life Insurance Corp., Acacia Life Insurance Company, and Union Central Life Insurance Company will retain their current respective domiciles of Nebraska, the District of Columbia, and Ohio.

UNIFI, as a mutual insurance holding company, and Ameritas Holding Company, as an intermediate Holding Company will be treated as a domestic life insurance companies subject to the Insurers Demutualization Act; the Nebraska Supervision Rehabilitation and Liquidation Act, Chapter 44, Article 2 and Sections 44-301 Neb. Rev. Stat. Except with the approval of the Nebraska Director, UNIFI may not encumber more than 49% of UNIFI's stock in Ameritas Holding Company (or any other intermediate stock holding company) or any reorganized stock insurer. At least 50% of UNIFI's net worth, as determined by generally accepted accounting practices, is required to be invested in insurance companies. UNIFI may not demutualize without the approval of the Nebraska Insurance Director. In addition, UNIFI and Ameritas Holding Company 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. UNIFI and Ameritas Holding Company will, under their Amended Articles of Incorporation, have the power to conduct any lawful business and will have perpetual existence, unless sooner dissolved as provided by law.

UNIFI and Ameritas Holding Company may be parties to any proceeding brought against Ameritas Life, Acacia Life, or Union Central Life under the Nebraska Insurers Supervision, Rehabilitation and Liquidation Act, Neb. Rev. Stat Sections 44-4803 to 4862 or the District of Columbia Insurers Rehabilitation and Liquidation Act of 1993, Title 35, Sections 2801-2857, D.C. Code Ann. (1996 Supp.), or the Ohio Reserve Valuation; Rehabilitation and Liquidation Act; R.C. Sections 3903.01 to 3903.76 for the purpose of liquidating, rehabilitating, conserving or otherwise reorganizing Ameritas Life, Acacia Life, or Union Central Life and the assets of UNIFI and Ameritas Holding Company may be available to satisfy claims against Ameritas Life, Acacia Life or Union Central Life.

In addition, UNIFI may be required to contribute capital to Acacia Federal Savings Bank pursuant to a federal banking statute.

UNIFI may not dissolve or liquidate without the approval of the Nebraska Insurance Director or as ordered by a court of law as provided by statute. In the event of a dissolution of 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 Members of UNIFI in a manner determined by the Board of Directors of UNIFI and as approved by the Nebraska Insurance Director. Ameritas Holding Company would have no dissolution, liquidation or other rights with respect to UNIFI.

Regulation and Supervision of Savings and Loans Holding Companies

Any company that controls a savings and loan is a savings and loan holding company. Upon the Effective Date of the Merger, UNIFI and Ameritas Holding Company will continue to be savings and loan holding companies subject to statutory and regulatory requirements imposed upon savings and loan holding companies. Acacia Life Insurance Company, Acacia Financial Corporation, and Ameritas Life Insurance Corp. will also continue to be savings and loan holding companies subject to regulation by the Office of Thrift Supervision. A savings and loan holding company is subject to registration with the Office of Thrift Supervision and must provide data about the financial condition, ownership, operations, management, and intercompany relationships of itself and its Subsidiaries. Savings and loan holding companies, among other requirements, must maintain books and records, must file periodic reports with the Office of Thrift Supervision, and are subject to Office of Thrift Supervision examination.

EMPLOYMENT MATTERS

The Severance Policy of each of Ameritas Acacia and its Subsidiaries and Union Central and its Subsidiaries shall apply to their respective employees terminated as a result of the Merger (and for "Merger-related" position eliminations occurring within 1 year after the Effective Date).

As soon as practicable after the Effective Date, the Surviving Mutual Holding Company shall, if deemed appropriate in the judgment of the Board of Directors of the Surviving Mutual Holding Company, take appropriate action to cause the existing benefit plans of each of its Subsidiaries to be amended, consolidated, conformed or terminated, if redundant or unnecessary.

COSTS OF MERGER

All costs and expenses incurred in connection with the Plan of Merger shall be paid by the party incurring such costs or expenses except that the expenses incurred jointly shall be borne fifty percent (50%) by Ameritas Acacia and fifty percent (50%) by Union Central. Union Central shall be responsible for all expenses relating to its conversion into the mutual holding company form and for formation of any closed block. It is estimated that the transitional costs of the Merger, including all of the printing and mailing, costs of outside consultants, and special counsel to the Ohio Department of Insurance, and the New York State Insurance Department should not exceed $12 million.

Additionally, it is estimated that the one-time costs of consolidating administrative services, paying of retention bonuses, severance costs, may be as much as $26 million. It is, however, anticipated that the savings to be realized by consolidating administrative services alone will exceed the one-time cost of consolidating administrative services. For further details, see heading "PLAN OF MERGER – *Fees and Expenses*".

RATINGS

Subsequent to the announcement of the transaction with Union Central, A.M. Best, Standard & Poor's (S&P), and Moody's Ratings Services announced the following rating actions with respect to the Ameritas Acacia life companies they rate:

- A.M. Best: affirmed Ameritas Life Insurance Corp.'s, Acacia Life Insurance Company's, and First Ameritas Life Insurance Corp. of New York's financial strength and operating performance ratings of Ag* (Excellent), the third highest rating of A.M. Best's fifteen ratings.
- S&P: affirmed Ameritas Life Insurance Corp.'s, Acacia Life Insurance Company's, Ameritas Variable Life Insurance Company's, and First Ameritas Life Insurance Corp. of New York's financial strength ratings of AA- (Very Strong), the fourth highest rating of S & P's twenty-one ratings.
- Moody's: affirmed Ameritas Life Insurance Corp.'s long-term insurance financial strength rating of A1 (Good), the seventh highest rating of Moody's twenty-seven ratings.

A.M. Best and S&P likewise announced the following rating actions with respect to Union Central:

- A.M. Best: Placed Union Central's financial strength rating of A- (Excellent), the fourth highest rating out of A.M. Best's fifteen ratings, under review with positive implications. A.M. Best believes the Merger will improve the financial flexibility of Union Central while providing opportunities to broaden its product portfolios, expand its distribution network, and leverage cross-selling opportunities.
- S&P: affirmed Union Central's financial strength ratings of A- (Strong), the seventh highest rating out of S&P's twenty-one ratings. It also revised its outlook on Union Central to positive from stable based on the Merger.

Ratings are not in any way a measure of protection afforded to investors and should not be relied upon in making a voting decision.

DIVIDEND RIGHTS OF POLICYHOLDERS

Ameritas Life. Following its reorganization and formation as a mutual holding company effective January 1, 1998 (the "1998 Ameritas Plan of Reorganization"), Ameritas Life established a Closed Block for Ameritas Life participating policies for the exclusive benefit of the Closed Block business. Ameritas Life allocated assets to the Closed Block in an amount that produces cash flows that, together with anticipated revenues from the Closed Block business, are expected to be sufficient to support the Closed Block business including provisions for payment of claims and certain expenses and taxes, and to provide for continuation of dividend scale payable for 1998 if the experience underlying such scale (including the portfolio interest rate) continues, and for appropriate adjustments in such scale if the experience changes.

Acacia Life. As part of its plan to reorganize and form a mutual holding company effective June 30, 1997 (the "1997 Acacia Plan of Reorganization"), Acacia Mutual Life Insurance Company, the predecessor of Acacia Life, committed to certain dividend undertakings regarding future dividend apportionment practices with respect to participating individual life insurance policies issued prior to its reorganization. These undertakings are designed to maintain policy dividend policies and practices in place prior to the reorganization for the benefit of all qualifying policyholders of pre-reorganization participating policies. Specifically, they are intended to assure that future dividends on such policies are determined in a manner consistent with Acacia Mutual's historical practices. Acacia Life intends to seek regulatory approval to establish the Acacia Life Closed Block following the Effective Date of this Merger. The Acacia Life Closed Block is intended to assure that future dividends on policies included therein will be determined in a manner consistent with Acacia Life's historical practices.

Union Central. Pursuant to the Plan of Reorganization, Union Central shall establish a Closed Block for Union Central's individual, dividend-paying, participating policies in force on the Effective Date for the exclusive benefit of the Closed Block business. Union Central will allocate assets to the Closed Block in an amount that produces cash flows that, together with anticipated revenues from the Closed Block business, are expected to be sufficient to support the Closed Block business including provisions for payment of claims and certain expenses and taxes, and to provide for continuation of the 2005 dividend scale in aggregate if the experience underlying such scale continues, and for appropriate adjustments in such scale if the experience changes.

Payment of Dividends. Ameritas Life, Acacia Life and Union Central agree that following the Merger, policy dividends on participating policies, whether issued before or after each company's reorganization, will continue to be paid in accordance with the terms and provisions of such policies, when, if, and as declared by the Board of Directors of Ameritas Life, Acacia Life, or Union Central, as the case may be, in accordance with the terms of such policies, although the amounts of such dividends may vary from year to year.

MEMBERS RIGHTS

The Plan of Merger specifically provides that immediately following the Merger, each Member of UNIFI shall possess identical member rights. Members of UNIFI will be entitled to vote in the election of directors of UNIFI and to vote on such other matters as may be presented to them from time-to-time by the Board of Directors of UNIFI in accordance with the Articles of Incorporation and Bylaws of UNIFI or as otherwise provided by law. The voting rights of Members will be equal and each Member will be entitled to only one (1) vote irrespective of the number of policies or amount of insurance owned by such Member provided that the persons who or entities which own policies in more than one capacity (e.g. individually as trustee under separate trusts), will be entitled to vote in each such capacity. A Member otherwise eligible to vote loses all such rights upon termination of the policy which gave rise to the Member's interest in UNIFI. Furthermore, after the Merger, an Eligible Member is entitled to only one (1) vote as a Member of UNIFI even though such Member may own one or more policies with Ameritas Life Insurance Corp., Acacia Life Insurance Company, or Union Central Life Insurance Company.

Under its Articles of Incorporation, UNIFI will not be permitted to make any direct payment of dividends or any other distributions or payments of income or of profit to its Members except as provided for in the Articles of Incorporation in the event of a dissolution or liquidation of UNIFI or as otherwise directed by the Nebraska Insurance Director. In the case of dividends paid to UNIFI by Ameritas Holding Company, except as directed by the Director, UNIFI will invest such dividends and other income it receives on its other permitted investments, net of applicable taxes and expenses, in additional common stock or other equity or debt securities of Ameritas Holding Company, whether by original issue by Ameritas Holding Company or by purchase in the open market or of a type authorized for investment by a domestic life insurer.

Each Member of UNIFI will be prohibited from transferring such Members' membership interest in UNIFI (and any right arising from such membership) except in conjunction with permitted transfers of the underlying policies, and a membership interest in UNIFI will automatically terminate and cease (and no distribution or compensation will be received from UNIFI in exchange for such membership interest) upon the lapse or termination of the policy from which such membership interest in UNIFI is derived. No Member of UNIFI, in his or her capacity as a Member, will be personally liable for debts, liabilities, or obligations of UNIFI or subject to assessments of any kind.

Consistent with the provisions of Section 3.1 of the Plan of Merger, UNIFI Mutual Holding Company shall take action to ensure that the terms of the 1998 Ameritas Plan of Reorganization, the terms of the 1997 Acacia Plan of Reorganization, and the terms of Exhibit 3.2 to the Plan of Merger with respect to Union Central's Members' "participation rights" to subscribe for stock in the event of any initial public offering ("IPO") are honored and implemented. Ameritas Acacia and Union Central agree that the 1998 Ameritas Plan of Reorganization, the 1997 Acacia Plan of Reorganization, and Exhibit 3.2 to the Plan of Merger, all regarding Members' "participation rights," shall survive the Merger, and be honored in the event of any IPO of common stock as provided in said plans of reorganization and Exhibit 3.2. Neither Ameritas Acacia nor Union Central has any present intent or plans to take the Intermediate Holding Company public.

In the event UNIFI Mutual Holding Company should in the future decide to adopt a plan to demutualize, the allocation of consideration among its Members shall be calculated on a fair and equitable basis, consistent with Actuarial Standard of Practice No. 37 (or any successor standard), which shall include, if and as appropriate, taking into account relevant extraordinary corporate events, if any, of each of Ameritas Life, Acacia Life and Union Central and their respective subsidiaries. The Parties have no present intent or plan to demutualize the Surviving Mutual Holding Company.

CAPITAL RESOURCES

The capital resources of UNIFI after the Merger will include the shares of Ameritas Holding Company held as well as the shares of all of the Subsidiaries of Ameritas Holding Company held indirectly through Ameritas Holding Company and may also include proceeds from borrowing, management fees, and dividends resulting from the operations of Subsidiary companies, including the life insurance Subsidiaries. Dividends payable by the life insurance companies or any of the other Subsidiaries with respect to its capital stock will be subject to applicable statutory restrictions.

In the future, UNIFI could sell to the public or other parties capital stock of Ameritas Holding Company owned by it or Ameritas Holding Company could sell newly issued shares of its capital stock, both common or preferred. Alternatively, Ameritas Holding Company or any of its Subsidiaries could issue debt. Any such efforts to raise capital could be made without further consent or approval of the Members of UNIFI either in a capacity as such or as policyholders of the life Subsidiaries although the approval of the Nebraska Insurance Director is required. The Nebraska Mutual Insurance Holding Company Act, however, provides, that UNIFI must at all times, directly or indirectly, control all of the stock of the life insurance Subsidiaries through the ownership of at least a majority of the voting capital stock of Ameritas Holding Company. Although no plans have been formulated to sell any shares of capital stock or to incur debt, management of Ameritas Acacia believes that such enhanced financial and strategic flexibility is an important benefit of the proposed merger.

Additionally financial resources may also be available to UNIFI through borrowing from unaffiliated lenders. In connection with any such borrowing, UNIFI could grant the security interest in the assets of UNIFI, including, except as provided by law or regulation, a portion of the capital stock of Ameritas Holding Company held by UNIFI. Any payments of principal or interest on any borrowing of UNIFI would need to be made from available financial resources of UNIFI, which initially may consist of dividends if any from Ameritas Holding Company.

Dividends with respect to capital stock and management fees payable by the various Subsidiaries will be subject to determination and declaration by its Board of Directors. It is anticipated that the principal factors affecting any such determination and declaration would include among other factors, the Subsidiary's financial condition and results of operations, tax considerations, industry standards, economic conditions, and regulatory restrictions affecting the payment of dividends by any such Subsidiary.

UNIFI and Ameritas Holding Company shall, under the plan of Merger, use reasonable efforts to maintain at least a AA- Standard & Poors ("S&P") financial strength rating (or equivalent rating from another rating agency of national reputation) of the Life Insurance Subsidiaries as a consolidated entity (the "Consolidated Rating"). UNIFI and Ameritas Holding Company further agree to use reasonable efforts to maintain or invest additional capital in each Life Insurance Subsidiary or take such other action to ensure that each separate Life Insurance Subsidiary's S&P financial strength rating (or equivalent rating from another rating agency of national reputation) is at least equal to the Consolidated Rating (it being understood that the UNIFI Mutual Holding Company and Ameritas Holding Company cannot control the actual ratings assigned by any rating agency to any insurer). In the event that for any given period there is no Consolidated Rating, UNIFI Mutual Holding Company and Ameritas Holding Company, until such time as a Consolidated Rating is assigned, will use reasonable efforts to maintain capital in each Life Insurance Subsidiary at a level sufficient to maintain such Life Insurance Subsidiary's S&P financial strength rating (or equivalent rating from another rating agency of national reputation) at its then current level. Any investment of additional capital or such other action to maintain or ensure financial strength rating(s) at levels set forth above shall be subject to: (1) submission by Ameritas Life or Acacia Life or Union Central, as the case may be, of a business proposal(s) or plan(s) demonstrating a satisfactory return on the requested additional capital or such other action; and (2) approval of such business proposal(s) or plan(s) by the Boards of Directors of UNIFI Mutual Holding Company and Ameritas Holding Company.

POSSIBLE RE-ALIGNMENT OF SUBSIDIARIES

Subsidiaries of Ameritas Life Insurance Corp., Acacia Life Insurance Company, or Union Central Life Insurance Company may be re-aligned to become Subsidiaries of Ameritas Holding Company. The ability to re-align Subsidiaries of any life insurance company following the Merger, as permitted by law should provide the resulting organization with added flexibility to simplify its operations, clarify management and regulatory responsibilities, and increase the recognition of such companies as independent businesses. No specific plans have been formulated as of this time with respect to the possible re-alignment of any direct or indirect Subsidiaries of Ameritas Acacia or Union Central following the Merger, although management of both Ameritas Acacia and Union Central considers such organizational flexibility to be an important benefit of the proposed Merger. See also "THE MERGER – *Operations After the Merger*". Any such re-alignment, if pursued in the future, may be accomplished without further consent or approval of the Members of UNIFI either in their capacity as such or as policyholders, although the Intercompany Transaction Committee previously described under Committees would be asked to review any such transactions for possible conflicts of interest or related issues. It is possible that the merger of one UNIFI life insurance company subsidiary into another UNIFI life insurance company subsidiary might result in the vesting of UNIFI membership interests in policyholders who previously did not possess UNIFI membership interests, in which case such a result could be dilutive to the membership interests of existing UNIFI Members. The Ameritas Acacia Board of Directors does not presently anticipate that there will be a merger of any life insurance subsidiary or subsidiaries or any other transaction or transactions that might result in dilution of members interests of existing Members.

INFORMATION ABOUT THE COMPANIES

Ameritas Acacia Mutual Holding Company

Ameritas Acacia Mutual Holding Company 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 insurance holding companies. Below is some information regarding Ameritas Acacia Mutual Holding Company and The Union Central Life Insurance Company.

Ameritas Acacia Mutual Holding Company owns 100% of Ameritas Holding Company. Ameritas Holding Company owns 100% of the stock of both Ameritas Life Insurance Corp., and Acacia Life Insurance Company.

Ameritas Acacia Life Insurance Companies - Individual Company Information

Ameritas Life Insurance Corp.

Ameritas Life Insurance Corp., formerly known as Bankers Life Insurance Company of Nebraska, was originally incorporated as a stock insurance company under the laws of Nebraska in 1887. The company 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. The company with its subsidiaries, reported in excess of $5.5 billion in consolidated assets and equity in excess of $839 million as of December 31, 2004.

Ameritas Life and its Subsidiaries provide a broad range of individual 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. As of December 31, 2004, 131,871 individual life policies were in force with a face amount in excess of $21.2 billion and 49,048 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 Insurance Corp. entered into a Joint Venture with AmerUs Life Insurance Company to form AMAL Corporation. AMAL Corporation owns 100 percent (100%) of AVLIC and Ameritas Investment Corp (AIC), a full service broker-dealer. Ameritas Life Insurance Corp. currently owns fifty-two point four percent (52.4%) of AMAL Corporation, Acacia Life and subsidiaries currently owns fourteen percent (14%) of AMAL Corporation, and the remaining thirty-three point six percent (33.6%) is owned by AmerUS, an unaffiliated Life Insurance Company.

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

Ameritas Life Insurance Corp. is well known for its group dental and eyecare products and services. Group dental products include trust plans; tailored indemnity programs; high quality and competitively priced programs in a participating provider panel setting. Ameritas Life Insurance Corp. 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 Insurance Corp. affiliated companies. Ameritas Investment Corp. ("AIC"), the full service securities broker-dealer, 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 Insurance Corp. and Ameritas Variable Life Insurance Company. 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 Insurance Corp., Acacia Life Insurance Company, and to 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 Insurance Corp. consistently earns high ratings from independent industry analysts. Its financial strength and operating performance is rated Ag* (Excellent) by A.M. Best Company, Inc., the third highest rating of fifteen ratings. Upon announcement of the Merger, this rating was affirmed. Standard & Poor's rates Ameritas Life Insurance Corp. as AA- (Very Strong), the fourth highest of Standard & Poor's twenty-one ratings for its financial strength. Upon announcement of the Merger, this rating was affirmed. Moody's rates Ameritas Life Insurance Corp. as A1, which is the seventh highest of twenty-seven 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 ("Acacia Life") of the new mutual holding company. The company with its subsidiaries, reported 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, 102,474 individual life policies were in force with a face amount in excess of $5.7 billion and 13,996 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 Corporation, a holding company, which owns all of the stock of various other subsidiaries including:

The Calvert Group, Ltd., a wholly-owned subsidiary of Acacia Financial Corporation, 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. With Calvert funds, investors don't have to choose between investment returns and personal goals. Calvert offers a full family of mutual funds designed to help investors achieve financial security while helping to build a sustainable future. With over twenty-five 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, time-tested investment strategies to achieve competitive performance. For the year ended December 31, 2004, total revenue for The Calvert Group was $93.3 million, and total assets under management were $10.3 billion.

The Acacia Federal Savings Bank ("Acacia Federal"), a wholly-owned subsidiary of Acacia Financial Corporation, offers its customers a wide range of banking products and services. Acacia Federal offers certificates of deposit, money market accounts, and IRA's. Acacia Federal also offers 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. is an owner of commercial real estate properties.

Ameritas Acacia Life Insurance Companies - Combined Operations Information

Employees and Sales Representatives

As of June 30, 2005, Ameritas Life and Acacia Life employed approximately 1550 employees and contracted with approximately 1700 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 and criteria of our reinsurers, in addition to comparing our 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 that 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 9-17, Footnote 3, pages 19-21, and Footnote 11, page 35 of the Audited Consolidated Financial Statements of Ameritas Acacia. For further details see "FINANCIAL STATEMENTS – Ameritas Acacia."

Reinsurance

Reinsurance calculations are contained in Footnote 10, page 34 of the Audited Consolidated Financial Statements of Ameritas Acacia. For further details see "FINANCIAL STATEMENTS – Ameritas Acacia."

Investment portfolio

Information related to investments is contained in Footnote 1, pages 9-17, Footnote 4, pages 21-27, and Footnote 13, pages 37-39 of the Audited Consolidated Financial Statements of Ameritas Acacia. For further details see "FINANCIAL STATEMENTS – Ameritas Acacia."

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.

In 2004, Union Central's statutory capital grew to $323 million, an increase of more than 17% from 2003, and statutory assets under management reached $6.5 billion.

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

Union Central's field representatives and home office associates remain committed to the corporate goals it has embraced throughout its 138-year history: to assure Union Central's financial strength and stability are in the best, long-term interest of its policyholders. Union Central strives not only to provide its 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. Standard & Poor's rated Union Central "A-(Strong)", the seventh highest rating out of S&P's twenty-one ratings, as of February, 2005, stating that the Company 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, 198,175; individual annuities, 33,328; individual health 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 its target markets – small to medium size business owners and upwardly mobile and affluent individuals.

Union Central's 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 Act of 1940, 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 types: 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. Union Central's 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 ("cap") 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 Life Account, an investment company under the Investment Company Act of 1940, 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 investments-only basis.

Marketing and Distribution

Union Central uses two sustainable competitive strategies with its 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 Union Central's 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 its 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 gaining 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 Union Central's 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 Union Central's 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 Union Central's 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 (DI) Centers and Retirement Plans Sales Consultants. Union Central has successfully grown and maintained multiple channels of distribution. A significant number of conference-qualifying producers sell multiple Union Central products. 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 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 are Union Central's target. These agencies appreciate strong home office support and relationships. They also share Union Central's company culture and values.

Brokerage General Agency Channel. Brokerage General Agencies, while generally product specific in focus, effectively differentiate themselves beyond product or price. Union Central is 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 Plans Sales Consultants. Retirement Plans 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 markets securities through its registered representatives, almost 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 Employee Saving Plan group annuity contracts of Union Central.

Diversified Financial Services

The Summit Group is comprised of the three entities listed below.

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 actual 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 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 who 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 premium ceded by Union Central was $18.9 million, 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.

The aggregate allocation of Union Central's assets is shown in the table below.

Statutory Basis Owned Assets as of December 31, 2004

	2003		As of December 31, 2004	
	Carrying Amount	% of Total	Carrying Amount	% of Total
Fixed Income	$3,373,203,000	80.6%	$3,372,694,000	79.5%
Equity securities	90,594,000	2.2%	37,160,000	0.9%
Mortgage loans	508,655,000	12.1%	512,292,000	12.1%
Policy Loans	144,037,000	3.4%	142,611,000	3.4%
Cash and short-term investments	(2,066,000)	0.0%	9,856,000	0.2%
Real estate	30,384,000	0.7%	28,601,000	0.7%
Other assets	42,165,000	1.0%	137,975,000	3.3%
Total statutory-basis assets	4,186,972,000		4,241,189,000	

The fixed income portion of Union Central's assets has an overall quality rating of A2 with a concentration of 97.4% of the securities in the top three rating classes, which was in excess of the industry average of 96.7% according to a December 31, 2003 survey assembled by the American Council of Life Insurers. The average life of this portfolio was approximately 9.2 years with a 6.11% yield. The table below illustrates the performance of Union Central as compared to the Lehman Aggregate Bond Index.

Fixed Income Performance Comparisons

	Union Central Group (a)	Lehman Aggregate Bond Index
One-Year Return	6.26%	4.34%
Three-Year Return	7.33%	6.20%
Five-Year Return	8.31%	7.71%

Equity Performance Comparisons

	Union Central Group (a)	Standard and Poor's 500 Index
One-Year Return	16.48%	10.87%
Three-Year Return	6.76%	3.58%
Five-Year Return	9.57%	(2.30)%

The other investments owned by Union Central include the Separate Account investments which support the variable products sold by Union Central.

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 and Agents

As of December 31, 2004, Union Central employed a total of 891 employees.

CURRENT DIRECTORS OF AMERITAS ACACIA AND UNION CENTRAL

All of the current Directors of Ameritas Acacia Mutual Holding Company, which was formed on January 1, 1999, were previously Directors of Ameritas Life Insurance Corp. or Acacia Life Insurance Company. The dates below indicate how long they have been associated with Ameritas Life Insurance Corp. or Acacia Life Insurance Company.

The names, ages (as of June 30, 2005), and positions of each of the current Directors of Ameritas Acacia Mutual Holding Company and Ameritas Holding Company are set forth below:

NAME	AGE	DIRECTOR SINCE	PRINCIPAL OCCUPATION
Abel, James P.	54	1993	Chief Executive Officer NEBCO, Inc. Lincoln, Nebraska
Ariturk, Haluk	56	2002	Executive Vice President Ameritas Acacia Mutual Holding Company Bethesda, Maryland
Arth, Lawrence J.	61	1989	Chairman, President, & Chief Executive Officer Ameritas Acacia Mutual Holding Company Lincoln, Nebraska
Cook, Jr., William W.	68	1983	President and Chief Executive Officer Cook Investment, Inc. Beatrice, Nebraska
Getz, Bert A.	68	1990	Chairman Globe Corporation Scottsdale, Arizona
Knapp, James R.	69	1972	Chairman The Brookhollow Group Costa Mesa, California
McGuire, Patricia A.	52	1993	President Trinity University Washington, D.C.
McKenzie, Floretta D.	69	1989	Senior Advisor American Institute for Research Washington, D.C.
Ostergard, Tonn M.	45	2002	President & CEO Crete Carrier Corporation Lincoln, Nebraska
Quinn, Jr., Edward J.	64	1985	Chairman & CEO T. W. Perry Chevy Chase, Maryland
Schorr, III, Paul C.	68	1970	President & Chief Executive Officer ComCor Holding, Inc Lincoln, Nebraska
Silby, D. Wayne	56	1985	Co-Chairman Calvert Social Investment Foundation Bethesda, Maryland
Wade, Winston J.	66	1986	Retired Chief Executive Officer Media One – Malaysia Vice President Media One Aurora, Colorado
Willis, Robert M.	61	1997	President & COO McCarran Ferguson Captive Management, Inc. Washington, D.C.

All of the current Directors of Union Central, which is being reorganized into a Mutual Holding Company system, will serve as Directors of the Union Central Mutual Holding Company. The dates below indicate how long they have been associated with Union Central Life Insurance Company.

NAME	AGE	DIRECTOR SINCE	PRINCIPAL OCCUPATION
Anderson, James M.	63	1999	President & CEO Children's Hospital Medical Center Cincinnati, OH 45229
Cambron, Michael S.	61	2004	Senior Portfolio Manager Bartlett & Company Cincinnati, OH 45202
Finan, Richard H.	70	2001	Cincinnati, OH 45241
Fisher, Michael A.	45	2004	President & CEO Greater Cincinnati Chamber of Commerce Cincinnati, OH 45202-2812
Jacobs, John H.	58	1998	Chairman, President & CEO Union Central Life Insurance Cincinnati, Ohio
Kagler, William G.	73	1984	18 Hampton Lane Cincinnati, OH 45208-1957 *(We understand that Mr. Kagler will be retiring prior to the Effective Date)*
Leser, Lawrence A.	69	1988	Retired Chairman & CEO The E.W. Scripps Company Cincinnati, OH 45202 *(We understand Mr. Leser will be retiring prior to the Effective Date)*
Mastrianna, Ph.D., Francis V.	64	1986	Milford, OH 45150
Petry, Thomas E.	64	1981	Cincinnati, OH 45202
Pike, Larry R.	69	1989	Cincinnati, OH 45241
Powell, PhD., Myrtis H. Powell	66	1996	Cincinnati, OH 45236
Taft, Dudley S.	65	1977	President Taft Broadcasting Company Cincinnati, OH 45202
Tew, Jr., M.D., John M.	69	1985	Medical Director The Neuroscience Institute (University Hospital) Cincinnati, OH 45219-0724

INITIAL UNIFI BOARD OF DIRECTORS

At the Effective Date, the Board of Directors of UNIFI and AHC shall be comprised of all 14 of the current directors of Ameritas Acacia listed above. The remaining 11 board seats will be comprised of the current directors of Union Central listed above, excluding William G. Kagler and Lawrence A. Leser who will resign prior to the Effective Date. The Board of Directors of UNIFI and AHC will further be divided into three classes comprised as follows:

Class I (initial term expires 2008) –
James M. Anderson, Lawrence J. Arth, Bert A. Getz, John H. Jacobs, Floretta D. McKenzie, Larry R. Pike, Dudley S. Taft, Winston J. Wade, and Robert M. Willis.

Class II (initial term expires 2007) –
James P. Abel, Haluk Ariturk, Michael S. Cambron, Richard H. Finan, Michael A. Fisher, Francis V. Mastrianna, Tonn M. Ostergard, and Wayne D. Silby.

Class III (initial term expires 2006) –
William W. Cook, James R. Knapp, Patricia A. McGuire, Thomas E. Petry, Myrtis H. Powell, Ph.D., Edward J. Quinn, Jr., Paul C. Schorr, III, and John M. Tew, Jr., M.D.

RECOMMENDATIONS OF THE BOARD OF DIRECTORS

The Board of Directors of Ameritas Acacia unanimously recommends that Eligible Members vote "FOR" approval and adoption of the Plan of Merger and "FOR" approval of the amendments to the Articles of Incorporation at its Special Meeting. The Board believes that the Merger will result in a combined company that will be financially stronger and more efficient, and therefore, more competitive than either Company would be separately. The Board further believes that the Merger is in the best interests of Ameritas Acacia and is fair and equitable to and is expected to benefit and serve the best interest of Ameritas Acacia Members, as well as the policyholders of the various insurance subsidiaries, because, among other things: (i) the Merger is expected to result in significant expense savings over time through the consolidation of existing resources; (ii) the distribution system (i.e., the agency force) of the two existing insurance companies is expected to be larger and as a consequence more productive than either system is prior to the Merger; and (iii) the expanded product portfolio available to each of the various insurance companies is expected to reduce product development expenses while increasing distribution opportunities. There can be no assurance, of course, that the benefits anticipated to arise out of the Merger will in fact be achieved.

FINANCIAL STATEMENTS

AMERITAS ACACIA MUTUAL HOLDING COMPANY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2004 AND 2003
AND FOR THE YEARS THEN ENDED
AND INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ameritas Acacia Mutual Holding Company
Lincoln, Nebraska

We have audited the accompanying consolidated balance sheets of Ameritas Acacia Mutual Holding Company and subsidiaries (the Company) as of December 31, 2004 and 2003, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Ameritas Acacia Mutual Holding Company and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Lincoln, Nebraska
March 1, 2005

AMERITAS ACACIA MUTUAL HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31 2004	December 31 2003
ASSETS		
Investments:		
Fixed maturity securities held to maturity (fair value $389,635 - 2004, $437,106 - 2003)	$ 368,347	$ 407,358
Fixed maturity securities available for sale (amortized cost $2,452,072 - 2004, $2,425,705 – 2003)	2,555,274	2,528,562
Fixed maturity securities trading	20,624	-
Equity securities available for sale (cost $126,071 - 2004, $115,296 - 2003)	155,459	135,520
Equity securities trading	7,020	1,796
Loans receivable, net	1,530,388	1,410,736
Real estate, less accumulated depreciation ($18,044 - 2004, $34,230 - 2003)	40,815	76,104
Other investments	116,998	102,645
Total investments	4,794,925	4,662,721
Cash and cash equivalents	184,540	186,109
Accrued investment income	57,076	61,305
Deferred policy acquisition costs	282,253	290,349
Property and equipment, less accumulated depreciation ($61,396 - 2004, $57,045 - 2003)	47,246	42,770
Reinsurance receivable - affiliate	135	117
Current income taxes	8,482	-
Other assets	118,267	114,296
Separate accounts	2,666,204	2,487,043
Total assets	$ 8,159,128	$ 7,844,710

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AMERITAS ACACIA MUTUAL HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31 2004	December 31 2003
LIABILITIES AND EQUITY		
Policy and contract reserves	$ 849,887	$ 863,275
Policy and contract claims	47,012	54,586
Accumulated contract values	2,248,017	2,227,929
Unearned policy charges	14,000	13,109
Dividends payable to policyowners	17,120	17,687
Savings deposits	577,511	593,231
Note payable – affiliate	3,359	3,359
Borrowings	290,689	295,642
Current income taxes	-	4,254
Deferred income taxes	44,404	29,771
Other liabilities	163,546	158,267
Separate accounts	2,668,204	2,487,043
Total liabilities	6,921,749	6,748,153
COMMITMENTS AND CONTINGENCIES		
Minority interest in subsidiary	58,294	53,235
Retained earnings	1,123,764	993,884
Accumulated other comprehensive income	55,321	49,438
Total equity	1,179,085	1,043,322
Total liabilities and equity	$ 8,159,128	$ 7,844,710

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AMERITAS ACACIA MUTUAL HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Years Ended December 31	
INCOME:	2004	2003
Insurance revenues:		
Premiums:		
Life insurance	$ 66,971	$ 65,935
Accident and health insurance	350,154	351,507
Contract charges	140,739	135,349
Reinsurance, net	23,532	24,592
Reinsurance ceded allowance	11,928	12,638
Mutual fund management and related fees	90,807	78,273
Broker dealer revenues	45,834	46,322
Investment revenues:		
Net investment income	272,129	259,249
Realized gains (losses), net	74,203	(24,156)
Other	27,548	26,799
	1,103,845	976,508
BENEFITS AND EXPENSES:		
Policy benefits:		
Death benefits	50,170	48,457
Surrender benefits	27,038	25,493
Accident and health benefits	296,648	300,106
Interest credited	100,197	108,366
Change in policy and contract reserves	(11,988)	(14,512)
Policyowner dividends	24,514	25,639
Other	17,160	18,082
Sales and operating expenses	333,395	320,200
Interest expense	22,847	19,969
Amortization of deferred policy acquisition costs	45,512	34,983
	905,493	886,783
Income before income taxes, minority interest in earnings of subsidiary and cumulative effect of change in accounting principle	198,352	89,725
Income taxes – current	50,763	32,623
Income taxes – deferred	11,995	1,245
Total income taxes	62,758	33,868
Income before minority interest in earnings of subsidiary and cumulative effect of change in accounting principle	135,594	55,857
Minority interest in earnings of subsidiary	(5,108)	(5,781)
Income before cumulative effect of change in accounting principle	130,486	50,076
Cumulative effect of change in accounting principle (Note 1)	(606)	-
Net income	$ 129,880	$ 50,076

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AMERITAS ACACIA MUTUAL HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Years Ended December 31	
	2004	**2003**
Net income	$ 129,880	$ 50,076
Other comprehensive income, net of tax:		
Unrealized gains on securities:		
Unrealized holding gains arising during the period (net of deferred tax expense, $1,511 – 2004, $6,647 – 2003)	3,005	12,316
Reclassification adjustment for losses included in net income (net of deferred tax benefit, $1,607 – 2004, $6,781 – 2003)	2,985	12,595
Allocation to Closed Block policyholder dividend obligation (PDO) (net of deferred tax expense, $85 – 2004, $350 – 2003)	(158)	(651)
Minority interest	51	19
	5,883	24,279
Minimum pension liability adjustment (net of deferred tax expense, $0 –2004, $10,907 – 2003)	-	20,256
Other comprehensive income	5,883	44,535
Comprehensive income	$ 135,763	$ 94,611

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AMERITAS ACACIA MUTUAL HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)

	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
BALANCE, January 1, 2003	$ 943,808	$ 4,903	$ 948,711
Net unrealized investment activity, net	-	24,911	24,911
Minority interest in net unrealized investment activity, net of tax	-	19	19
Allocation to Closed Block PDO	-	(651)	(651)
Minimum pension liability adjustment	-	20,256	20,256
Net income	50,076	-	50,076
BALANCE, December 31, 2003	993,884	49,438	1,043,322
Net unrealized investment activity, net	-	5,990	5,990
Minority interest in net unrealized investment activity, net of tax	-	51	51
Allocation to Closed Block PDO	-	(158)	(158)
Net income	129,880	-	129,880
BALANCE, December 31, 2004	$ 1,123,764	$ 55,321	$ 1,179,085

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AMERITAS ACACIA MUTUAL HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31	
	2004	2003
OPERATING ACTIVITIES:		
Net Income	$ 129,880	$ 50,076
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	11,463	12,641
Amortization of deferred policy acquisition costs	45,512	34,983
Policy acquisition costs deferred	(39,409)	(40,559)
Interest credited to accumulated contract values	100,197	108,366
Amortization of discounts or premiums	(767)	(5,459)
Net realized (gains) losses on investment transactions	(73,203)	24,156
Cumulative effect of change in accounting principle (Note 1)	606	-
Unrealized (gain) loss on trading securities and equity method investments	(3,967)	821
Loans receivable held for sale	(708)	4,497
Deferred income taxes	11,995	1,245
Minority interest in earnings of subsidiary	5,108	5,781
Change in assets and liabilities:		
Fixed maturity securities trading	(19,669)	-
Equity securities trading	(4,751)	(1,644)
Accrued investment income	4,229	(691)
Current income taxes	(12,736)	13,158
Other assets	(3,989)	(4,233)
Policy and contract reserves	(11,960)	(13,290)
Policy and contract claims	(7,574)	7,488
Unearned policy charges	891	776
Dividends payable to policyowners	(567)	(505)
Other liabilities	4,511	1,803
Net cash from operating activities	135,092	199,410
INVESTING ACTIVITIES:		
Purchase of investments:		
Fixed maturity securities held to maturity	(75,383)	(25,076)
Fixed maturity securities available for sale	(379,280)	(936,675)
Equity securities available for sale	(49,506)	(50,664)
Loans receivable	(97,254)	(89,018)
Real estate	(2,277)	(17,155)
Other investments	(37,162)	(18,715)
Proceeds from sale of investments:		
Fixed maturity securities available for sale	59,302	88,765
Equity securities available for sale	41,198	51,161
Real estate	112,798	393

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AMERITAS ACACIA MUTUAL HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31	
	2004	2003
INVESTING ACTIVITIES (continued):		
Proceeds from maturities or repayment of investments:		
Fixed maturity securities held to maturity	$ 115,116	$ 136,035
Fixed maturity securities available for sale	289,733	431,620
Loans receivable	71,607	54,467
Other investments	20,863	18,610
Purchase of property and equipment	(21,768)	(26,503)
Proceeds from sale of property and equipment	9,486	12,759
Net change in loans on insurance policies	5,853	6,832
Net change in loans receivable from banking activities	(99,205)	(188,974)
Net cash from investing activities	(35,879)	(552,138)
FINANCING ACTIVITIES:		
Deposits credited to accumulated contract values	1,081,793	2,339,018
Withdrawals from accumulated contract values	(1,161,902)	(2,312,483)
Net change in savings deposits	(15,720)	137,297
Increase in borrowings	513,500	503,250
Net change in repurchase agreements	(20,944)	37,333
Repayment of borrowings	(497,509)	(456,172)
Net cash from financing activities	(100,782)	248,243
CHANGE IN CASH AND CASH EQUIVALENTS	(1,569)	(104,485)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	186,109	290,594
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 184,540	$ 186,109
Supplemental cash flow information:		
Cash paid for income taxes	$ 63,791	$ 19,589
Cash paid for interest	24,294	23,216

The accompanying notes to the consolidated financial statements are an integral part of these statements.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF OPERATIONS

Effective January 1, 1999, Ameritas Mutual Insurance Holding Company (AMIHC) and Acacia Mutual Holding Corporation (AMHC) merged to form Ameritas Acacia Mutual Holding Company (AAMHC) in a business combination accounted for as a pooling of interests. In addition, their two wholly owned subsidiaries, Ameritas Holding Company and Acacia Financial Group, Ltd., were merged to form Ameritas Holding Company (AHC). AHC wholly owns two stock life insurance companies, Ameritas Life Insurance Corp. (Ameritas) and Acacia Life Insurance Company (Acacia).

AAMHC is a mutual insurance holding company structure. Owners of designated policies issued by Ameritas and Acacia have membership interests in AAMHC, while contractual rights remain with each respective insurance company.

Ameritas' insurance operations consist of life and health insurance and annuity and pension contracts. Ameritas and its subsidiaries operate in all 50 states and the District of Columbia. Ameritas wholly owns First Ameritas Life Insurance Corp. of New York, an insurance subsidiary. Ameritas is also a majority owner of AMAL Corporation (AMAL), which wholly owns Ameritas Variable Life Insurance Company (AVLIC), Ameritas Investment Corp., a broker dealer, and The Advisors Group, Inc. (TAG), a broker dealer. Ameritas also conducts other diversified financial service related operations through the following wholly owned subsidiaries: Ameritas Investment Advisors, Inc., an advisor providing investment management services; and Pathmark Administrators Inc., formerly Pathmark Assurance Company which effective September 30, 2003 surrendered its insurance license and now operates as a third-party administrator.

Acacia's insurance operations consist of life and annuity products. Acacia and, prior to January 1, 2004, its wholly owned insurance subsidiary, Acacia National Life Insurance Company (ANLIC), operate in 47 states and the District of Columbia. Effective after the close of business at December 31, 2003, ANLIC was merged into Acacia. Non-insurance products and services are offered by Acacia Financial Corporation (AFCO), a wholly owned subsidiary of Acacia which is a holding company of several financial service companies. Principal subsidiaries of AFCO include: Calvert Group Ltd. (Calvert), a provider of investment advisory, management, and administrative services to The Calvert Group of mutual funds; and Acacia Federal Savings Bank (AFSB), a federally chartered savings bank. Prior to July 15, 2004, Acacia Realty Square, LLC (ARS), a wholly owned subsidiary of Acacia, owned and leased the former Acacia headquarters building to an unrelated party. Effective on July 15, 2004, ARS was dissolved as part of a real estate transaction involving the sale of the Acacia headquarters building.

BASIS OF ACCOUNTING AND PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements of Ameritas Acacia Mutual Holding Company and subsidiaries (the Company) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements include the accounts of AAMHC and its majority owned subsidiaries, but exclude the effects of all material intercompany transactions.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates susceptible to significant change include deferred policy acquisition costs, reserves, and income taxes.

RISKS AND UNCERTAINTIES

The Company operates in a business environment which is subject to various risks and uncertainties. Such risks and uncertainties include, but are not limited to, interest rate risk, market risk, credit risk and legal and regulatory changes.

Interest rate risk is the potential for interest rates to change, which can cause fluctuations in the value of investments, the liabilities for future policy benefits and the carrying amount of deferred policy acquisition costs. Market risk is the potential for market values to change, which can cause fluctuations in certain future policy benefits and contract charges. Credit risk is the risk that issuers of investments owned by the Company may default or that other parties may not be able to pay amounts due to the Company. The Company is also subject to various State and Federal regulatory authorities. The potential exists for changes in regulatory initiatives which can result in additional, unanticipated impacts to the Company.

RECLASSIFICATIONS

Certain items on the prior year financial statements have been reclassified to conform to current year presentation.

INVESTMENTS

The Company classifies its securities into categories based upon the Company's intent relative to the eventual disposition of the securities. The first category, held to maturity, is for fixed maturity securities which the Company has the positive intent and ability to hold to maturity. These securities are carried at amortized cost. The second category, available for sale, is for fixed maturity securities and equity securities that may be sold to address the liquidity and other needs of the Company. Securities classified as available for sale are carried at fair value on the balance sheet with unrealized gains and losses excluded from operations and reported as a component of accumulated other comprehensive income, net of related deferred policy acquisition costs and income tax effects. The third category, trading, is for fixed maturity securities and equity securities acquired for the purpose of selling them in the near term and are carried at fair value. Unrealized gains and losses on trading securities are reflected in net investment income. Realized investment gains and losses on sales of securities are determined on the specific identification method.

For mortgage-backed and asset-backed securities, the Company recognizes income using a constant effective yield based on anticipated prepayments and the estimated economic life of the securities. When estimates of prepayments change, the effective yield is recalculated to reflect actual payments to date and anticipated future payments and any resulting adjustment is included in net investment income.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

INVESTMENTS, (continued)

Loans receivable includes mortgage loans on real estate which are carried at amortized cost less an allowance for estimated uncollectible amounts, except impaired loans, which are measured at the present value of expected future cash flows, or alternatively, the loan's observable market price or the fair value of the collateral. Total impaired loans as of December 31, 2004 and 2003 and the associated interest income were not material. Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and the current economic conditions. Loans on insurance policies are also reported as loans receivable, and are recorded at the unpaid principal balance.

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Investment real estate owned directly by the Company is carried at cost less accumulated depreciation. Real estate acquired through foreclosure is carried at the lower of cost or fair value minus estimated costs to sell.

Other investments primarily include investments in venture capital partnerships accounted for using the cost or equity method, depending on ownership percentages, and investments in real estate limited partnerships and real estate limited liability companies accounted for on the equity method.

The Company records write-downs or allowances for its investments based upon an evaluation of specific investments. The Company reviews, on a continual basis, all invested assets to identify investments where the Company may have a decline in fair value below cost.

CASH EQUIVALENTS

The Company considers all highly liquid debt securities purchased with a remaining maturity of less than three months to be cash equivalents.

As of December 31, 2004 and 2003, the Company had investments classified as cash equivalents of $43,256 and $35,029 respectively, in various money market mutual funds to which Calvert is the advisor. These investments are recorded at their fair value based on net asset values.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost less accumulated depreciation. Property and equipment includes properties occupied by the Company, electronic data processing equipment, software, and furniture and equipment. The Company provides for depreciation of property and equipment using straight-line and accelerated methods over the estimated useful lives of the assets. Depreciation expense for property and equipment is included in sales and operating expenses on the statement of operations at $7,825 and $8,530 in 2004 and 2003, respectively.

SEPARATE ACCOUNTS

The Company operates separate accounts on which the earnings or losses accrue exclusively to policyowners. The assets (principally investments) and liabilities of each account are clearly segregated from other assets and liabilities of the Company. The separate accounts are an investment option for pension, variable life, and variable annuity products which the Company markets. Amounts are reported at fair value.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

SEPARATE ACCOUNTS, (continued)
AVLIC has a variable insurance trust (VIT). The Company offers the VIT as an investment option to policyowners through their separate accounts. The Company had separate account investments of $573,720 and $625,429 in the VIT as of December 31, 2004 and 2003, respectively. Affiliates of the Company provide investment advisory and administrative services to the VIT on a fee basis.

The Company offers Calvert Variable Series, Inc. (CVS) mutual funds, which are affiliates, to policyowners through the separate accounts. Separate account investments in mutual funds offered through CVS were $164,232 and $137,633 as of December 31, 2004 and 2003, respectively.

PREMIUM REVENUE AND BENEFITS TO POLICYOWNERS
PARTICIPATING AND TERM LIFE, ACCIDENT AND HEALTH AND ANNUITY
Participating life insurance products include those products with fixed and guaranteed premiums and benefits on which dividends are paid by the Company. Premiums on participating and term life products and certain annuities with life contingencies (immediate annuities) are recognized as premium revenue when due. Accident and health insurance premiums are recognized as premium revenue over the time period to which the premiums relate. Benefits and expenses are associated with earned premiums so as to result in recognition of profits over the premium-paying period of the contracts. This association is accomplished by means of the provision for liabilities for future policy benefits and the amortization of deferred policy acquisition costs.

UNIVERSAL LIFE-TYPE CONTRACTS
Universal life-type policies are insurance contracts with terms that are not fixed and not guaranteed. The terms that may be changed include one or more of the amounts assessed to the policyowner, premiums paid by the policyowner or interest accrued to the policyowner's balance. Amounts received as payments for such contracts are reflected as deposits in accumulated contract values and are not reported as premium revenues.

Revenues for universal life-type policies consist of charges assessed against policy account values for deferred policy charges, mortality risk expense, the cost of insurance and policy administration. Policy benefits and claims that are charged to expense include interest credited to contracts and benefit claims incurred in the period in excess of related policy account balances.

INVESTMENT CONTRACTS
Contracts that do not subject the Company to risks arising from policyowner mortality or morbidity are referred to as investment contracts. Deposit administration plans and certain deferred annuities are considered investment contracts. Amounts received as payments for such contracts are reflected as deposits in accumulated contract values and are not reported as premium revenues.

Revenues for investment products consist of investment income and policy administration charges. Contract benefits that are charged to expense include benefit claims incurred in the period in excess of related contract balances, and interest credited to contract balances.

(In thousands)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

RECOGNITION OF MUTUAL FUND MANAGEMENT AND RELATED FEES

Mutual fund management and related fees are accrued daily and consist of advisory, transfer agency, shareholder account servicing, distribution, and fees for services. Fees for advisory and administrative services provided to mutual funds are determined based on the net assets of the funds, the number of shareholder accounts and transactions, and sales, as contractually determined with the specific mutual fund. Fees for brokerage of depository accounts are negotiated with the respective banks and/or savings institutions and are accrued daily.

RECOGNITION OF BROKER DEALER REVENUES

Broker dealer revenues consist of commissions, underwriting income and service and advisory fees. Commissions are based on set rates and are recognized at the time the trade is executed. Underwriting income is recognized at the time the underwriting is completed and the income is reasonably determinable. Fees for general financial services and personal investment advisory services are recognized as they are earned.

DEFERRED POLICY ACQUISITION COSTS

Those costs of acquiring new business, which vary with and are directly related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums. Such costs include commissions, certain costs of policy issuance and underwriting, and certain agency expenses.

Costs deferred related to term life insurance are amortized over the premium-paying period of the related policies, in proportion to the ratio of annual premium revenues to total anticipated premium revenues. Such anticipated premium revenues are estimated using the same assumptions used for computing liabilities for future policy benefits.

Costs deferred related to participating life, universal life-type policies and investment contracts are generally amortized over the lives of the policies, in relation to the present value of estimated gross profits from mortality, investment and expense margins. The estimated gross profits are reviewed and adjusted periodically based on actual experience and changes in assumptions.

A roll-forward of the amounts reflected in the consolidated balance sheets as deferred policy acquisition costs is as follows:

	Years Ended December 31	
	2004	*2003*
Beginning balance	$ 290,349	$ 284,225
Change in accounting principle (Note 1)	(2,360)	-
Acquisition costs deferred	39,409	40,559
Amortization of deferred policy acquisition costs	(45,512)	(34,983)
Adjustment for unrealized investment loss	367	548
Ending balance	$ 282,253	$ 290,349

To the extent that unrealized gains or losses on available for sale securities would result in an adjustment of deferred policy acquisition costs had those gains or losses actually been realized, the related unamortized deferred policy acquisition costs are recorded as an adjustment to the unrealized investment gains or losses included in accumulated other comprehensive income.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

FUTURE POLICY AND CONTRACT BENEFITS

Liabilities for future policy and contract benefits for participating and term life contracts and additional coverages offered under policy riders are calculated using the net level premium method and assumptions as to investment yields, mortality, withdrawals and dividends. The assumptions are based on projections of past experience and include provisions for possible unfavorable deviation. These assumptions are made at the time the contract is issued. These liabilities are shown as policy and contract reserves.

Liabilities for future policy and contract benefits on universal life-type and investment contracts are based on the policy account balance, and are shown as accumulated contract values.

DIVIDENDS PAYABLE TO POLICYOWNERS

A portion of the Company's business has been issued on a participating basis. The amount of policyowners' dividends to be paid is determined annually by the respective insurance subsidiaries' Board of Directors.

INCOME TAXES

Beginning in 2004, AAMHC and its subsidiaries, with the exception of AMAL and its subsidiaries, will join in the filing of a life/non-life consolidated federal income tax return. Prior to 2004, AAMHC, AHC and the former AMIHC, with the exception of AMAL and its subsidiaries, joined in the filing of a consolidated federal income tax return with their common parent, Acacia and its wholly owned subsidiary, ANLIC, filed a life consolidated income tax return and AFCO and its wholly owned subsidiaries filed a non-life consolidated return.

An agreement among the members of each consolidated group generally provides for distribution of consolidated income tax results as if filed on a separate income tax return basis. The provision for income taxes includes amounts currently payable and deferred income taxes resulting from the cumulative differences in assets and liabilities determined on a tax return and financial statement basis at the current enacted tax rates.

The Company is subject to tax-related audits in the normal course of operations. In accordance with Financial Accounting Standards Board Statement No. 5, *Accounting for Contingencies* (FAS 5), the Company records a contingency for these tax-related matters when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company reviews its loss contingencies on an ongoing basis to ensure that the Company has appropriate reserves recorded on the balance sheet. These reserves are based on judgment made by management with respect to the likely outcome of these matters. The Company's judgment could change based on new information, Internal Revenue Service examinations and changes in laws or regulations.

Federal tax returns have been examined by the Internal Revenue Service (IRS) for the former AMIHC group, with the exception of AMAL and it subsidiaries, through 1998. The federal tax returns of AMAL and its subsidiaries have been examined by the IRS through 1995. Federal tax returns have been examined by the IRS for the former AMHC group through 1995. The IRS has notified AAMHC and its subsidiaries they plan to begin an examination for tax years 2002 and 2003 beginning in 2005.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

CREDIT RELATED FINANCIAL INSTRUMENTS

In the ordinary course of business, AFSB has entered into commitments to extend credit, including commitments under commercial letters of credit, standby letters of credit, and forward sales commitments of residential mortgages to various investors. Such financial instruments are recorded when they are funded.

RELATED PARTY TRANSACTIONS

The Company engages in various transactions with related parties. Transactions with related parties are not necessarily indicative of revenues and expenses which would have occurred had the parties not been related.

ACCOUNTING PRONOUNCEMENTS

VARIABLE INTEREST ENTITIES AND IMPLEMENTATION OF INTERPRETATION NO. 46

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46). FIN 46 defines a variable interest entity (VIE) as an entity where the (1) equity investment at risk is not sufficient for the entity to finance its activities without subordinated financial support or (2) equity holders do not have the characteristics of a controlling financial interest. It requires that the primary beneficiary consolidate the VIE. The primary beneficiary is identified as the party that absorbs the majority of the expected losses, receives a majority of the expected residual returns, or both, as a result of holding variable interests. FIN 46 also requires disclosure about variable interest entities that a company is not required to consolidate but in which it has a significant variable interest. The FASB issued a revised FIN 46 (FIN 46R) in December 2003 that, among other changes, deferred the effective date for applying the provisions of this interpretation. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after December 31, 2003 for non-public companies. The consolidation requirements of FIN 46R for non-public companies apply to existing entities in the first annual period beginning after December 15, 2004.

The Company has evaluated its investments and other interests in entities that may be VIEs under the provisions of FIN 46R. The Company holds limited partnership interests and member interests in various real estate limited partnerships and real estate limited liability companies (LLCs) that engage in the acquisition, development, management and disposal of real estate investments. Some of these investments are considered VIEs however, the Company is not required to consolidate any of these interests as it is not the primary beneficiary. At December 31, 2004 the total assets and liabilities of the entities identified as VIEs are approximately $76,900 and $45,500, respectively. The creditors of these entities have no recourse to the assets of the Company. The maximum exposure to loss represents the recorded investment in these real estate limited partnerships and LLCs totaling approximately $28,400.

The Company holds interests in limited partnerships that invest in low income housing projects that qualify for tax credits under the Internal Revenue Code. These housing projects are VIEs but the Company will not consolidate these partnerships as it is not the primary beneficiary. As of December 31, 2004, the total assets and liabilities of the partnerships are approximately $132,000 and $87,000, respectively. The creditors of these entities have no recourse to the assets of the Company. The maximum exposure to loss is the carrying value of $2,900 in these type of investments.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

ACCOUNTING PRONOUNCEMENTS, (continued)

GUARANTEED MINIMUM DEATH BENEFITS AND SEPARATE ACCOUNTS AND IMPLEMENTATION OF STATEMENT OF POSITION 03-1

On January 1, 2004, the Company adopted Statement of Position 03-1, *Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts* (SOP 03-1). SOP 03-1 addresses a number of topics; one of which is the accounting for contracts with guaranteed minimum death benefits (GMDB). As a result, the cumulative effect of the change in accounting principle from implementing SOP 03-1 was a loss of $606, after-tax ($932 pre-tax). It was comprised of a reduction of $1,428 (pre-tax) to policy and contract reserves and a decrease of $2,360 (pre-tax) to deferred policy acquisition costs. Prior period has not been restated as it is not permitted by SOP 03-1.

SOP 03-1 requires consideration of a range of potential results to estimate the cost of variable annuity death benefits and income benefits, which generally necessitates the use of stochastic modeling techniques. To maintain consistency with the assumptions used in the establishment of reserves for variable annuity guarantees, the Company utilized the results of this stochastic modeling to estimate expected gross profits, which form the basis for determining the amortization of deferred policy acquisition costs. This new modeling approach resulted in a lower estimate of expected gross profits, and therefore results in a write-down of deferred policy acquisition costs.

PENSION AND POSTRETIREMENT BENEFIT DISCLOSURES AND IMPLEMENTATION OF REVISED STATEMENT OF FINANCIAL ACCOUNTING STANDARD NO. 132(R)

In December 2003, the FASB issued revised Statement of Financial Accounting Standards No. 132, *Employers' Disclosures about Pensions and Other Postretirement Benefits* ("SFAS No. 132(R)"), that changes existing financial statement disclosure requirements for pension plans and for other postretirement benefit plans. It requires additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. The required information is to be provided separately for pension plans and for other postretirement benefit plans. SFAS No. 132(R) has been adopted by the Company in 2004.

MEDICARE PRESCRIPTION DRUG, IMPROVEMENT AND MODERNIZATION ACT AND FASB STAFF POSITION NO. 106-1 and 106-2

In January 2004, the FASB issued FASB Staff Position No. 106-1 (FSP No. 106-1), Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("Act"). The Act was signed into law in December 2003 and introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. The post-retirement benefit obligation and net periodic post-retirement benefit cost in the financial statements and accompanying notes do not reflect the effects of the Act on the Ameritas and Acacia plans. In accordance with the provisions of FSP No. 106-1, the Company elected to defer the recognition of the accounting impact of the Act as specific authoritative guidance on the accounting for the federal subsidy was pending and that guidance, when issued, could require the Company to change previously reported information.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

ACCOUNTING PRONOUNCEMENTS, (continued)

MEDICARE PRESCRIPTION DRUG, IMPROVEMENT AND MODERNIZATION ACT AND FASB STAFF POSITION NO. 106-1 and 106-2, (continued)

In May 2004, the FASB issued FASB Staff Position No. 106-2 (FSP No. 106-2), which supercedes FSP No. 106-1, to provide guidance on accounting for the effects of the Act to sponsors of postretirement health care plans that provide prescription drug benefits. FSP No. 106-2 requires reporting entities that 1) elected deferral under FSP No. 106-1 and 2) are able to determine if their plans are actuarially equivalent to recognize the impact of the Act no later than the first annual reporting period beginning after June 15, 2004. The measures of benefit obligations and net periodic postretirement benefit cost included in these financial statements do not reflect the effects of the Act. The Company does not expect the adoption of FSP No. 106-2 to have a material impact on the results of operations or balance sheet of the Company.

2. CLOSED BLOCK

Effective October 1, 1998 (the Effective Date) Ameritas formed a closed block (the Closed Block) of policies, under an arrangement approved by the Insurance Department of the State of Nebraska, to provide for dividends on policies that were in force on the Effective Date and which were within the classes of individual policies, for which Ameritas had a dividend scale in effect at the Effective Date. The Closed Block was designed to give reasonable assurance to owners of affected policies that the assets will be available to support such policies, including maintaining dividend scales in effect at the Effective Date, if the experience underlying such scales continues. The assets, including income thereon, will accrue solely to the benefit of the owners of policies included in the block until the block is no longer in effect.

The financial results of the Closed Block, while prepared in accordance with GAAP, reflect the provisions of the approved arrangement and not the actual results of operations and financial position. The arrangement provides for the level of expenses charged to the Closed Block, actual expenses related to the Closed Block operations are charged outside of the Closed Block; therefore, the contribution or loss from the Closed Block does not represent the actual operations of the Closed Block.

(in thousands)

2. CLOSED BLOCK, (continued)

Summarized financial information for the Closed Block included in the consolidated financial statements as of and for the years ended December 31, 2004 and 2003 is as follows:

	December 31	
	2004	2003
Liabilities:		
Policy and contract reserves	$ 255,226	$ 254,835
Policy and contract claims	1,837	1,591
Accumulated contract values	57,709	58,040
Dividends payable to policyowners	10,455	10,369
Other liabilities (including PDO $8,002 - 2004, $8,571 - 2003)	10,693	11,047
Total Closed Block liabilities	335,920	335,882
Assets:		
Fixed maturity securities held to maturity (fair value $53,439 - 2004; $78,800 - 2003)	50,242	67,466
Fixed maturity securities available for sale (amortized cost $162,045 - 2004; $143,949 - 2003)	169,555	151,216
Mortgage loans on real estate	43,311	41,384
Loans on insurance policies	32,981	34,598
Cash and cash equivalents	4,478	4,936
Accrued investment income	4,891	4,851
Deferred policy acquisition costs	7,878	8,289
Other assets	3,594	3,121
Total Closed Block assets	316,930	315,861
Excess of reported Closed Block liabilities over Closed Block assets	18,990	20,021
Increase in unrealized investment gains, net of tax	158	651
Allocation to policyowner dividend obligation, net of tax	(158)	(651)
Maximum future earnings to be recognized from Closed Block assets and liabilities	$ 18,990	$ 20,021

(in thousands)

2. CLOSED BLOCK, (continued)

		Years Ended December 31		
		2004		2003
Change in policyowner dividend obligation:				
Balance at beginning of period	$	8,571	$	7,888
Impact on net income before income taxes		(812)		(318)
Unrealized investment gains		243		1,001
Balance at end of period	$	8,002	$	8,571

		Years Ended December 31		
		2004		2003
Income:				
Premiums	$	14,537	$	14,775
Net investment income		18,268		19,024
Total Closed Block income		32,805		33,799
Benefits and expenses:				
Policy benefits		18,110		19,002
Policyowner dividends		10,788		10,425
Sales and operating expenses		2,154		2,259
Amortization of deferred policy acquisition costs		411		726
Total Closed Block benefits and expenses		31,463		32,412
Closed Block revenues, net of closed block benefits and expenses, before income taxes		1,342		1,387
Income taxes		311		592
Closed Block revenues, net of closed block benefits and expenses and income taxes	$	1,031	$	795

3. LIABILITIES FOR CONTRACT GUARANTEES

The Company offers various guaranteed death benefits to variable annuity policyowners including a return of no less than (1) the account value at death; (2) the sum of all premium payments less prior withdrawals; (3) the sum of all premium payments less prior withdrawals plus a minimum return minus a partial withdrawal adjustment; or (4) the highest account value on a specified anniversary date plus any premium payments since the anniversary minus any withdrawals following the anniversary and, in most cases, minus a partial withdrawal adjustment. The Company currently reinsures those death benefits greater than the sum of all premium payments less prior withdrawals.

The table below presents information regarding the Company's variable annuity contracts with guarantees. The Company's variable annuity contracts may offer more than one type of guarantee in each contract; therefore, the amounts listed are not mutually exclusive. For guarantees of amounts in the event of death, the net amount at risk is defined as the current guaranteed minimum death benefit in excess of the current account value at the balance sheet date.

(in thousands)

3. LIABILITIES FOR CONTRACT GUARANTEES, (continued)

		December 31, 2004
Return of Net Deposits		
Account value	$	1,761,326
Net amount at risk	$	69,176
Average attained age of policyowners		61
Return of Net Deposits Plus a Minimum Return		
Account value	$	31,297
Net amount at risk	$	404
Average attained age of policyowners		59
Highest Specified Anniversary Account Value Minus Withdrawals Post Anniversary		
Account value	$	1,170,955
Net amount at risk	$	4,704
Average attained age of policyowners		61

The following table summarizes the liabilities for guarantees on variable annuity contracts:

		Minimum Guaranteed Death Benefit
Balance at January 1, 2004	$	1,160
Less reinsurance recoverable		(53)
Net balance at January 1, 2004		1,107
Incurred guarantee benefits		1,507
Paid guarantee benefits		(1,593)
Net balance at December 31, 2004		1,021
Plus reinsurance recoverable		34
Balance at December 31, 2004	$	1,055

The liability for variable annuity death benefit guarantees is established equal to a benefit ratio multiplied by the cumulative contract charges earned, plus accrued interest less contract benefit payments. The benefit ratio is calculated as the estimated present value of all expected contract benefits divided by the present value of all expected contract charges. For guarantees in the event of death, benefits represent the current guaranteed minimum death payments in excess of the current account balance.

Projected benefits and contract charges used in determining the liability are based on models that involve a range of scenarios and assumptions, including those regarding expected market rates of return and volatility. The assumptions used are consistent with those used in determining estimated gross profits for purposes of amortizing deferred policy acquisition costs. The Company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised.

(in thousands)

3. LIABILITIES FOR CONTRACT GUARANTEES, (continued)

Assumptions used in determining the GMDB liability included:

- Data used were 50 deterministic scenarios derived from actual historical experience of the 20th century. For each 15 year period beginning with even numbered calendar years, historical returns reflected a 50% investment in equities (S&P 500 as the proxy), 35% in fixed income (Ibbotson LT Corporate Total Return) and 15% in cash (T-bills).
- Mortality was assumed to be 50% of the 1980 CSO table.
- Lapse rates varied by contract type and duration and range from 7.5% to 45%.

Variable and non-variable universal life-type contracts are sold with secondary guarantees that guarantee that the policy will not lapse, even if the account value is reduced to zero, as long as the policyowner makes scheduled premium payments. Although there was no method prescribed under GAAP for universal life secondary guarantee reserving until the issuance of SOP 03-1, the Company had been recording a reserve for these guarantees. At December 31, 2004 and 2003, the Company's estimated reserve for these guarantees was $1,335 and $1,750, respectively. Mortality assumptions reflect actual Company experience.

The Company has no deferred sales inducements at this time.

4. INVESTMENTS

Investment income summarized by type of investment is as follows:

	Years Ended December 31	
	2004	2003
Fixed maturity securities held to maturity	$ 28,032	$ 33,206
Fixed maturity securities available for sale	138,584	138,803
Fixed maturity securities trading	1,188	-
Equity securities available for sale	3,279	2,544
Equity securities trading	555	174
Loans receivable	90,345	81,158
Real estate	14,038	21,743
Other investments and cash and cash equivalents	16,741	11,322
Gross investment income	292,762	288,950
Investment expenses	20,633	29,701
Net investment income	$ 272,129	$ 259,249

The gain recognized during 2004 and 2003 on equity securities trading still held at December 31, 2004 and 2003 was $136 and $216, respectively. There were no losses recognized on equity securities trading still held at December 31, 2004 or 2003.

(in thousands)

4. INVESTMENTS, (continued)

Net pretax realized investment gains (losses) were as follows:

	Years Ended December 31 2004	2003
Net gains (losses) on disposals, including calls and writedowns, of investments		
Fixed maturity securities held to maturity	$ (909)	$ (341)
Fixed maturity securities available for sale	(2,587)	(17,761)
Equity securities available for sale	2,475	(1,369)
Real estate	78,742	203
Other investments	(3,438)	(4,831)
	74,283	(24,099)
Provisions for losses on investments		
Loans receivable	(62)	(89)
Other investments	(18)	32
Net pretax realized investment gains (losses)	$ 74,203	$ (24,156)

The Company recorded other than temporary impairments on fixed maturity securities and equity securities of $8,824 in 2004 and $18,148 in 2003. In addition, the Company recorded other than temporary impairments on other investments of $4,220 in 2004 and $6,431 in 2003.

On July 15, 2004, Acacia sold real estate property located at 51 Louisiana Avenue NW in the District of Columbia, which served as its former home office, to an unaffiliated third party. This property had been developed and leased to an unaffiliated third party by Acacia's subsidiary, ARS. Concurrent with the real estate sale in Acacia, ARS was dissolved, as there was no other activity in this limited liability corporation. The realized gain from the sale was $73,073.

Proceeds from sales of securities and gross gains and losses realized on those sales were as follows:

	Year Ended December 31, 2004 Proceeds	Gains	Losses
Fixed maturity securities available for sale	$ 59,302	$ 3,107	$ 3,814
Equity securities available for sale	41,198	5,123	2,636

	Year Ended December 31, 2003 Proceeds	Gains	Losses
Fixed maturity securities available for sale	$ 88,765	$ 3,200	$ 6,467
Equity securities available for sale	51,161	9,813	9,274

(In thousands)

4. INVESTMENTS, (continued)

The amortized cost and fair value of investments in securities by type of investment were as follows:

	December 31, 2004			
	Amortized	Gross Unrealized		Fair
	Cost	Gains	Losses	Value
Fixed maturity securities held to maturity				
U.S. corporate	$ 163,225	$ 11,322	$ 256	$ 174,291
Mortgage-backed	58,387	2,042	-	60,429
U.S. Treasury securities and obligations of U.S. government agencies	24,287	3,168	21	27,434
Foreign	122,448	5,690	657	127,481
Total fixed maturity securities held to maturity	$ 368,347	$ 22,222	$ 934	$ 389,635
Fixed maturity securities available for sale				
U.S. corporate	$ 1,319,863	$ 80,798	$ 5,325	$ 1,395,336
Mortgage-backed	463,789	7,972	1,309	470,452
Asset-backed	41,531	4,168	13	45,686
U.S. Treasury securities and obligations of U.S. government agencies	428,760	9,285	1,384	436,661
Foreign	198,129	10,241	1,231	207,139
Total fixed maturity securities available for sale	$ 2,452,072	$ 112,464	$ 9,262	$ 2,555,274
Equity securities available for sale	$ 126,071	$ 30,529	$ 1,141	$ 155,459

At December 31, 2004, the Company had fixed maturity securities with a carrying amount of $24,055 on deposit with various state insurance departments.

(In thousands)

4. INVESTMENTS, (continued)

	December 31, 2003			
	Amortized	*Gross Unrealized*		*Fair*
	Cost	*Gains*	*Losses*	*Value*
Fixed maturity securities held to maturity				
U.S. corporate	$ 205,582	$ 15,895	$ 1,620	$ 219,857
Mortgage-backed	86,980	3,940	1	90,919
Asset-backed	5,682	179	18	5,843
U.S. Treasury securities and obligations of U.S. government agencies	30,584	4,161	6	34,739
Foreign	78,530	7,258	40	85,748
Total fixed maturity securities held to maturity	$ 407,358	$ 31,433	$ 1,685	$ 437,106
Fixed maturity securities available for sale				
U.S. corporate	$1,349,322	$ 96,130	$ 11,443	$1,434,009
Mortgage-backed	460,441	7,555	2,157	465,839
Asset-backed	56,357	2,144	6,196	52,305
U.S. Treasury securities and obligations of U.S. government agencies	387,770	8,582	1,864	394,488
Foreign	171,815	11,003	897	181,921
Total fixed maturity securities available for sale	$2,425,705	$ 125,414	$ 22,557	$2,528,562
Equity securities available for sale	$ 115,296	$ 22,293	$ 2,069	$ 135,520

During 2000, the Company purchased $30,000 of corporate fixed maturity securities at par value from an affiliate. During 2001, the issuing company declared bankruptcy and the bonds were unpaid at maturity. The fair value of the fixed maturity securities available for sale as of December 31, 2003, was $31,049. During 2004, the Company settled these bonds and were paid in full after the issuing company emerged from bankruptcy.

(In thousands)

4. INVESTMENTS, (continued)

An aging of unrealized losses on the Company's investments in fixed maturity securities classified as held to maturity and available for sale and equity securities classified as available for sale as of December 31, 2004 is as follows:

	Less than 12 months		*12 months or more*		*Total*	
	Fair Value	*Unrealized Losses*	*Fair Value*	*Unrealized Losses*	*Fair Value*	*Unrealized Losses*
Fixed maturity securities:						
U.S. Corporate	$ 143,558	$ 1,863	$ 76,955	$ 3,718	$ 220,513	$ 5,581
Mortgage-backed	124,619	740	31,028	569	155,647	1,309
Asset-backed	137	-	785	13	922	13
U.S. Treasury securities and obligations of U.S. government agencies	129,763	1,168	10,462	237	140,225	1,405
Foreign	64,430	1,075	17,700	813	82,130	1,888
Total fixed maturity securities	462,507	4,846	136,930	5,350	599,437	10,196
Equity securities	6,183	500	4,510	641	10,693	1,141
Total	$ 468,690	$ 5,346	$ 141,440	$ 5,991	$ 610,130	$ 11,337

The Company regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Based on an evaluation of the prospects of the issuers, including, but not limited to, the company's intentions to sell or ability to hold the investments; the length of time and magnitude of the unrealized loss; and the credit ratings of the issuers of the investments in the above fixed maturity securities, the Company has concluded that the declines in the fair values of the Company's investments in fixed maturity securities at December 31, 2004 are temporary.

For substantially all equity securities above with an unrealized loss greater than 12 months, such unrealized loss was less than 20% of the Company's carrying value of each equity security. The Company considers various factors when considering if a decline in the fair value of an equity security is other than temporary, including but not limited to, the length of time and magnitude of the unrealized loss; the volatility of the investment; analyst recommendations and price targets; opinions of the Company's investment managers; market liquidity; and the Company's intentions to sell or ability to hold the investments. Based on an evaluation of these factors, the Company has concluded that the declines in the fair values of the Company's investments in equity securities at December 31, 2004 are temporary.

(in thousands)

4. INVESTMENTS, (continued)

The amortized cost and fair value of fixed maturity securities by contractual maturity at December 31, 2004 are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available for Sale		*Held to Maturity*	
	Amortized Cost	*Fair Value*	*Amortized Cost*	*Fair Value*
Due in one year or less	$ 112,425	$ 114,074	$ 22,595	$ 22,974
Due after one year through five years	567,618	597,693	101,004	107,283
Due after five years through ten years	842,195	879,121	128,986	134,991
Due after ten years	424,514	448,248	57,375	63,958
Mortgage-backed and asset-backed securities	505,320	516,138	58,387	60,429
Total	$2,452,072	$2,555,274	$ 368,347	$ 389,635

Loans receivable are summarized as follows:

	December 31	
	2004	*2003*
Residential mortgages	$ 612,307	$ 522,198
Commercial and commercial real estate mortgages	597,725	564,093
Construction loans	144,074	130,215
Consumer loans and others	26,096	38,026
Net deferred loan costs	2,494	2,236
Allowances for losses on loans	(5,390)	(4,972)
Loans on insurance policies	153,082	158,940
	$ 1,530,388	$ 1,410,736

The majority of the Company's residential and construction loans are with customers located in the Washington, D.C. metropolitan area. The ability of the Company's debtors to honor their contracts is dependent upon real estate valuation and general economic conditions in this area.

Commercial, commercial real estate, and construction loans are evaluated individually for impairment.

The Company requires collateral on residential real estate loans and originates loans generally with loan-to-value ratios of no greater than 80% at the time of origination, unless appropriate private mortgage insurance is obtained. For commercial real estate mortgages, the Company requires collateral on original loans with a loan-to-value ratio of no greater than 75% at the time of origination. The amount of collateral on non-real estate loans is based on management's credit assessment of the customer.

Loans held for sale at December 31, 2004 and 2003, were $2,649 and $1,941, respectively. These loans are included within the residential mortgage loans noted above.

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balance of mortgage and other loans serviced for others was $103,788 and $85,942, respectively, at December 31, 2004 and 2003.

(In thousands)

4. INVESTMENTS, (continued)

The activity in the allowance for loan losses is summarized as follows:

	Years Ended December 31	
	2004	2003
Balance, beginning of year	$ 4,972	$ 4,952
Net charge-offs	(35)	(69)
Provision for loan losses	453	89
Balance, end of year	$ 5,390	$ 4,972

5. SAVINGS DEPOSITS

Savings deposits include demand deposits of $127,912 and $128,155 and time deposits of $449,599 and $465,076, at December 31, 2004 and 2003, respectively. Time deposits with individual balances in excess of $100 totaled approximately $39,860 and $45,211, respectively, at December 31, 2004 and 2003. Interest on deposits paid by the Company totaled $14,573 in 2004 and $13,035 in 2003.

The scheduled maturities of the time deposits are summarized as follows:

	December 31, 2004
2005	$ 243,475
2006	119,412
2007	63,649
2008	12,430
2009	10,495
Thereafter	138
	$ 449,599

6. BORROWINGS

Borrowings consist of repurchase agreements and long-term debt.

The Company sells securities under agreements to repurchase as part of its banking operations. These repurchase agreements are classified as secured borrowings and generally mature within one to ninety days from the transaction date. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. The Company may be required to provide additional collateral based on the fair value of the underlying securities. Collateral for the repurchase agreements consists of mortgage-backed securities.

The Company's long term debt consists of fixed and floating rate long-term advances from the Federal Home Loan Bank (FHLB) of Atlanta and a mortgage loan in 2003 only.

The Company's total fixed-rate FHLB advances were $249,300 and $164,200 at December 31, 2004 and 2003, respectively. At December 31, 2004 and 2003, the interest rates on fixed-rate FHLB advances ranged from 2.38% to 7.94% and from 1.21% to 7.94%, respectively. At December 31, 2004 and 2003, the weighted average interest rate was 3.80% and 4.10%, respectively.

(in thousands)

6. BORROWINGS, (continued)

The Company's total floating rate FHLB advances were $33,000 at December 31, 2003. The Company had no floating rate FHLB advances at December 31, 2004. The floating rate is based on the FHLB of Atlanta's overnight deposit rate. At December 31, 2003, the interest rate on floating rate, FHLB advances was 1.15%.

Collateral for the Company's long-term FHLB advances consists of mortgage loans with principal balances totaling approximately $569,563 and $328,131 at December 31, 2004 and 2003, respectively.

In 1997, Acacia obtained a commitment to finance renovations to its headquarters building with a $40,000 mortgage loan from Northwestern Mutual Life Insurance Company (Northwestern). Interest-only payments, at 8.35%, were required through the completion of the renovation. In November 1999, the loan was converted to a permanent mortgage, with the home office property serving as collateral. Monthly principal and interest payments were due on the first day of each month until the mortgage expires and a balloon payment of $14,158 was due on June 1, 2014. The interest rate was fixed at 8.35%. Monthly payments were due to Northwestern in the amount of $354 with scheduled increases to $398 at November 1, 2011. This mortgage was paid off in July 2004 upon the sale of the real estate property.

During 2000, AMAL Corporation entered into an unsecured loan agreement to borrow up to $20,000 from its parents. The note was amended in 2002 to borrow up to $15,000 and came due August 15, 2003. At that time, the maturity date of the promissory note was amended to be August 13, 2004. During 2004, the promissory note was renewed until August 11, 2005. The note carries an interest rate of LIBOR plus 0.625% (2.90625% at December 31, 2004 and 1.8125% at December 31, 2003). The note payable–affiliate of $3,359 at December 31, 2004 and 2003 represents the amount due to AMAL Corporation's minority owner as the portion due to the Company's subsidiaries has been eliminated in consolidation.

Principal payments due on borrowings are as follows:

	December 31, 2004			
	Repurchase Agreements	*Fixed Rate Advances*	*Total*	*Note Payable-Affiliate*
Due in 2005	$ 41,389	$ 76,200	$ 117,589	$ 3,359
Due in 2006	-	35,400	35,400	-
Due in 2007	-	41,400	41,400	-
Due in 2008	-	41,400	41,400	-
Due in 2009	-	29,900	29,900	-
2010 and thereafter	-	25,000	25,000	-
Total borrowings	$ 41,389	$ 249,300	$ 290,689	$ 3,359

(In thousands)

7. INCOME TAXES

The items that give rise to deferred tax assets and liabilities relate to the following:

	Years Ended December 31	
	2004	2003
Net unrealized investment gains	$ 37,101	$ 24,566
Equity in subsidiaries	23,043	22,516
Deferred policy acquisition costs	74,719	78,906
Prepaid expenses	13,366	12,518
Other	6,416	5,400
Gross deferred tax liability	154,645	143,906
Future policy and contract benefits	73,776	72,766
Deferred future revenues	6,756	6,888
Policyowner dividends	5,988	6,184
Pension and post-retirement benefits	9,796	9,570
Policyholder dividend obligation	2,801	4,188
Other	10,841	9,612
Net operating/capital losses and credits	283	4,927
Gross deferred tax asset	110,241	114,135
Net deferred tax liability	$ 44,404	$ 29,771

The difference between the U.S. federal income tax rate and the consolidated tax provision rate is summarized as follows:

	Years Ended December 31	
	2004	2003
Federal statutory tax rate	35.00 %	35.00 %
Equity in subsidiaries	1.72	4.40
Tax credits	(0.79)	(2.07)
Release of federal income tax reserve	(4.00)	-
Other	(0.29)	.42
Effective tax rate	31.64 %	37.75 %

AVLIC has approximately $808 of gross capital loss carryforwards as of December 31, 2004. AVLIC's gross capital loss carryforward of approximately $138 and $670 will expire in 2005 and 2009, respectively.

The Company files income tax returns with the Internal Revenue Service and various state tax jurisdictions. From time to time, the Company is subject to routine audits by those agencies and those audits may result in proposed adjustments. The Company has considered the alternative interpretations that may be assumed by the various taxing agencies and believes its positions taken regarding its filings are valid. Based upon review of the Company's tax contingencies, the reserve held for tax related contingencies was reduced by $7,935 in 2004.

(in thousands)

8. EMPLOYEE AND AGENT BENEFIT PLANS

DEFINED BENEFIT PLAN

AHC sponsors a non-contributory defined benefit plan (the Plan or Pension Plan). The Plan was formerly sponsored by Ameritas as a non-contributory defined benefit pension plan covering substantially all employees of Ameritas and AMAL (Ameritas Plan). During 2000, the Ameritas Plan was merged with the Acacia Retirement Plan (Acacia Plan), sponsored by Acacia.

Upon the merger of the Ameritas and Acacia Plans, accumulated benefits of the Plan were frozen, and AHC became the Plan sponsor. While their pension plans were merged, the separate benefit formulas of the Ameritas Plan and Acacia Plan still exist within the Plan and are used to determine the amount of expense to allocate to the participating subsidiaries.

AHC uses a December 31 measurement date for its plans.

Obligations and Funded Status At December 31

	Pension Benefits	
	2004	*2003*
Projected benefit obligation	$ 108,322	$ 102,848
Fair value of plan assets	102,593	97,078
Funded status	(5,729)	(5,770)
Employer contributions	5,000	12,000
Benefit payments	8,006	7,341
Accumulated benefit obligation	94,537	90,477
Net periodic benefit cost	4,024	5,618
Amounts recognized in the balance sheet consist of:		
Prepaid benefit cost	$ 34,424	$ 33,448

Investment Policies And Strategies

The investment objective for the Plan shall be to maximize the real rate of return (adjusted for inflation) within prudent limits and with the diversity to which a prudent investor would adhere. At a minimum, the investment objective is to generate a positive real rate of return. The targeted total asset allocation mix between Equity and Fixed Income asset classes is 60% Equity and 40% Fixed Income. This allocation ratio should be maintained on a continuous basis with an allowable range of 45% to 65% in Equities and 35% to 55% in Fixed Income.

The long term expected return for the plan assets is 8%. The expected return was based on 10 years of historical data of Equity and Fixed Income benchmarks. It was also based on current market valuations and forecasted market returns. The allocation ranges are determined to be the most consistent at providing the expected return, limiting risk and covering the Plan's benefit obligation considering the size, duration, and nature of the Plan's obligations.

(in thousands)

8. EMPLOYEE AND AGENT BENEFIT PLANS, (continued)

DEFINED BENEFIT PLAN, (continued)
The actual allocation ratio was:

	Equities Affiliated	*Equities Unaffiliated*	*Fixed Income Affiliated*	*Fixed Income Unaffiliated*
2004	37.8%	22.3%	23.7%	16.2%
2003	40.6%	13.7%	25.5%	20.2%

A portion of the separate account assets is invested in mutual funds, which are advised by Calvert.

AHC made contributions to the retirement plan totaling $5,000 in 2004 and $12,000 in 2003. The Pension Plan is subject to the minimum funding requirements of ERISA. AHC's funding policy is to contribute annually an amount that satisfies the funding standard account requirements of ERISA. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. AHC is expected to contribute $3,300 to the plan in fiscal year 2005. The annual funding contributions are determined by the Plan's enrolled actuary. No voluntary contributions by participants were permitted.

Estimated Future Benefit Payments
The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Fiscal Year	*Amount*
2005	$ 7,605
2006	9,133
2007	8,643
2008	9,408
2009	11,297
2010 - 2014	53,194

Assumptions
Weighted-average assumptions used to determine benefit obligations and net periodic pension cost at December 31:

	Pension Benefits	
	2004	*2003*
Discount rate	6.00%	6.25%
Rate of compensation increase	4.50%	4.50%
Expected long term Rate of Return on Assets	8.00%	8.00%

At December 31, 2003, the accumulated benefit obligation did not exceed the fair value of the Plan assets. As a result, the Company reversed its 2002 recognition of the additional minimum pension liability, the deferred tax asset, and the intangible asset. Accounting for the minimum pension liability resulted in a credit of $20,256 in 2003 to accumulated other comprehensive income.

(in thousands)

8. EMPLOYEE AND AGENT BENEFIT PLANS, (continued)

DEFINED CONTRIBUTION PLANS

Substantially all full-time employees and agents participate in defined contribution plans sponsored by AHC. Company matching contributions under the defined contribution plan ranged from 0.5% to 3.0% in 2004 and 2003. In addition, AHC makes an additional contribution of 6.0% of the participants' eligible compensation on a quarterly basis. Contributions by AHC to the employee and agents defined contribution plans were $5,867 and $6,018 in 2004 and 2003, respectively.

The defined contribution plan's assets also include investments in a deposit administration contract with Ameritas and investments in two pension separate accounts of Ameritas. The carrying value of the assets of the Plan invested in Ameritas and its separate accounts were approximately $170,849 and $153,442 at December 31, 2004 and 2003, respectively. A portion of the separate account assets is invested in mutual funds, which are advised by Calvert.

POST-RETIREMENT BENEFIT PLANS

Ameritas provides certain health care benefits to retired employees. For associates eligible to retire at January 1, 2000, these benefits are a specified percentage of premium until age 65 and a flat dollar amount thereafter. For associates eligible for retirement after January 1, 2000, benefits will be provided until the associate becomes eligible for Medicare. Employees become eligible for these benefits upon the attainment of age 55, 15 years of service and participation in the Ameritas medical plan for the immediately preceding five years.

Acacia also provides certain life insurance and medical benefits to employees who retired before December 31, 1992.

Ameritas and Acacia use a December 31 measurement date for their plans.

Obligations and Funded Status

	Ameritas		*Acacia*	
	2004	*2003*	*2004*	*2003*
Benefit obligation	$ 7,537	$ 4,179	$ 14,050	$ 14,796
Fair value of plan assets	2,713	2,385	-	-
Funded status	(4,823)	(1,794)	(14,050)	(14,796)
Employer contributions	505	415	-	-
Participant contributions	277	283	218	215
Benefit payments	757	725	1,301	1,217
Net periodic benefit cost	414	138	645	526

Amounts recognized in the balance sheet consist of:

	Ameritas		*Acacia*	
	2004	*2003*	*2004*	*2003*
Accrued benefit cost	$ 2,953	$ 3,218	$ 18,061	$ 18,499

Plan assets are invested in 100% fixed income investments. The expected rate of return on these investments is 6%.

(In thousands)

8. EMPLOYEE AND AGENT BENEFIT PLANS, (continued)

POST-RETIREMENT BENEFIT PLANS, (continued)

Estimated Future Benefit Payments

The following net benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Expected Net Benefit Payments	
Fiscal Year	*Ameritas*	*Acacia*
2005	$ 537	$ 1,127
2006	559	1,131
2007	585	1,120
2008	604	1,094
2009	622	1,059
2010 – 2014	3,119	4,684

Assumptions

Weighted-average assumptions used to determine post retirement benefit obligations at December 31:

	Ameritas		*Acacia*	
	2004	*2003*	*2004*	*2003*
Discount rate	6.00%	6.25%	6.00%	6.25%
Expected long term rate of return on assets	6.00%	7.50%	N/A	N/A

Assumed Health Care Trend rates at December 31

	Ameritas		*Acacia*	
	2004	*2003*	*2004*	*2003*
Health care cost trend rate assumed for next year	8.0%	9.0%	8.0%	9.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%	5.0%	5.0%
Year that rate reaches the ultimate trend rate	2008	2008	2008	2008

OTHER PLANS

Separate supplemental retirement agreements totaling approximately $22,000 and $21,000 included in other liabilities at December 31, 2004 and 2003, respectively, cover certain active and retired employees. These plans are unfunded.

9. REGULATORY MATTERS

Combined net income of the Company's insurance subsidiaries, as determined in accordance with statutory accounting practices prescribed or permitted by the Insurance Departments of the states of Nebraska, New York and the District of Columbia, as applicable, was $117,026 for 2004 and $46,607 for 2003 and combined statutory surplus was $941,089 and $811,343 at December 31, 2004 and 2003, respectively. Insurance companies are required to maintain a certain level of surplus to be in compliance with state laws and regulations. Surplus is monitored by state regulators to ensure compliance with risk based capital requirements.

(in thousands)

9. REGULATORY MATTERS, (continued)

Under statutes of the Insurance Departments of Nebraska, New York, and the District of Columbia, the amount of dividends payable to stockholders are limited.

AFSB is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on AFSB. As of September 30, 2003, the most recent notification from AFSB's bank regulator categorized AFSB as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed AFSB's category.

10. REINSURANCE

The effect of reinsurance on premiums earned is as follows:

	Years Ended December 31	
	2004	2003
Assumed	$ 79,454	$ 85,213
Ceded	(55,922)	(60,621)
Reinsurance, net	$ 23,532	$ 24,592

The Company is not relieved of its primary liability in the event that a reinsurer is unable to meet the obligations ceded under the reinsurance agreement.

AmerUs Life Insurance Company (AmerUs), a minority owner of AMAL, through assumption reinsurance, has assumed approximately 99% of AVLIC's equity indexed annuity business as of December 31, 2004 and 2003. A receivable of $135 and $117 as of December 31, 2004 and 2003, respectively, from this affiliate supports the remaining co-insurance obligation. As a condition to assumption reinsurance, certain states have required that AVLIC remain contingently liable in the event the assuming reinsurer is unable to fulfill its obligations. AVLIC was contingently liable for $5,832 and $10,504 of additional reserves as of December 31, 2004 and 2003, respectively.

(In thousands)

11. POLICY AND CONTRACT CLAIMS

The change in the liability for unpaid accident and health claims and claim adjustment expenses is summarized as follows:

	Years Ended December 31	
	2004	2003
Balance at January 1	$ 41,277	$ 39,023
Reinsurance reserves, net	(11,372)	(12,703)
	29,905	26,320
Incurred related to:		
Current year	261,896	262,464
Prior year	(9,786)	(7,943)
Total incurred	252,110	254,521
Paid related to:		
Current year	236,832	232,559
Prior year	20,119	18,377
Total paid	256,951	250,936
	25,064	29,905
Reinsurance reserves, net	9,955	11,372
Balance at December 31	35,019	41,277
Life insurance policy and contract claims	11,993	13,309
Total policy and contract claims	$ 47,012	$ 54,586

As a result of favorable settlement of prior years' estimated claims, the provision for claims and claim adjustment expenses decreased by $9,786 and $7,943 for the years ended December 31, 2004 and 2003, respectively.

12. COMMITMENTS AND CONTINGENCIES

LEASES

Acacia and affiliates lease office space and equipment under operating leases that expire at various dates through 2015. Rent expense was $6,427 for 2004 and $6,730 for 2003. Future minimum payments under noncancellable operating leases consist of the following:

	December 31, 2004
2005	$ 6,290
2006	5,914
2007	5,658
2008	2,709
2009	2,625
Thereafter	5,396
	$ 28,592

LINE OF CREDIT

At December 31, 2004, Ameritas and Acacia each have an unsecured line of credit available in the amount of $15,000 and $10,000, respectively. No balance was outstanding at any time during 2004 or 2003.

(In thousands)

12. COMMITMENTS AND CONTINGENCIES, (continued)

OFF BALANCE SHEET INSTRUMENTS

Financial Instruments - Commitments on financial instruments were as follows:

	December 31	
	2004	2003
Securities commitments	$ 57,550	$ 35,354
Loan and real estate commitments	44,903	74,020
Unfunded commitments under lines of credit	112,687	109,120

These commitments have been made in the normal course of business. The Company's exposure to credit loss is represented by the contractual notional amount of these instruments. The Company uses the same credit policies and collateral requirements in making commitments and conditional obligations as it does for on-balance sheet instruments.

Commitments to extend credit are agreements to lend to a customer based upon the customer's fulfilling certain conditions as established in the loan agreement. These conditions are dependent on the type of loan. Commitments to extend credit under consumer lines of credit are generally dependent upon payments in accordance with the loan agreement. Adherence to the loan agreement as to prompt payment is also required for commercial and construction lines of credit. In addition, most of these credit lines require that collateral be identified and evaluated according to the terms of the loan agreement in order for additional amounts to be advanced. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Commitments for lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements

In the normal course of business the Company's brokerage activities involve, principally through its clearing firm, various securities transactions. These activities may expose the Company to off balance sheet risk in the event the customer or clearing firm is unable to fulfill its contractual obligations.

Derivative Financial Instruments – AFSB utilizes interest rate caps for asset liability management purposes, and these transactions involve both credit and market risk. The notional amounts are amounts on which calculations and payments are based. Notional amounts do not represent direct credit exposure. Direct credit exposure is limited to the net difference between the calculated amounts to be received and paid, if any.

In 2003, AFSB had an interest rate cap which expired in June 2003. The interest rate cap was used to mitigate some aspects of its interest rate risk exposure. Interest rate caps are options contracts that modify or reduce interest rate risk in exchange for a purchase premium when the contract is issued. The notional amount on which the premium and/or any interest payments are based is not exchanged. In particular, the cap contracts will increase in value as interest rates increase, partly offsetting the market value losses that the underlying financial instruments would experience. There is no interest payment due from AFSB's counterparty unless the actual index rate exceeds the cap rate. In that case the counterparty (the Federal Home Loan Bank of Atlanta) would pay quarterly to AFSB the excess of the actual rate over the cap rate times the notional amount.

No interest rate caps were carried on the books at December 31, 2004 and 2003.

12. COMMITMENTS AND CONTINGENCIES, (continued)

STATE LIFE AND HEALTH GUARANTY FUNDS

As a condition of doing business, all states and jurisdictions have adopted laws requiring membership in life and health insurance guaranty funds. Member companies are subject to assessments each year based on life, health or annuity premiums collected in the state. In some states these assessments may be applied against premium taxes. The Company has estimated its costs related to past insolvencies and has provided a reserve included in other liabilities of $1,641 and $1,446 as of December 31, 2004 and 2003, respectively.

LITIGATION

From time to time, the Company and its subsidiaries are subject to litigation in the normal course of business. Management does not believe that the Company is party to any such pending litigation which would have a material adverse affect on its financial statements or future operations.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosures are made regarding fair value information about certain financial instruments for which it is practicable to estimate fair value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates, in many cases, could not be realized on immediate settlement of the instrument. All nonfinancial instruments are excluded from disclosure requirements.

Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The fair value estimates presented herein are based on pertinent information available to management as of December 31, 2004 and 2003. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date; therefore, current estimates of fair value may differ significantly from the amounts presented herein.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for each class of financial instrument for which it is practicable to estimate a value:

> *Fixed maturity securities* - For publicly traded securities, fair value is determined using an independent pricing source. For securities without a readily ascertainable fair value, the value has been determined using an interest rate spread matrix based upon quality, weighted average maturity and U.S. Treasury yields.
>
> *Equity securities* - Fair value is determined using prices from an independent pricing source.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS, (continued)

Loans receivable - For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values for fixed rate loans are estimated using a discounted cash flow analyses at interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for nonperforming loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Other investments - Fair value for venture capital partnerships is estimated based on values as last reported by the partnership and discounted for their lack of marketability. Real estate partnerships are carried on the equity method and are excluded from the fair value disclosure.

Cash and cash equivalents, reinsurance receivable – affiliate and accrued investment income - The carrying amounts approximate fair value due to the short maturity of these instruments.

Accumulated contract values - Funds on deposit with a fixed maturity are valued at discounted present value using market interest rates. Funds on deposit which do not have fixed maturities are carried at the amount payable on demand at the reporting date, which approximates fair value.

Savings deposits - The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts, and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Borrowings - The carrying amounts of borrowings under repurchase agreements, and other short-term borrowings maturing within ninety days, approximate their fair values. The fair values of long-term borrowings are estimated using discounted cash flow analyses based on current incremental borrowing rates for similar types of borrowing arrangements.

Note payable - affiliate - As the note payable - affiliate is a variable rate note that reprices frequently, fair value is based on the carrying amount.

Separate account assets and liabilities - The fair value of separate account assets are based upon quoted market prices. Separate account liabilities are carried at the fair value of the underlying assets.

Commitments - The estimated fair value of commitments approximates carrying amount because the fees currently charged for these arrangements and the underlying interest rates approximate market.

(in thousands)

13. FAIR VALUE OF FINANCIAL INSTRUMENTS, (continued)

Estimated fair values are as follows:

	December 31			
	2004		2003	
	Carrying Amount	*Fair Value*	*Carrying Amount*	*Fair Value*
Financial assets:				
Fixed maturity securities:				
Held to maturity	$ 368,347	$ 389,635	$ 407,358	$ 437,106
Available for sale	2,555,274	2,555,274	2,528,562	2,528,562
Trading	20,624	20,624	-	-
Equity securities:				
Available for sale	155,459	155,459	135,520	135,520
Trading	7,020	7,020	1,796	1,796
Loans receivable	1,530,388	1,559,862	1,410,736	1,438,572
Other investments	70,172	65,752	60,688	58,660
Cash and cash equivalents	184,540	184,540	186,109	186,109
Accrued investment income	57,076	57,076	61,305	61,305
Reinsurance receivable - affiliate	135	135	117	117
Assets related to separate accounts	2,666,204	2,666,204	2,487,043	2,487,043
Financial liabilities:				
Accumulated contract values excluding amounts held under insurance contracts	1,470,654	1,479,012	1,466,409	1,478,469
Savings deposits	577,511	574,923	593,231	594,749
Borrowings	290,689	289,461	295,642	303,191
Note payable - affiliate	3,359	3,359	3,359	3,359
Liabilities related to separate accounts	2,666,204	2,666,204	2,487,043	2,487,043

14. SUBSEQUENT EVENT

In January 2005, the Boards of Directors of AAMHC and The Union Central Life Insurance Company (Union Central) voted to merge their mutual insurance holding companies in a business combination accounted for as a pooling of interests. Union Central is currently organized as a mutual insurance company. Union Central will form a mutual holding company which will simultaneously merge with AAMHC to form UNIFI Mutual Holding Company. UNIFI Mutual Holding Company will be a Nebraska domiciled company located in Lincoln, Nebraska. The intermediate holding company, AHC, will continue with the same name and remain under the laws of the State of Nebraska. The merger is anticipated to be effective late in 2005 subject to various approvals.

Ameritas Acacia Mutual Holding Company and Subsidiaries

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004

AMERITAS ACACIA MUTUAL HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)
UNAUDITED

	March 31 2005	December 31 2004
ASSETS		
Investments:		
Fixed maturity securities held to maturity, at amortized cost	$ 370,669	$ 368,347
Fixed maturity securities available for sale, at fair value	2,504,929	2,555,274
Fixed maturity securities trading, at fair value	23,607	20,624
Equity securities, at fair value	182,603	162,479
Loans receivable	1,583,619	1,530,388
Real estate, less accumulated depreciation	46,439	40,815
Other investments	124,866	116,998
Total investments	4,836,732	4,794,925
Cash and cash equivalents	154,745	184,540
Accrued investment income	55,955	57,076
Deferred policy aquisition costs	299,464	282,253
Other assets	167,495	174,130
Separate accounts	2,613,561	2,666,204
Total assets	$ 8,127,952	$ 8,159,128
LIABILITIES AND EQUITY		
Future policy benefits	908,930	910,899
Accumulated contract values	2,240,219	2,248,017
Savings deposits	646,176	577,511
Note payable - affiliate	3,359	3,359
Borrowings	271,530	290,689
Other liabilities	205,947	225,070
Separate accounts	2,613,561	2,666,204
Total liabilities	6,889,722	6,921,749
Minority interest in subsidary	59,386	58,294
Retained earnings	1,144,134	1,123,764
Accumulated other comprehensive income	34,710	55,321
Total equity	1,178,844	1,179,085
Total liabilities and equity	$ 8,127,952	$ 8,159,128

AMERITAS ACACIA MUTUAL HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)
UNAUDITED

	For the Three Months Ended March 31	
	2005	2004
INCOME:		
Insurance revenues		
Premiums	$ 104,667	$ 104,233
Contract charges	35,371	34,119
Reinsurance, net	6,153	7,339
Reinsurance ceded allowance	2,479	2,712
Mutual fund management and related fees	24,031	21,906
Broker dealer revenues	11,573	11,870
Net investment income	65,255	64,585
Realized gains, net	5,944	987
Other	6,605	6,676
	262,078	254,427
BENEFITS AND EXPENSES:		
Policy benefits	126,616	126,663
Sales and operating expenses	82,622	84,880
Interest expense	6,713	5,096
Amortization of deferred policy acquisition costs	11,074	13,288
	227,025	229,927
Income before income taxes and minority interest in earnings of subsidiary	35,053	24,500
Income taxes	13,314	8,769
Income before minority interest in earnings of subsidiary	21,739	15,731
Minority interest in earnings of subsidiary	(1,367)	(817)
Net income	$ 20,372	$ 14,914

CONSOLIDATED FINANCIAL STATEMENTS

THE UNION CENTRAL LIFE INSURANCE COMPANY AND SUBSIDIARIES

YEARS ENDED DECEMBER 31, 2004 AND 2003 WITH REPORT OF INDEPENDENT AUDITORS

THE UNION CENTRAL LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003

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Report of Independent Auditors

To the Board of Directors of
The Union Central Life Insurance Company

We have audited the accompanying consolidated balance sheets of The Union Central Life Insurance Company and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Union Central Mortgage Funding, Inc, a wholly-owned subsidiary, which statements reflect 2.3% and 9.5% of total consolidated pre-tax income for the years ended 2004 and 2003, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Union Central Mortgage Funding, Inc., is based solely on the report of other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Union Central Life Insurance Company and subsidiaries at December 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Ernst + Young LLP

February 8, 2005

THE UNION CENTRAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2004	December 31, 2003
ASSETS		
Investments:		
Fixed maturities available-for-sale at fair value (amortized cost: 2004 - $3,365,283 and 2003 - $3,365,149)	$ 3,448,772	$ 3,448,932
Other fixed maturities	13,236	24,260
Equity securities available-for-sale at fair value (cost: 2004 - $16,681 and 2003 - $59,810)	17,475	63,077
Other equity securities	4,135	13,803
Cash and short-term investments	15,840	5,958
Other invested assets	32,647	32,926
Mortgage loans held-for-investment	512,292	508,655
Mortgage loans held-for-sale	107,020	18,996
Amounts receivable under repurchase agreement	71,730	36,457
Real estate	10,056	11,272
Policy loans	142,611	144,037
Total investments	4,375,814	4,308,373
Accrued investment income	47,646	46,126
Deferred policy acquisition costs	370,223	358,632
Property, plant and equipment, at cost, less accumulated depreciation (2004 - $94,522 and 2003 - $86,040)	37,871	41,904
Federal income tax recoverable	4,972	--
Receivable for securities	105,709	7,904
Other assets	403,421	291,224
Separate account assets	2,095,848	1,809,545
Total assets	$ 7,441,504	$ 6,863,708
LIABILITIES AND EQUITY		
Policy liabilities:		
Future policy benefits	$ 4,028,737	$ 4,003,852
Deposit funds	114,896	119,116
Policy and contract claims	28,982	37,126
Policyholders' dividends	8,398	9,152
Total policy liabilities	4,181,013	4,169,246
Deferred revenue	50,990	60,902
Payable for securities	107,086	185
Warehouse line of credit	84,565	18,970
Other liabilities	133,241	99,768
Federal income tax payable	--	895
Deferred federal income tax liability	17,020	8,928
Surplus notes payable	49,810	49,801
Obligation under repurchase agreement	71,041	36,257
Separate account liabilities	2,095,848	1,809,545
Total liabilities	6,790,614	6,254,497
EQUITY		
Policyholders' equity	650,505	606,984
Accumulated other comprehensive income	385	2,227
Total equity	650,890	609,211
Total liabilities and equity	$ 7,441,504	$ 6,863,708

The accompanying notes are an integral part of the financial statements.

THE UNION CENTRAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands)

	December 31, 2004	December 31, 2003
REVENUE		
Insurance revenue:		
Traditional insurance premiums	$ 113,805	$ 117,285
Universal life policy charges	61,657	63,291
Annuities	32,336	31,854
Net investment income	242,634	252,776
Net realized gains on investments	7,910	29,151
Fee income	23,969	24,885
Other	8,384	9,208
Total revenue	490,695	528,450
BENEFITS AND EXPENSES		
Benefits	114,654	112,058
Increase in reserves for future policy benefits	993	4,942
Interest expense:		
Universal life	63,438	72,754
Investment products	71,603	77,885
Underwriting, acquisition and insurance expense	168,721	198,169
Policyholders' dividends	11,629	13,740
Total benefits and expenses	431,038	479,548
Income before federal income tax expense	59,657	48,902
Federal income tax expense	16,136	16,051
Net Income	$ 43,521	$ 32,851

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Organization

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) and include the accounts of The Union Central Life Insurance Company (Union Central) and the following subsidiaries: Summit Investment Partners, Inc., wholly-owned, a registered investment advisor; Carillon Investments, Inc., wholly-owned, a registered broker-dealer that offers investment products and related services through its registered representatives; Payday of America, LLC, wholly-owned, a payroll company (as detailed below, Union Central sold the assets of Payday of America, LLC in 2004); PRBA, Inc., wholly-owned, the holding company of a pension administration company; Summit Investment Partners, LLC, wholly-owned, a registered investment advisor and Union Central Mortgage Funding, Inc, a mortgage banking business. Fee based revenues of the consolidated subsidiaries was included in "Fee Income" in the Consolidated Statements of Income. The Company also consolidated the following mutual funds due to its level of ownership in these funds: the Summit Apex High Yield Bond Fund; the Summit Apex TSI Fund; the Summit Pinnacle Lehman Aggregate Bond Index Portfolio and the Summit Apex EAFE International Index Fund. The consolidated company will be referred to as "the Company". The holdings of the consolidated Summit mutual funds are reported at fair value in "Other fixed maturities" and "Other equity securities" in the Balance Sheets. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements. In addition, Summit Mutual Funds, Inc., a registered investment company, is an investment affiliate of Union Central.

On January 1, 2004, the Company adopted Statement of Position 03-1 "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts". The impact of adoption was immaterial.

The Company will adopt FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") on January 1, 2005. The impact of adoption is not anticipated to be material. In 1996, the Company created a collateralized bond obligation through the formation of a trust in which the Company is the primary beneficiary. The trust issued debt securities to lenders. As of December 31, 2004, $65,668,000 of debt securities were outstanding. Upon the adoption of FIN 46, the Company anticipates consolidation of the collateralized bond obligation will be required. The maximum exposure to loss to the Company as a result of the activities of the collateralized bond obligation was $13,348,000 as of December 31, 2004, which represented the Company's investment in the collateralized bond obligation.

During 2004, the Company sold Family Enterprise Institute, Inc., a wholly-owned subsidiary. A $1,600 after-tax gain was recorded as a result of the sale.

During 2004, the Company completed the sale of Payday of America, LLC's assets to Paycor, Inc., in exchange for common stock of Paycor, Inc. The net after-tax impact from recording the sale was a reduction in net income of $3,467,000. The operating activities of Payday of America, LLC had ceased as of December 31, 2004.

The Company provides a wide spectrum of financial products and related services for the benefit of individual, group and pension policyholders. Such products and services include insurance to provide for financial needs resulting from loss of life or income and management of funds accumulated for preretirement and retirement needs.

The Company is licensed to do business in all 50 states.

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Investments

Fixed maturity and equity securities classified as available-for-sale are carried at fair value with net unrealized gains and losses reported as other comprehensive income or loss. Other fixed maturity and equity securities represent the underlying assets of consolidated mutual funds and are carried at fair value with changes in fair value recorded in net investment income.

Other investments are reported on the following bases:

- Mortgage loans on real estate are carried at their aggregate unpaid balance less unamortized discount or plus unamortized premium and less an allowance for possible losses. Mortgage loans held for sale are mortgages the Company intends to sell. Mortgage loans held for sale are stated at lower of aggregate cost or market. The amount, by which cost exceeds market value, if any, is accounted for as a valuation allowance. Changes in the valuation allowance are included in the determination of net income in the period of change.
- Real estate acquired through foreclosure is carried at the lower of cost or its net realizable value.
- Policy loans are reported at unpaid balances.
- Cash and short-term investments consist of cash-in-bank, cash-in-transit and commercial paper that has a maturity date of 90 days or less from the date acquired.
- Receivable for securities represents amounts due from brokers resulting from securities that were sold at the end of the year, but the proceeds have not been received at the balance sheet date.
- Payable for securities represents amounts due to brokers resulting from securities purchased at the end of the year for which payment has not been made at the balance sheet date.

The Company's carrying values of investments in limited partnerships are adjusted to reflect the GAAP earnings of the investments underlying the limited partnership portfolios.

The fair values of fixed maturity and equity securities represent quoted market values from published sources or calculated market values using the "yield method" if no quoted market values are obtainable.

Realized gains and losses on sales of investments are recognized on a specific identification basis. Realized losses due to the recognition of declines in the value of investments judged to be other-than-temporary are recognized on a specific identification basis.

Interest is not accrued on mortgage loans or bonds for which principal or interest payments are determined to be uncollectible.

The Company enters into repurchase agreements to economically hedge the interest rate risk associated with funded mortgage loans held for sale that have not yet been sold. Based on the terms of the repurchase agreements, the transactions are considered collateralized loans in accordance with Statement of Financial Accounting Standard No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". The Company had $71,041,000 and $36,257,000 in outstanding repurchase agreements for the years ended December 31, 2004 and 2003, respectively. As the Company sold the collateral that was pledged to the Company, a liability has been recognized in "Obligation under repurchase agreement" in the Consolidated Balance Sheets to reflect the obligation to return the collateral. Also, the Company recognized a receivable representing the cash it lent under the terms of the repurchase agreement, which totaled $71,730,000 and $36,457,000 for the years ended December 31, 2004 and 2003, respectively, and was reflected in "Amounts receivable under repurchase agreement" in the Consolidated Balance Sheets.

The Company has entered into reverse repurchase agreements whereby the Company sells securities and simultaneously agrees to repurchase the same or substantially the same securities. Reverse repurchase agreements are accounted for as collateralized borrowed money with the amount received for the securities recorded in "Other liabilities" in the Consolidated Balance Sheets. At December 31, 2004, the Company had reverse repurchase agreements outstanding with a total carrying value of $24,555,000. There were no repurchase agreements outstanding as of December 31, 2003.

The Company purchases and sells call options to hedge insurance contracts whose credited interest is linked to returns in Standard & Poor's 500 Stock Index (Index) based on a formula which applies participation rates to the returns in the Index. Call options are contracts, which give the option purchaser the right, but not the obligation, to buy securities at a specified price during a specified period. The Company holds call options which expire monthly until December 1, 2005. The Company paid and received initial fees (the option premium) to enter the option contracts. The purchased Index call options give the Company the right to receive cash at settlement if the closing Index value is above the strike price, while the sold index call options require the Company to pay cash at settlement if the closing Index value is above the strike price. The Company sells call options to effectively offset the proceeds the Company would receive on its purchased call options that represent a return above the amount that would be credited to insurance contracts electing a capped return in the Index.

The Company is exposed to credit-related losses in the event of nonperformance by counter-parties to the call options. To minimize this risk, the Company only enters into private options contracts with counterparties having Standard & Poor's credit ratings of AA- or above or listed contracts guaranteed by the Chicago Board Options Exchange. The credit exposure is limited to the value of the call options of $6,083,000 at December 31, 2004.

The call options are carried at their fair value, and are reflected in "Other invested assets" in the Consolidated Balance Sheets. The liabilities for the hedged insurance contracts are adjusted based on the market value of the call options, and are reflected in "Deposit funds" in the Consolidated Balance Sheets. The liabilities for the hedged insurance contracts were adjusted based on the returns in Standard & Poor's 500 Stock Index, and were reflected in "Deposit funds" in the Consolidated Balance Sheets. The notional amount of the call options at December 31, 2004 and 2003 was $50,574,000 and $31,128,000, respectively.

In 2004 and 2003, the Company entered into interest rate swap agreements with a notional value of $35,000,000 and $125,000,000, respectively, with Morgan Stanley, Bank One and Deutsche Bank. The purpose of the interest rate swap agreements was to hedge interest rate risk associated with specifically identified bonds within the Company's investment portfolio. The interest rate swap agreements were categorized as and met the criteria of effective fair value hedges. Under the interest rate swap agreements, the Company paid a fixed rate and received a floating interest rate. The objective of the interest rate swaps was to offset any change in value of the bonds due to market interest rate fluctuations. The Company is exposed to credit-related losses in the event of nonperformance by the counter-parties to the interest rate swaps. To minimize this risk, the Company only enters into private contracts with counterparties having Standard & Poor's credit ratings of AA- or above or listed contracts guaranteed by the Chicago Board Options Exchange. The credit exposure is limited to the value of the interest rate swaps of $317,000 at December 31, 2003. The Company is required to make semi-annual interest payments based on the fixed rate inherent in the interest rate swaps. Settlement of gain or loss under the interest rate swaps occurs upon termination. The financing cost of the interest rate swaps excluded from the assessment of hedge effectiveness totaled $307,000 and $592,000 in 2004 and 2003, respectively, and was recorded in "Net investment income" in the Consolidated Statements of Income.

The change in value of the interest rate swaps was accounted for consistently with the hedged bonds. During 2004 and 2003, $75,000,000 and $85,000,000, respectively, of the notional value of the interest rate swap agreements was terminated, leaving no notional value as of December 31, 2004. In 2004 and 2003, respectively, a pre-tax gain of $262,000 and $603,000 was realized upon the terminations of the agreements and was recorded in "Net investment income" in the Consolidated Statements of Income.

In 2004 and 2003, the Company entered into one-month swap agreements with Deutsche Bank and Morgan Stanley to hedge the change in value of a portion of its investments in certain Summit Mutual Fund, Inc. mutual funds. (See Note 2 for further detail of the Company's investments in these funds.) The notional amount of the swap agreements is set based on the amount of the Company's investments in the mutual funds that it determines to hedge. Under the swap agreements, the Company pays or receives the total return of the associated indexes during the term of the swap agreements, and receives interest income on the notional amount of the swap agreements that approximates prevailing short-term rates. The Company records the change in value of its swap agreements and investments in the unconsolidated hedged Summit mutual funds in earnings. The swap agreements were designated and qualified as fair value hedges.

For the years ended December 31, 2004 and 2003, the swap agreements offset unrealized gains of $301,000 and $0, respectively, and pre-tax realized gains of $440,000 and $2,138,000, respectively, that the Company incurred in the hedged mutual funds. Swap agreements with a notional value of $4,200,000 and $0 were outstanding as of December 31, 2004 and 2003, respectively.

In 2004, the Company entered into interest rate swap agreements with a notional value of $75,000,000 at December 31, 2004, with Morgan Stanley and Bank One. The swap agreements are carried at their fair value and are reflected in "Other invested assets" in the Consolidated Balance Sheets. The purpose of the interest rate swap agreements was to hedge interest rate risk associated with a pool of commercial mortgage loans held for sale. Under the interest rate swap agreements, the Company paid a fixed rate and received a floating interest rate. The objective of the interest rate swaps is to offset any change in value due to market interest rate fluctuations of the pool of commercial mortgage loans prior to the sale. The loss in fair value of the swap agreements of $1,153,000 and financing costs of $737,000 was recorded in "Net investment income" in the Consolidated Statements of Income. The interest rate swap agreements were not designated as hedging instruments.

The Company enters into loan commitments in association with originating commercial mortgage loans that are held for sale. The loan commitments are accounted for as derivative instruments. The loan commitments are marked to fair value based on estimates of fluctuations in market interest rates for comparable mortgage loans from loan commitment dates. The loan commitments are typically hedged with repurchase agreements.

Deferred Policy Acquisition Costs

The costs of acquiring new business, principally commissions, certain expenses of the policy issue and underwriting department and certain variable agency expenses have been deferred. Deferred policy acquisition costs are amortized consistent with the methods described in "Policy Liabilities, Revenues, Benefits and Expenses". Amortization of deferred policy acquisition costs totaled $56,351,000 and $69,019,000 for the years ended December 31, 2004 and 2003, respectively, and were included in "Underwriting, acquisition and insurance expense" in the Consolidated Statements of Income. Deferred policy acquisition costs are adjusted to reflect the impact of unrealized gains and losses on available-for-sale securities. Adjustments decreasing deferred policy acquisition costs related to unrealized gains and losses totaled $36,783,000 and $40,765,000 at 2004 and 2003, respectively.

In 2004 and 2003, the Company revised its estimates of future gross profits, and as a result amortization of deferred policy acquisition costs included in "Underwriting, acquisition and insurance expense" in the Consolidated Statements of Income increased (decreased) ($5,969,000) and $2,563,000 for the years ended 2004 and 2003, respectively.

Property, Plant and Equipment

Property, plant and equipment is valued at historical cost less accumulated depreciation in the Consolidated Balance Sheets. It consists primarily of Union Central's home office, furniture and fixtures and electronic data processing equipment.

Depreciation is computed with the straight-line method over the estimated useful lives of the respective assets, not to exceed 10 years for office furniture and 3 years for electronic data processing equipment. Depreciation is computed for leasehold improvements with the straight-line method over the shorter of the remaining lease term or useful life of the improvements.

Capitalization of Software Costs

Software development costs of $3,891,000 and $3,352,000 were capitalized in 2004 and 2003, respectively. Amortization expense of $4,204,000 and $5,283,000, respectively, was recorded to "Underwriting, acquisition and insurance expense" in the Consolidated Statements of Income in 2004 and 2003. Depreciation is computed with the straight-line method over the estimated useful life of the software, not to exceed 5 years.

Deposit Funds

The liability for deposit funds is generally established at the policyholders' accumulated cash values plus amounts provided for guaranteed interest.

Policy Claim Reserves

Policy claim reserves represent the estimated ultimate net cost of all reported and unreported claims incurred. In addition, a claim adjustment expense reserve is held to account for the expenses associated with administering these claims. The reserves for unpaid claims are estimated using individual case basis valuations and statistical analyses. The claim adjustment expense reserve is estimated using statistical analyses. These estimates are subject to the effects of trends in claim severity and frequency. Although some variability is inherent in such estimates, management believes that the reserves for claims and claim related expenses are adequate. The estimates are reviewed and adjusted as experience develops or new information becomes known and such adjustments are included in current operations.

Dividends to Policyholders

The Company's dividend liability is the amount estimated to have accrued to policyholders' as of each year-end. Insurance in force receiving dividends accounted for 6.19% and 5.63% of total insurance in force at December 31, 2004 and 2003, respectively.

Separate Accounts

Separate account assets and liabilities reported in the accompanying financial statements (excluding seed money provided by the Company) represent funds that are separately administered for the individual annuity, group annuity and variable universal life lines of business, and for which the contract holders rather than the Company bear the investment risk. Separate account contract holders have no claim against the assets of the general account of the Company. Separate account investments are carried at market value. Investment income and gains and losses from these accounts accrue directly to contract holders and are not included in the accompanying financial statements. Union Central derives certain fees for maintaining and managing the separate accounts, but bears no investment risk on these assets, except to the extent that it participates in a particular separate account. On assets transferred to the separate accounts, the Company recognized interest income of $37,846,000 and $22,455,000 and investment gains of $172,762,000 and $327,660,000 for the years ending December 31, 2004 and 2003, respectively. The interest income and investment gains were offset by the increase in separate account liabilities within the same line item in the Consolidated Statements of Income.

The Company issues variable annuity contracts through the separate accounts where the Company contractually guarantees to the contract holder total deposits made to the contract less any partial withdrawals. This guarantee only includes benefits that are payable in the event of death. The total separate account assets and liabilities for policies with a minimum guaranteed death benefit were $365,042,000 and $335,182,000 as of December 31, 2004 and 2003, respectively, and were composed of mutual funds. Death claims incurred and paid as a result of the minimum guaranteed death benefit totaled $146,000 and $325,000 for the years ended December 31, 2004 and 2003, respectively. The Company had $15,649,000 of net amount at risk involving the minimum guaranteed death benefit on variable annuities as of December 31, 2004. The weighted average attained age for contract holders with a minimum guaranteed death benefit was 57 years old as of December 31, 2004.

Policy Liabilities, Revenues, Benefits and Expenses

Traditional Insurance Products

Traditional insurance products include those products with fixed and guaranteed premiums and benefits and consist primarily of whole life insurance policies, term insurance policies and disability income policies. Premiums for traditional products are recognized as revenue when due.

The liability for future policy benefits for participating traditional life is computed using a net level premium method and the guaranteed mortality and dividend fund interest. The mortality and interest assumptions are equivalent to statutory assumptions. The liabilities for future policy benefits and expenses for nonparticipating traditional life policies and disability income policies are generally computed using a net level premium method and assumptions for investment yields, morbidity, and withdrawals based principally on experience projected at the time of policy issue, with provision for possible adverse deviations. Interest assumptions for participating traditional life reserves for all policies ranged from 2.5% to 6.0% for the years ended 2004 and 2003.

The costs of acquiring new traditional business, principally commissions, certain policy issue and underwriting expenses (such as medical examination and inspection report fees) and certain agency expenses, all of which vary with and are primarily related to the production of new and renewal business, are deferred to the extent that such costs are deemed recoverable through future gross premiums. Such non-participating deferred acquisition costs are amortized over the anticipated premium paying period of the related policies, generally not to exceed the premium paying lifetime of the policies using assumptions consistent with those used to develop policy benefit reserves. For participating life insurance products, deferred policy acquisition costs are amortized in proportion to estimated gross margins of the related policies. Gross margins are determined for each issue year and are equal to premiums plus investment income less death claims, surrender benefits, administrative costs, policyholder dividends, and the increase in reserves for future policy benefits. The future investment yields are assumed to range from 5.7%

to 8.2% and from 6.1% to 8.3% for the years ended 2004 and 2003, respectively. Changes in dividend payouts are assumed with changes in yields.

Universal Life and Other Interest Sensitive Products

Interest sensitive products include universal life, single premium whole life and annuity products. They are distinguished by the existence of a separately definable fund that is credited with interest and from which any policy charges are taken. Revenues for these products consist of policy charges for the cost of insurance, policy administration charges, and surrender charges that have been assessed against policyholder account balances during the period.

Benefit reserves for universal life and other interest sensitive products are computed in accordance with the retrospective deposit method and represent policy account balances before applicable surrender charges. Policy benefits that are charged to expense include benefit claims incurred in the period in excess of related policy account balances and interest credited to account balances. Interest crediting rates ranged from 2.8% to 7.0% and from 4.5% to 6.5% for the years ended 2004 and 2003, respectively.

The cost of acquiring universal life and other interest sensitive products, principally commissions, certain policy issue and underwriting expenses (such as medical examination and inspection report fees) and certain agency expenses, all of which vary with and are primarily related to the production of new and renewal business, are deferred to the extent that such costs are deemed recoverable through future estimated gross profits. Acquisition costs for universal life and other interest sensitive products are amortized over the life of the policies in proportion to the present value of expected gross profits from surrender charges and investment, mortality and expense margins. The amortization is adjusted retrospectively when estimates of current or future gross profits (including the impact of investment gains and losses) to be realized from a group of products are revised.

Amounts assessed policyholders that represent revenue for services to be provided in future periods are reported as unearned revenue and recognized in income over the life of the policies, using the same assumptions and factors as are used to amortize deferred acquisition costs. These charges consist of policy fees and premium loads that are larger in the initial policy years than they are in the later policy years. Amortization of unearned revenue totaled $15,341,000 and $10,558,000 for the years ended December 31, 2004 and 2003, respectively, and was included in "Universal life policy charges" in the Consolidated Statements of Income.

In 2004 and 2003, the Company revised its estimates of future gross profits, and as a result amortization of unearned revenue included in "Universal life policy charges" in the Consolidated Statements of Income was increased by $3,396,000 and $3,161,000 for the years ended 2004 and 2003, respectively.

Group Products

Group products consist primarily of group life insurance, and group long and short term disability income products. Premiums for group insurance products are recognized as revenue when due.

The liabilities for future policy benefits and expenses for group life and disability income products are computed using statutory methods and assumptions, which approximate net level premium reserves using assumptions for investment yields, mortality, and withdrawals based principally on company experience projected at the time of policy issue, with provisions for possible adverse deviations. Interest assumptions are based on assumed investment yields that ranged from 6.6% to 8.3% and 7.5% to 8.3% for the years ended 2004 and 2003, respectively.

Pension Products

Pension products include deferred annuities and payout annuities. Revenues for the deferred annuity products consist of investment income on policy funds, mortality and expense charges, contract administration fees, and surrender charges that have been assessed against policyholder account balances. Expenses for deferred annuity products include the interest credited on policy funds and expenses incurred in the administration and maintenance of the contracts. For payout annuities, premiums are recognized as revenue when due while expenses exclude the interest credited on policy funds.

Benefit reserves for the deferred annuity contracts represent the policy account balances before applicable surrender charges. Interest assumptions on payout annuities are based on assumed investment yields that ranged from 2.0% to 8.0% for the years ended 2004 and 2003.

Commissions and other related costs of acquiring annuity contracts that vary with and are primarily related to the production of new and renewal business are deferred to the extent that such costs are deemed recoverable through future estimated gross profits. Acquisition costs are amortized over the life of the contracts in direct proportion to the present value of expected gross profits from surrender charges and investment and expense margins. The amortization is adjusted retrospectively when estimates of current or future gross profits (including the impact of investment gains or losses) to be realized on a group of contracts are revised.

Reinsurance

Reinsurance premiums and claims are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums and benefits are reported net of reinsured amounts.

Federal Income Taxes

The Company accounts for income taxes using the liability method for financial accounting and reporting of income taxes. Under this method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying the applicable tax rate to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

Reclassifications

Previously reported amounts for 2003 have in some instances been reclassified to conform to the 2004 presentation.

NOTE 2 – INVESTMENTS

Available-for-sale securities are summarized as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
		(in thousands)		
December 31, 2004:				
U.S. treasury securities and obligations of U.S. government corporations and agencies	$ 34,931	$ 171	$ (154)	$ 34,948
Corporate securities and other	2,386,810	86,339	(5,939)	2,467,210
Mortgage-backed securities, collateralized mortgage obligations and other structured securities	943,542	10,864	(7,792)	946,614
Subtotal	3,365,283	97,374	(13,885)	3,448,772
Equity securities	16,681	856	(62)	17,475
Total	$3,381,964	$ 98,230	$ (13,947)	$3,466,247

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
		(in thousands)		
December 31, 2003:				
U.S. treasury securities and obligations of U.S. government corporations and agencies	$ 40,314	$ 354	$ --	$ 40,668
Corporate securities and other	2,045,679	97,063	(11,937)	2,130,805
Mortgage-backed securities, collateralized mortgage obligations and other structured securities	1,279,156	16,882	(18,579)	1,277,459
Subtotal	3,365,149	114,299	(30,516)	3,448,932
Equity securities	59,810	3,616	(349)	63,077
Total	$3,424,959	$ 117,915	$ (30,865)	$3,512,009

Fixed maturity available-for-sale securities, at December 31, 2004, are summarized by stated maturity as follows:

	Amortized Cost	Fair Value
	(in thousands)	
Due in one year or less	$ 44,604	$ 45,380
Due after one year through five years	332,600	346,360
Due after five years through ten years	1,151,657	1,192,823
Due after ten years	727,189	745,260
Subtotal	2,256,050	2,329,823
Mortgage-backed securities	943,601	946,679
Other securities with multiple repayment dates	165,632	172,270
Total	$3,365,283	$3,448,772

Significant components of the unrealized gain on available-for-sale securities included in "Accumulated other comprehensive income" in the accompanying Consolidated Balance Sheets are as follows:

	Year Ended December 31, 2004	Year Ended December 31, 2003
	(in thousands)	
Gross unrealized gain on available-for-sale securities	$ 84,283	$ 87,050
Amortization of deferred policy acquisition costs	(36,783)	(40,765)
Deferred tax liability	(16,625)	(16,199)
Net unrealized gain on available-for-sale securities	$ 30,875	$ 30,086

A summary of available-for-sale securities with unrealized losses along with the related fair value, aggregated by the length of time that investments have been in a continuous loss position, is as follows (in thousands):

	December 31, 2004					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturity securities	$ 932,256	$ (10,548)	$ 208,180	$ (3,337)	$1,140,436	$ (13,885)
Equity securities	33	(15)	1,860	(47)	1,893	(62)
Total	$ 932,289	$ (10,563)	$ 210,040	$ (3,384)	$1,142,329	$ (13,947)

	December 31, 2003					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturity securities	$ 905,114	$ (22,451)	$ 107,960	$ (8,065)	$1,013,074	$ (30,516)
Equity securities	74	(4)	347	(345)	421	(349)
Total	$ 905,188	$ (22,455)	$ 108,307	$ (8,410)	$1,013,495	$ (30,865)

The unrealized losses in both 2004 and 2003 reported above were primarily caused by the effect of the interest rate environment on certain securities with stated interest rates currently below market rates, and as such, are temporary in nature. Certain securities also experienced declines in fair value that were due in part to credit-related considerations. Upon review of the economic circumstances underlying these securities, the Company determined that such declines were temporary in nature. Therefore, the Company does not believe the unrealized losses on available-for-sale investments represent an other-than-temporary impairment as of December 31, 2004 and December 31, 2003.

See Note 9 for discussion of the methods and assumptions used by the Company in estimating the fair values of available-for-sale securities.

Investments in bonds on deposit with state insurance departments to satisfy regulatory requirements are carried at fair value and totaled $3,325,000 and $3,498,000, at December 31, 2004 and 2003, respectively.

Proceeds, gross realized gains, and gross realized losses from the sales and maturities of available-for-sale securities follows:

	Year Ended December 31, 2004	Year Ended December 31, 2003
	(in thousands)	
Proceeds	$2,415,601	$3,352,138
Gross realized gains	35,895	69,271
Gross realized losses	16,064	28,000

In 2004, the Company completed the sale of mortgage-backed securities with a book value of $285,000,000 to a third party in conjunction with a securitization transaction anticipated to occur in 2005.

A summary of the characteristics of the Company's mortgage portfolio follows:

	December 31, 2004		December 31, 2003	
	Carrying Amount	Percent of Carrying Amount	Carrying Amount	Percent of Carrying Amount
		(in thousands)		
Region				
New England and Mid-Atlantic	$ 42,272	6.8%	$ 31,354	5.9%
South Atlantic	134,944	21.8	97,623	18.5
North Central	114,090	18.4	102,113	19.4
South Central	56,338	9.2	46,756	8.9
Mountain	128,959	20.8	116,578	22.1
Pacific	142,709	23.0	133,227	25.2
Total	$ 619,312	100.0%	$ 527,651	100.0%
Property Type				
Apartment and residential	$ 35,772	5.8%	$ 35,805	6.8%
Warehouses and industrial	135,800	21.9	110,028	20.8
Retail and shopping center	209,921	33.9	178,264	33.8
Office	166,510	26.9	149,828	28.4
Other	71,309	11.5	53,726	10.2
Total	$ 619,312	100.0%	$ 527,651	100.0%

In 2002, the Company sold commercial mortgage loans with a book value of $186,686,000 to Morgan Stanley. Relative to the sale, the Company has agreed to repurchase mortgage loans which are secured by properties that do not have terrorism insurance in place, in the event the properties are subjected to a terrorist attack resulting in a loss. As of December 31, 2004, the maximum potential exposure to the Company is $3,400,000. It is management's opinion that the probability of loss related to this commitment is remote due to the nature and location of the properties.

At December 31, 2004 and 2003, respectively, an interest-only strip asset of $1,387,000 and $2,085,000 was recorded in "Other invested assets" in the Consolidated Balance Sheets. During 2004, the Company recognized a pre-tax realized loss of $305,000 recorded in "Net realized gains (losses) on investments" in the Consolidated Statements of Income and a reduction of the interest-only strip asset of $305,000 due to the prepayment of mortgage loans previously sold to third parties. The realized loss and reduction of the interest-only strip asset represented the present value of compensation related to mortgage loans previously sold to third parties that the Company would have received over the life of the mortgage loans. Amortization expense of $393,000 and $518,000 was recorded in "Net investment income" in the Consolidated Statements of Income for the years ended December 31, 2004 and 2003, respectively.

In 2004 the Company recorded a pre-tax realized loss of $335,000 representing the difference between net collateral value and book value on two mortgage loans held for investment with a book value of $1,637,000. The Company recognized and collected interest totaling $161,000 during 2004 on the two mortgage loans.

The Company has a $100 million warehouse finance facility from a bank. This facility bears interest at prime (5.25% at December 31, 2004 and 4.00% at December 31, 2003) or LIBOR (2.56% at December 31, 2004 and 1.12% at December 31, 2003) plus 1.00%. $84,565,000 and $18,970,000 was outstanding under this facility at December 31, 2004 and December 31, 2003, respectively, and was recorded in "Other liabilities" in the Consolidated Balance Sheets. Outstanding borrowings on the Company's warehouse finance facilities are collateralized by commercial mortgage loans held for sale. Upon the sale of these loans the borrowings under the facility are repaid.

Real estate consists of investment real estate under lease and foreclosed real estate. The investment real estate under lease is depreciated over 40 years. The cost of the property totaled $1,755,000 at December 31, 2004 and 2003 and accumulated depreciation totaled $1,408,000 at December 31, 2004 and 2003. The book value of foreclosed real estate was $9,709,000 and $10,926,000 at December 31, 2004 and 2003, respectively.

In 2000, the Company commenced the development of a 123-acre business park (the Park), which included the installation of infrastructure and a roadway. To fund the cost of the infrastructure and roadway, the municipality in which the Park is located issued $2,800,000 of municipal bonds. The municipal bonds will be paid off through tax increment financing (TIF). TIF is an economic development tool that allows a local government to use increases in real property tax revenues to finance public infrastructure improvements. Thus, the development of the Park will result in increased real property tax revenues, which will be directed to pay off the municipal bonds. If increases in real property tax revenues from the Park are not sufficient to service the municipal bonds, the Company must fund any shortage. The maximum estimated potential exposure to the Company is $2,800,000. Based upon current projections, the Company anticipates the increased property tax revenues will be sufficient to fully service the municipal bonds.

NOTE 3 – REINSURANCE

In the ordinary course of business, the Company assumes and cedes reinsurance with other insurers and reinsurers. These arrangements provide greater diversification of business and limit the maximum net loss potential on large or hazardous risks. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. Reinsurance ceded is recorded in "Other assets" in the Consolidated Balance Sheets. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet its obligations for reinsurance ceded to it under the reinsurance agreements. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances would be established for amounts deemed or estimated to be uncollectible. To minimize its exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers. No losses are anticipated, and, based on management's evaluation; there are no concentrations of credit risk at December 31, 2004 and 2003. The Company retains the risk for varying amounts of individual or group insurance written up to a maximum of $1,000,000 on any one life or $4,000 per month disability risk and reinsures the balance.

Reinsurance transactions with other insurance companies for the years ended December 31, 2004 and 2003 are summarized as follows:

	December 31, 2004			
	Direct	Assumed	(Ceded)	Net
	(in thousands)			
Life insurance in force	$ 34,864,605	$ 125,463	$(20,855,818)	$14,134,255
Premiums and other considerations:				
Traditional insurance premiums and universal life	$ 395,773	$ 5,365	$ (225,676)	$ 175,462
Annuity	32,336	--	--	32,336
Total	$ 428,109	$ 5,365	$ (225,676)	$ 207,798

	December 31, 2003			
	Direct	Assumed	(Ceded)	Net
	(in thousands)			
Life insurance in force	$ 31,353,542	$ 141,861	$(17,636,047)	$13,859,356
Premiums and other considerations:				
Traditional insurance premiums and universal life	$ 347,834	$ 5,838	$ (173,146)	$ 180,576
Annuity	31,854	--	--	31,854
Total	$ 379,688	$ 5,838	$ (173,146)	$ 212,430

Benefits paid or provided were reduced by $16,836,000 and $21,521,000 at December 31, 2004 and 2003, respectively, for estimated recoveries under reinsurance treaties.

The Company nor any of its related parties control, either directly or indirectly, any reinsurers in which the Company conducts business. No policies issued by the Company have been reinsured with a foreign company, which is controlled, either directly or indirectly, by a party not primarily engaged in the business of insurance. The Company has not entered into any reinsurance agreements in which the reinsurer may unilaterally cancel any reinsurance for reasons other than nonpayment of premiums or other similar credits.

NOTE 4 - FEDERAL INCOME TAX

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows:

	December 31, 2004	December 31, 2003
	(in thousands)	
Deferred tax liabilities:		
Deferred policy acquisition costs	$ 142,452	$ 141,452
Unrealized gains – FAS 115	16,625	16,119
Capitalization of software	4,581	5,245
Other	662	311
Total deferred tax liabilities	164,320	163,127
Deferred tax assets:		
Policyholders' dividends	2,864	1,611
Future policy benefits	66,741	73,501
Basis differences on investments	17,823	20,405
Premium - based DAC adjustment	35,207	37,308
Retirement plan accruals	20,289	17,474
Investment income differences	358	787
Other	4,018	3,113
Total deferred tax assets	147,300	154,199
Net deferred tax liabilities	$ 17,020	$ 8,928

Significant components of the provision for income tax expense attributable to continuing operations are as follows:

	Year ended December 31, 2004	Year ended December 31, 2003
	(in thousands)	
Current	$ 7,134	$ 10,350
Deferred	9,002	5,701
Total	$ 16,136	$ 16,051

Federal income tax expense is calculated based on applying the statutory corporate tax rate to taxable income, and adjusting this amount for permanent differences between deductions allowed for financial statement purposes versus federal income tax purposes. Significant differences are due to adjustments to prior years' tax liabilities and the release of tax contingency reserves.

NOTE 5 - COMMITMENTS AND CONTINGENT LIABILITIES

Leases

The Company leases office space for various field agency offices with lease terms that vary in duration from 1 to 15 years. Some of these leases include escalation clauses that vary with levels of operating expense. Rental expense under these operating leases totaled $3,808,000 and $3,835,000 in 2004 and 2003, respectively. The Company leased equipment through a series of arrangements in 2004 and 2003. Rental expense under these agreements totaled $158,000 and $121,000 in 2004 and 2003, respectively.

At December 31, 2004, the future minimum lease payments for all noncancelable operating leases are as follows:

Year	Amount (in thousands)
2005	$ 2,860
2006	2,212
2007	1,013
2008	764
2009	526
After 2009	1,808
Total	$ 9,183

Other Commitments

At December 31, 2004, the Company had outstanding agreements to fund mortgages totaling $38,065,000 in early 2005. In addition, the Company has committed to invest $11,241,000 in equity-type limited partnerships during the years 2005 to 2011. These transactions are in the normal course of business for the Company.

Litigation

In the normal course of business, the Company is party to various claims and litigation primarily arising from claims made under insurance policies and contracts. Those actions are considered by the Company in estimating the policy and contract liabilities. The Company's management believes that the resolution of those actions will not have a material adverse effect on the Company's financial position or results of operations.

Guaranty Fund Assessments

The economy and other factors have caused an increase in the number of insurance companies that are under regulatory supervision. This circumstance is expected to result in an increase in assessments by state guaranty funds, or voluntary payments by solvent insurance companies, to fund policyholder losses or liabilities of insurance companies that become insolvent. These assessments may, in certain instances, be offset against future premium taxes. For 2004 and 2003, the charge to operations related to these assessments was not significant. The estimated liability of $796,000 and $860,000 at December 31, 2004 and 2003, respectively, was based on data provided by the National Organization of Life and Health Insurance Guaranty Associations and was included in "Other liabilities" in the Consolidated Balance Sheets.

NOTE 6 - STATUTORY SURPLUS AS REPORTED TO REGULATORY AUTHORITIES

Union Central files statutory-basis financial statements with regulatory authorities. Union Central's statutory-basis financial statements are prepared in conformity with accounting practices prescribed or permitted by the Department of Insurance of Ohio, Union Central's state of domicile. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner. Surplus as reflected in the statutory-basis financial statements was as follows:

	Year ended December 31,	
	2004	2003
	(in thousands)	
Capital and surplus	$ 337,730	$ 311,308

NOTE 7 - EMPLOYEE BENEFITS

The Company has pension plans covering substantially all of its employees. Pension expense and funding was determined according to regulations as specified by the Employee Retirement Income Security Act of 1974 (ERISA) and subsequent amendments. Benefits are based on the average of the employee's compensation over their career.

In addition to pension benefits, the Company provides certain health care and life insurance benefits for its eligible retired employees ("Other Postretirement Benefits"). Substantially all of the Company's employees may become eligible for these benefits if they reach normal retirement age while working for the Company.

The measurement date for the Company's pension benefits was December 31. The measurement date for Other Postretirement Benefits was October 1. A summary of the assets, obligations and assumptions are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2004	2003	2004	2003
	(in thousands)			
Accumulated benefit obligation	$ 140,852	$ 128,666	$ 25,596	$ 23,355
Projected benefit obligation	$ 143,023	$ 130,603	$ --	$ --
Plan assets at fair value	$ 109,540	$ 113,692	$ 10,278	$ 8,131
Funded status	$ (33,483)	$ (16,911)	$ (15,318)	$ (15,224)
Accrued liabilities	$ 31,312	$ 14,975	$ 14,546	$ 15,343
Employer contributions	$ --	$ 4,855	$ 2,575	$ 2,400
Plan participants' contributions	$ --	$ --	$ 351	$ 242
Benefits and administrative expenses paid	$ 6,014	$ 6,354	$ 2,281	$ 1,927
Components of net periodic benefit cost:				
Service cost	$ 3,597	$ 3,711	$ 845	$ 731
Interest cost	8,181	7,962	1,464	1,336
Expected return on plan assets	(8,746)	(8,075)	(709)	(504)
Transition obligation/(asset) amortization	(41)	(41)	--	--
Amount of recognized (gains)/losses	3,529	4,734	--	--
Amount of prior service cost recognized	(1,050)	(1,070)	178	1,142
Total net periodic benefit cost	$ 5,470	$ 7,221	$ 1,778	$ 2,705

	Pension Benefits		Other Postretirement Benefits	
	2004	2003	2004	2003
Weighted average assumptions:				
Discount rate	6.00%	6.50%	6.00%	6.50%
Expected compensation increase	3.00%	3.00%	3.00%	3.00%
Expected return on plan assets	8.50%	8.50%	8.50%	8.50%

	Pension Benefits		Other Postretirement Benefits
Expected Benefit Payments:		(in thousands)	
2005	$ 7,567		$ 1,562
2006	7,898		1,610
2007	8,376		1,663
2008	8,984		1,716
2009	9,700		1,765
2010 - 2014	61,715		10,202

Also, $2,631,000 and $3,071,000 (net of tax) was charged directly to policyholders' equity in 2004 and 2003, respectively, as a result of recognizing an additional minimum pension liability adjustment under Statement of Financial Accounting Standard No. 87, "Employers' Accounting for Pensions", and was included in "Minimum pension liability adjustment" in the Consolidated Statements of Equity.

Plan assets of the pension and other postretirement benefit plans are composed of affiliated and unaffiliated mutual funds and a portfolio of actively managed equity securities. As of their respective measurement dates in 2004 and 2003, $89,955,000 and $93,060,000 was invested in affiliated mutual funds.

The expected long-term rate of return for the Company's benefit plans is currently 8.5%. In developing this assumption, the Company periodically monitors investment yields on the assets in the plans to determine if the current expected rate of return is reasonable given the current investment performance. Historical and projected returns are also reviewed for appropriateness of the selected assumption. The Company believes its assumption of future returns is reasonable.

The primary investment objectives of the Company's benefit plans is to provide sufficient assets and liquidity to meet the distribution requirements of the Plans through capital appreciation of the Plans' assets and levelized funding. To accomplish this objective, Pension Plan assets are invested in affiliated and unaffiliated mutual funds and assets of the Other Postretirement Benefit Plans are invested in a diversified pool of equity securities, affiliated mutual funds and cash. The Company's investment strategy for the Pension Plan is generally a target investment mix of 60% equities and 40% bonds. The Company's investment strategy for Other Postretirement Benefit Plans is a target investment allocation consisting primarily of equities with the remainder in bonds and cash. The actual allocation of plan assets by investment category for the year ending December 31, 2004 and 2003 are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2004	2003	2004	2003
Equity securities:				
Domestic equities	52.3%	51.6%	82.6%	87.0%
Foreign equities	9.6	9.2	9.4	3.8
Bonds	38.1	39.2	5.8	--
Cash	--	--	2.2	9.2
Total	100.0%	100.0%	100.0%	100.0%

The Company's current funding strategy for its benefit plans is to fund an amount at least equal to the minimum required funding as determined under ERISA with consideration of factors such as the minimum pension liability requirement for Pension Benefits and the maximum tax deductible amounts for both Pension Benefits and Other Postretirement Benefits. The ultimate amount of the Company's funding may be adjusted based on changes in the fair value of plan assets and changes in related assumptions. For the year ending December 31, 2004, the Company does not expect any required contributions under ERISA for the Pension Plans and will fund Other Postretirement Benefits Plans to meet their liquidity needs.

The health care cost trend rate was 12.1% graded to 5.0% over 10 years for 2004. The health care cost trend rate assumption has an insignificant effect on the postretirement benefit obligation, the interest cost and estimated eligibility cost components of the net periodic postretirement benefit cost as of and for the year ended December 31, 2004.

The Company did not adjust its projection of the liability for Other Postretirement Benefits to consider the impact of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 as the impact was immaterial.

The Company has two contributory savings plans for home office employees and agents meeting certain service requirements, which qualify under Section 401(k) of the Internal Revenue Code. These plans allow eligible employees to contribute up to certain prescribed limits of their pre-tax compensation. The Company will match 50% of the first 6% of participants' contributions for the Employees Savings Plan and the Agents Savings Plan. The Company's matching contributions to these plans were $1,846,000 and $1,820,000 for 2004 and 2003, respectively. The value of the plans' assets were $95,318,000 and $83,287,000 at December 31, 2004 and 2003, respectively. The assets are held in the deposit fund or under the variable accounts of a group annuity policy. At December 31, 2004 and 2003, $31,960,000 and $28,994,000, respectively, was invested in affiliated mutual funds.

NOTE 8 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and short-term investments: The carrying amounts reported in the Consolidated Balance Sheets for these instruments approximate their fair values.

Investment securities: Fair values for bonds are based on quoted market prices, where available. If quoted market prices are not available, fair values are estimated using values obtained from independent securities broker dealers or quoted market prices of comparable instruments. The fair values of common stock in Company sponsored mutual funds are based on quoted market prices and are recognized in "Equity securities available-for-sale at fair value", "Other fixed maturities" and "Other equity securities" in the Consolidated Balance Sheets. The fair values for limited partnerships are based on the quoted market prices of the investments underlying the limited partnership portfolios.

Mortgage loans: The fair values for commercial mortgages held for investment in good standing are estimated using discounted cash flow analysis using interest rates currently being offered for similar loans to borrowers with similar credit ratings in comparison with actual interest rates and maturity dates. Fair values for mortgages held for investment with potential loan losses are based on discounted cash flow analysis of the underlying properties.

The estimate of fair values for commercial mortgage loans held for sale is based on current pricing of whole loan transactions that a purchaser unrelated to the seller would demand for a similar loan.

Warehouse Finance Facility: The warehouse finance facility is offered with interest at market interest rates, and therefore, the carrying value of the warehouse finance facility is a reasonable estimation of fair value.

Policy loans: Management is unable to ascertain the estimated life of the policy loan portfolio. Due to the excessive costs that would be incurred to determine this information, management considers the estimation of its fair value to be impracticable. The nature of a policy loan insures that the outstanding loan balance will be fully recoverable because the balance owed to the Company is always equal to or lower than the cash value of the insurance policy owed to the policyholder. Policy loans are stated at their aggregate unpaid balance in the Consolidated Balance Sheets.

Investment contracts: Fair values for the Company's liabilities under investment-type insurance contracts are estimated using discounted cash flow calculations, based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued.

Surplus notes: Fair value for the Company's surplus notes liability was estimated using a discounted cash flow calculation based on current interest rates consistent with the maturity of the surplus notes.

Repurchase Agreements: The fair value of repurchase agreements are based on quoted market prices.

Interest Rate Swap Agreements: The fair value of interest rate swaps is the estimated amount the Company would receive or pay to terminate the agreements based on current market interest rates.

The carrying amounts and fair values of the Company's mortgage loans are as follows:

	December 31, 2004		December 31, 2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Mortgage loans	$ 619,312	$ 656,724	$ 527,651	$ 571,359

The carrying amounts and fair values of the Company's liabilities for investment-type insurance contracts are as follows:

	December 31, 2004		December 31, 2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Direct access	$ 61,072	$ 61,072	$ 63,208	$ 63,208
Traditional annuities	35,157	38,324	34,896	38,838
Supplementary contracts	9,855	9,907	10,919	11,073
GPA not involving life	539	584	719	785
Dividend accumulations	5,830	5,830	5,846	5,846
Premium deposit funds	662	662	664	664
Total	$ 113,115	$ 116,379	$ 116,252	$ 120,414

The carrying amounts and fair values of the Company's liability for surplus notes is as follows:

	December 31, 2004		December 31, 2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Surplus notes	$ 49,810	$ 56,034	$ 49,801	$ 52,657

The Company's other insurance contracts are excluded from disclosure requirements. However, the fair values of liabilities under all insurance contracts are taken into consideration in the Company's overall management of interest rate risk, which minimizes exposure to changing interest rates through the matching of investment maturities with amounts due under insurance contracts. Additional data with respect to the carrying value and fair value of the Company's investments is disclosed in Note 2.

NOTE 9 - LIABILITY FOR UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Activity in the liability for unpaid claims and claim adjustment expense is summarized as follows:

	December 31, 2004	December 31, 2003
	(in thousands)	
Balance as of January 1	$ 176,655	$ 161,037
Incurred related to:		
Current year	83,105	91,862
Prior years	11,451	6,927
Total incurred	94,556	98,789
Paid related to :		
Current year	45,940	52,342
Prior years	39,023	30,829
Total paid	84,963	83,171
Balance as of December 31	$ 186,248	$ 176,655

The balance in the liability for unpaid claims and claim adjustment expenses is included in "Future policy benefits" and "Policy and contract claims" in the Consolidated Balance Sheets.

As a result of changes in estimates of insured events in prior years, the provision of claims and claim adjustment expenses increased by $11,451,000 and $6,927,000 in 2004 and 2003, respectively. Amounts related to incurred claims related to prior years' resulted from prior year claims being settled for amounts greater than originally estimated. Included in the above balances are reinsurance recoverables of $2,615,000 and $4,037,000 at 2004 and 2003, respectively.

NOTE 10 - SURPLUS NOTES

On November 1, 1996, Union Central issued $50,000,000 of 8.20% Surplus Notes (Notes). The Notes mature on November 1, 2026 and may not be redeemed prior to maturity. The Notes are unsecured and subordinated to all present and future policy claims, prior claims and senior indebtedness. Subject to prior written approval of the Superintendent of the Ohio Insurance Department, these Notes pay interest semi-annually on May 1 and November 1. Interest expense of $4,100,000 was incurred in 2004 and 2003, and was recorded as a reduction of "Net investment income" in the Consolidated Statements of Income. In connection with issuing the Notes, Union Central incurred and capitalized $765,000 of issuance cost. This cost is recorded in "Other assets" in the Consolidated Balance Sheets, and totaled $562,000 and $587,000 as of December 31, 2004 and 2003, respectively. Issuance cost of $26,000 was amortized in 2004 and 2003, respectively, and recorded to "Underwriting, acquisition and insurance expense" in the Consolidated Statements of Income. Additionally, the Notes have an original issue discount of $260,000, which is deducted from the balance of the Notes. Issuance costs and original issue discount will be amortized under the straight-line method over the term of the Notes. Amortization relating to original issue discount of $9,000 was recorded in 2004 and 2003 in "Underwriting, acquisition and insurance expense" in the Consolidated Statements of Income. Unamortized original issue discount of $190,000 and $199,000 was deducted from the balance of the Notes as of December 31, 2004 and 2003, respectively.

NOTE 11 - COMPREHENSIVE INCOME

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (FAS 130) establishes the requirement for the reporting and display of comprehensive income and its components in the financial statements. Comprehensive income is defined by the FASB as all changes in an enterprise's equity during a period other than those resulting from investments by owners and distributions to owners. Comprehensive income includes net income and other comprehensive income, which includes all other non-owner related changes to equity and includes unrealized gains and losses on available-for-sale debt and equity securities and minimum pension liability adjustments. FAS 130 also requires separate presentation of the accumulated balance of other comprehensive income within the equity section of a statement of financial position. The Company has presented the required displays of total comprehensive income and its components, along with the separate presentation of the accumulated balance of other comprehensive income within the Consolidated Statements of Equity.

Following are the FAS 130 disclosures of the related tax effects allocated to each component of other comprehensive income and the accumulated other comprehensive income balances required by FAS 130.

	Year Ended December 31, 2004		
	Before-Tax Amount	Tax Expense/(Benefit) (in thousands)	Net-of-Tax Amount
Unrealized gains on securities:			
Unrealized gains arising during 2004	$ 22,694	$ 7,943	$ 14,751
Less: reclassification adjustments for gains realized in net income	(21,480)	(7,518)	(13,962)
Net unrealized gains	1,214	425	789
Minimum pension liability adjustment	(4,048)	(1,417)	(2,631)
Other comprehensive loss	$ (2,834)	$ (992)	$ (1,842)

	Year Ended December 31, 2003		
	Before-Tax Amount	Tax Expense/(Benefit) (in thousands)	Net-of-Tax Amount
Unrealized losses on securities:			
Unrealized gains arising during 2003	$ 20,561	$ 7,196	$ 13,365
Less: reclassification adjustments for gains realized in net income	(25,316)	(8,861)	(16,455)
Net unrealized losses	(4,755)	(1,665)	(3,090)
Minimum pension liability adjustment	(4,725)	(1,654)	(3,071)
Other comprehensive loss	$ (9,480)	$ (3,319)	$ (6,161)

NOTE 12 - SUBSEQUENT EVENT (UNAUDITED)

In January 2005, the Board of Directors of the Parent and the Ameritas Acacia Companies voted to combine at the mutual holding company level. The target date for the consolidation is the end of 2005. Members and policyholders of the companies must approve the transaction. In addition, a number of regulatory approvals must be met, including approval from the Department of Insurance in Nebraska and Ohio.

The Union Central Life Insurance Company

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004

The Union Central Life Insurance Company
Consolidated Balance Sheets
GAAP Basis of Accounting
(in thousands)
Unaudited

	December 31, 2004	March 31, 2005
Assets		
Fixed income securities	$ 3,462,008	$ 3,396,368
Equity securities	21,475	18,982
Mortgage loans	619,312	543,123
Other invested assets	273,019	245,011
Total invested assets	4,375,814	4,203,484
Other general account assets	969,842	923,691
Total general account assets	5,345,656	5,127,175
Separate account assets	2,095,848	2,053,150
Total Assets	$ 7,441,504	$ 7,180,325
Liabilities and Equity		
Future policy benefits and claims	$ 4,181,013	$ 4,210,653
Other general account liabilities	513,753	278,565
Total general account liabilities	4,694,766	4,489,218
Separate account liabilities	2,095,848	2,053,150
Total Liabilities	6,790,614	6,542,368
Equity	650,890	637,957
Total Liabilities and Equity	$ 7,441,504	$ 7,180,325

The Union Central Life Insurance Company
Consolidated Statements of Income and Changes in Policyholders' Equity
GAAP Basis of Accounting
(In thousands)
Unaudited

	Three Month Period Ending March 31, 2004	March 31, 2005
Revenue		
Insurance revenue	$ 52,755	$ 53,053
Net investment income	60,178	52,291
Net realized gains on investments	13,502	10,965
Other revenue	5,122	12,029
Total Revenue	131,557	128,338
Benefits and Other Expenses		
Benefits paid or credited to policyowners or beneficiaries	66,423	64,385
Underwriting, acquisition and insurance expenses	46,459	45,338
Total benefits and other expenses	112,882	109,723
Gain before federal income tax	18,675	18,615
Federal income tax expense	6,519	6,749
Net Income	12,156	11,866
Change in unrealized capital gains (losses)	19,567	(24,799)
Increase (Decrease) in Equity	31,723	(12,933)
Equity at the beginning of the period	609,211	650,890
Equity at the end of the period	$ 640,934	$ 637,957

EXHIBIT A

Aon Consulting
8182 Maryland Avenue, Suite 550
St. Louis, MO 63105
phone: 314.719.3803

Aon Consulting

July 15, 2005

The Board of Directors
Ameritas Acacia Mutual Holding Company
5900 'O' Street
Lincoln, NE 68510-2234

Re: Proposed Merger of Ameritas Acacia Mutual Holding Company and The Union Central Life Insurance Company

STATEMENT OF ACTUARIAL OPINION

Subject of This Opinion

This opinion relates to the fairness to the members of Ameritas Acacia Mutual Holding Company, from an actuarial point of view, of the proposed merger of Ameritas Acacia Mutual Holding Company and The Union Central Life Insurance Company Companies, as described in the "Agreement and Plan of Merger Between Ameritas Acacia Mutual Holding Company and The Union Central Life Insurance Company", dated as of January 28, 2005 (this proposed transaction is referred to as the "Proposed Merger").

Qualifications

I, Abraham Gootzeit, am associated with the firm of Aon Consulting ("Aon"), and am a Member of the American Academy of Actuaries, qualified under the Academy's Qualification Standards to render the opinion set forth in this letter.

Reliance

In forming my opinion set froth in this letter, I have received, under the supervision of Richard W. Vautravers, FSA, MAAA, Senior Vice President & Corporate Actuary of Ameritas Life Insurance Corp., extensive information concerning Ameritas Acacia Mutual Holding Company ("AAMHC"), The Union Central Life Insurance Company ("UCLIC"), and their insurance-related subsidiaries and affiliates. This information includes:

- Agreement and Plan of Merger between Ameritas Acacia Mutual Holding Company and The Union Central Life Insurance Company, dated as of January 28, 2005;
- Ameritas Life Insurance Company Closed Block Memorandum filed with the State of Nebraska Department of Insurance, July 8, 1998;
- Review of the Operation of the Closed Block in Ameritas Life Insurance Corp. for the Three Years Ending September 30, 2001, dated December 28, 2001;
- Ameritas Life Dividend Recommendations and Resolutions for 2005;
- Letter to Department of Insurance & Securities Regulation, District of Columbia Government, regarding policyholder dividends for Acacia Life Insurance Company, dated November 10, 2004;

- Closed Block Memorandum for the Union Central Life Insurance Company (draft), dated March 25, 2005, and supporting break-down of Union Central's Insurance Liabilities;
- Ameritas Acacia Mutual Holding Company Members Information Statement dated July 15, 2005; and
- Business Plan Information reviewed by the Ameritas Acacia Mutual Holding Company Board of Directors in assessing the proposed Plan of Merger.

To the best of my knowledge, I was provided all information requested to the extent it was available or could reasonably be developed. I made no independent verification of this information, although I reviewed it to the extent practicable for general reasonableness and internal consistency.

In forming my opinion, I have read and relied upon the material received. My opinion depends on the substantial accuracy of the material.

Opinion

For purposes of this opinion, the term "Fair" is used solely in an actuarial context, and the Proposed Merger will be characterized as being Fair in this context if the following conditions exist:

- The Proposed Merger does not reduce the policyholder benefits specified in policies issued by insurance subsidiaries of AAMHC,
- The Proposed Merger does not reduce the reasonable dividend expectations of holders of participating policies of insurance subsidiaries of AAMHC,
- The Proposed Merger does not reduce the membership interests of AAMHC members, and
- The risks of the Proposed Merger are reasonable in relationship to its benefits to the members of AAMHC.

In my opinion, the Proposed Merger of AAMHC and UCLIC is Fair to the members of AAMHC from an actuarial point of view.

Discussion

The conclusions supporting my opinion are:

- All policy terms remain unchanged by the terms of the Proposed Merger Agreement; therefore, the benefits specified in policies issued by insurance subsidiaries of AAMHC are not affected by the Proposed Merger.
- AAMHC's subsidiary life insurance companies have adopted arrangements under which assurances are provided to certain of their policyholders concerning the declaration of policyholder dividends in the future. These arrangements are not changed by the Proposed Merger. UCLIC is adopting its own arrangements for providing assurances to its policyholders, generally using a Closed Block. The Proposed Merger is not expected to weaken, and in the long run could strengthen, the solidity of AAMHC's insurance subsidiaries. Hence, in my view, the Proposed Merger does not, in this aspect, weaken the future dividend expectations of holders of participating policies of insurance subsidiaries of AAMHC. Dividends, of course, will continue to depend upon the future financial experience of the various dividend classes, as they do today.
- Members of AAMHC become members of the merged mutual holding company upon completion of the Proposed Merger, and have voting rights in the merged mutual holding company substantially equivalent to those they currently hold in AAMHC. The Proposed Merger brings together the interests of AAMHC and UCLIC members, and introduces no other significant economic interests or "voting blocks." AAMHC members retain the right to their share of the estate of the merged mutual holding company in the event of liquidation.

- The Proposed Merger contemplates that, for a period of six years following the effective date of the proposed merger, a majority of the directors of the Board of the merged mutual holding company will be persons who are nominated as "Ameritas Acacia" directors. There can be no absolute assurance as to the election of such a majority, and in any event, all of the directors will have the obligation to act in the interest of the members as a whole (including the former members of UCLIC who will become members of the merged mutual holding company). Nevertheless, the arrangement provide reasonable assurance that the legitimate interests of the current and continuing members of AAMHC will be appropriately taken into account.
- Management projects a reduction in unit expenses as a result of consolidation of some administrative functions following the Proposed Merger. The present value of future cost savings projected by management exceeds the one-time cost of the Proposed Merger. The Proposed Merger would also increase the diversification of asset and business risks. I conclude that the costs and risks to AAMHC members from entering into the Proposed Merger are reasonable in relationship to its benefits.

Limitations and Restrictions

In connection with the Proposed Merger, I have been engaged to issue this opinion to AAMHC's Board of Directors. My analysis and conclusions are solely from an actuarial point of view. I make no representations regarding questions of legal interpretation; nor do I provide any assurance as to AAMHC's or UCLIC's solvency, adequacy of capital, or ability to meet financial obligations. This opinion should not be taken to supplant any additional inquiries that the Board of Directors should undertake in its consideration of the Proposed Merger.

In forming my opinion, I have not performed a review, examination or audit (as defined under generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants) of any projected financial statements or financial information provided by AAMHC or UCLIC. The information I considered in forming my opinion was limited to that contained in the documents listed above. I do not express an opinion on any historical or projected financial information of AAMHC or UCLIC, or their subsidiaries and affiliates.

This opinion is rendered to assist the Board of Directors of AAMHC in connection with its review of certain aspects of the Proposed Merger and should not be relied upon for any other purpose. This restriction is not intended to limit the distribution of this opinion, which upon acceptance by AAMHC's Board of Directors, may become a matter of public record.

I have been informed that there is no intention on the part of AAMHC or UCLIC to demutualize in the immediate future. In forming this opinion, I have not considered any effect that the Proposed Merger may have on any consideration which might be received by members if the merged mutual holding company were to demutualize in the future.

I have no responsibility to update this opinion for events and circumstances occurring after the issuance of this opinion.

Abraham Gootzeit, FSA, MAAA
Consulting Actuary

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

IN THE MATTER OF:	)	ORDER APPROVING MERGER
	)	
THE APPLICATION OF AMERITAS ACACIA MUTUAL HOLDING COMPANY FOR THE APPROVAL OF THE PROPOSED AGREEMENT AND PLAN OF MERGER	)))))	CAUSE NO.: C-1524

Pursuant to *Neb Rev. Stat.* §44-224.07 and §44-6125, Ameritas Acacia Mutual Holding Company, a Nebraska mutual insurance holding company ("AAMHC") has applied to L. Tim Wagner, Director of Insurance ("Director") for approval to merge with Union Central Life Insurance Company ("Union Central"), an Ohio domestic mutual life insurance company, which has provided notice to the Ohio Department of Insurance of its intent to convert into a stock insurance company subsidiary of a mutual insurance holding company on February 7, 2005. If approved by the Ohio Department of Insurance and Union Central policyholders, Union Central will become a stock insurance company subsidiary of a mutual insurance holding company, to be known as Union Central Mutual Holding Company, ("UCMHC"). The Ohio Department of Insurance is currently reviewing preliminary information provided by Union Central regarding such transaction.

AAMHC filed the Agreement and Plan of Merger ("Plan") with the Nebraska Department of Insurance on March 11, 2005, and subsequently supplemented the filing. After review of the Plan with all disclosures and exhibits filed with the Director, the Director approves the Agreement and Plan of Merger and FINDS, CONCLUDES AND ORDERS as follows:

FINDINGS OF FACT

1. AAMHC was created effective January 1, 1999, pursuant to a merger of Ameritas Mutual Insurance Holding Company and Acacia Mutual Holding Corporation, a District of Columbia domiciled mutual insurance holding company, previously approved by the Nebraska Department of Insurance in Cause No.: C-1064.

2. Ameritas Holding Company, a Nebraska domiciled intermediate stock holding company ("AHC"), was created effective January 1, 1999, pursuant to a merger of Ameritas Holding Company and Acacia Financial Group, Ltd., a District of Columbia domiciled intermediate stock holding company, previously approved by the Nebraska Department of Insurance in Cause No.: C-1064.

3. On January 26, 2005, the AAMHC and AHC Boards of Directors approved the Agreement and Plan of Merger. Likewise, on January 28, 2005, the Union Central Board of Directors approved the Agreement and Plan of Merger.

4. On March 11, 2005, AAMHC filed the Agreement and Plan of Merger pursuant to *Neb. Rev. Stat.* §44-224.07 and §44-6125 with the Department. Subsequently, a number of supplements were filed as a result of discussions with the Department during the review process. In addition to the Agreement and Plan of Merger, the Department reviewed and provided comment on the Members Information Statement, reviewed the financial reports for AAMHC and Union Central, and the actuarial opinion.

5. The Plan proposes that UCMHC will be created in Ohio. This company will be created as a result of a conversion of Union Central into the mutual holding company form if approved by the Ohio Department of Insurance and Union Central policyholders. The Plan proposes the separate existence of UCMHC will cease and it

will merge with and into AAMHC as the surviving company. The surviving company will be renamed UNIFI Mutual Holding Company ("UNIFI") and remain domiciled in Nebraska. At the effective time, the capital stock of Union Central acquired by UNIFI will be contributed by UNIFI to its subsidiary, AHC, which will result in Union Central being an indirect subsidiary of UNIFI and a direct subsidiary of AHC along with Ameritas Life Insurance Corp. and Acacia Life Insurance Company. A Special Meeting of Policyholders of Union Central is scheduled for September 1, 2005, to vote on the conversion to a mutual insurance holding company resulting in both the formation of UCMHC and the merger of UCMHC with and into AAMHC.

6. The UCMHC conversion does not require the creation of an intermediate stock insurance holding company. Therefore, AHC will continue unchanged as the intermediate stock insurance holding company subsidiary of UNIFI and remain domiciled in Nebraska.

7. The Plan contains many reasons in support of the merger with the most significant being the anticipated improvement in revenue growth by expanding the scope of products and distribution channels and enhanced financial strength as a result of the larger organization.

8. The Plan provides that all current AAMHC subsidiaries will continue to exist as separate corporate entities after the effective date of the merger.

9. The Plan provides that all UCMHC subsidiaries will continue to exist as separate corporate entities after the effective date of the merger.

10. The Plan provides that after the effective date of the merger and for a period of six years after the effective date of the merger, a supermajority vote (80%) of

the Board of Directors of UNIFI and AHC is required before any of the following actions can occur: change of domicile of UNIFI or AHC from the State of Nebraska; redomicile any of UNIFI's subsidiaries from their current state of domicile; change of any subsidiary's name; material change to UNIFI's capital structure; sale of any subsidiary; sale of or disposal of substantially all or all of the assets of UNIFI or any of its subsidiaries; corporate reorganization of UNIFI; raising capital through debt or equity of UNIFI; merger or consolidation, demutualization, liquidation, or dissolution of UNIFI; or modification, amendment or waiver of certain provisions of the Merger Agreement.

11. On or about June 29, 2005, the Department approved an exemption request from AAMHC from a requirement to file a Form A acquisition statement pursuant to *Neb. Rev. Stat.* §44-2128 (2). See Department Cause No.: C-1522. The exemption was granted on the basis that this transaction is not made or entered into for the purposes and does not have the effect of changing or influencing the control of AAMHC, AHC, or Ameritas Life Insurance Corp. In that Order, the Department acknowledged the exemption and noted that nothing contained in the Order shall be construed to restrict the Director from considering the issue of control of the Nebraska domestic insurer and its mutual insurance holding company at a later date if warranted.

12. The Plan provides that on the effective date of the merger, existing members' rights and interest in UCMHC shall be transferred to AAMHC and shall become member rights and interests in AAMHC whose name shall, upon merger, be changed to UNIFI.

13. The Plan provides that all policies issued by Ameritas Life Insurance Corp. and Acacia Life Insurance Company before the effective date of the merger will

remain in effect and all policy (contractual) rights will remain the same. In addition, policy dividends on participating policies, whether issued before or after reorganization, will be paid in accordance with each insurers past practices although amounts may vary from year to year.

14. The Plan provides that all policies issued by Union Central Life Insurance Company before the effective date of this merger will remain in effect and all policy (contractual) rights will remain unchanged. In addition, policy dividends on participating policies will be paid in accordance with Union Central's past practices although amounts may vary from year to year.

15. The Plan provides that all existing policyholders of Union Central will receive immediate member rights in AAMHC/UNIFI and all future policyholders of the converted insurer will acquire member rights in UNIFI as they become policyholders of the converted insurer.

16. AAMHC received an actuarial fairness opinion from Abraham Gootzeit, an actuary with AON Consulting, in which Mr. Gootzeit opined that the merger was fair to the members of AAMHC from an actuarial standpoint.

17. The Plan requires that AAMHC and UCMHC receive a joint Legal Securities Opinion from counsel and requires UCMHC to request an IRS Private Letter Ruling. Once the IRS Ruling is received, AAMHC will obtain a tax opinion from counsel. To date, these opinions have not been received by AAMHC.

18. During the initial Ameritas Life Insurance Corp. reorganization (Cause No.: C-1018) and the subsequent merger with Acacia Mutual Holding Company (Cause No.: C-1064), various commitments were made by the companies to the Department of

Insurance. The Department has re-evaluated these commitments and the following commitments remain in effect:

a. Departmental approval prior to issuance of stock to the public;

b. Protection of participating individual policyholders by establishment of a closed block or a comparable means for protection of participating individual policyholders prior to the issuance of stock to the public;

c. Departmental approval prior to issuance of stock to officers, directors, or employees of UNIFI, AHC or Ameritas Life Insurance Corp. or other insurer subsidiaries in advance of a public offering;

19. The Plan provides that after the effective date there is no present plan to issue stock by UNIFI, AHC or any of the insurance subsidiaries.

20. The Special Meeting of Members for AAMHC to consider and vote upon the proposed Plan is scheduled for August 31, 2005, at 10:00 a.m., Central Daylight Time, at the offices of Ameritas Acacia Mutual Holding Company, 5900 "O" Street, Lincoln, Nebraska 68510.

21. The Plan provides that the effective date of the merger will be no later than December 31, 2005, although AAMHC advises that the anticipated effective date will be November 1, 2005 at 12:01 a.m. If the effective date shall not have occurred on or before December 31, 2005, the Plan may be abandoned.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over the subject matter and parties to this proceeding as authorized under *Neb. Rev. Stat.* §44-224.07 and *Neb. Rev. Stat.* §44-6125.

2. AAMHC has filed all the required documents with the Department including the Agreement and Plan of Merger, Board resolutions, financial statements, along with all exhibits and disclosures.

3. On the basis of the information filed with the Department, there is sufficient reason to find that the interests of the policyholders of Ameritas Life Insurance Corp. and the members of AAMHC will be protected under the proposed merger and the Plan should be approved.

ORDER

IT IS THEREFORE ORDERED that the Agreement and Plan of Merger is hereby approved subject to the following conditions:

a. Issuance of an Order approving the reorganization of Union Central into a mutual insurance holding company structure and approval of the Agreement and Plan of Merger with and into AAMHC by the Ohio Department of Insurance;

b. Approval by two-thirds majority of the votes cast by the eligible members as defined in the Plan of AAMHC at the Special Meeting on August 31, 2005;

c. Approval by a majority of the votes cast by eligible members as defined in the plan of consolidation and Agreement and Plan of Merger of Union Central at the Special Meeting on September 1, 2005;

d. Receipt by the Department of the Articles of Merger;

e. Receipt by the Department of a copy of the AAMHC tax opinion from counsel.

Dated this 19th day of July, 2005.

L. Tim Wagner

L. TIM WAGNER, Director
Nebraska Department of Insurance

CERTIFICATE OF SERVICE

I, Tracy Gruhn, hereby certify that the foregoing copy of the Order Approving Merger was served upon Ameritas Acacia Mutual Holding Company by mailing a copy of same to Robert-John H. Sands, Senior Vice President and General Counsel, Ameritas Acacia Mutual Holding Company, 7315 Wisconsin Avenue, Bethesda, MD 20814 by first class U.S. mail, postage prepaid on this 19th day of July, 2005.

Tracy A. Gruhn

Name

Address

City/State Zip Code

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