STATE OF OHIO

DEPARTMENT OF INSURANCE

In the Matter of **The Plan of Reorganization of THE UNION CENTRAL LIFE INSURANCE COMPANY**	**No. __________**

PRE-FILED DIRECT TESTIMONY OF:

John H. Jacobs
Chairman, President and Chief Executive Officer
The Union Central Life Insurance Company

Date: October 17, 2005

I. INTRODUCTION

Q: Please state your name for the record.

A: My name is John H. Jacobs.

Q: Mr. Jacobs, where do you currently work and what is your position there?

A: I am currently the Chairman, President and Chief Executive Officer of The Union Central Life Insurance Company ("Union Central" or the "Company"). I have held this current position since September 2002.

Q: What previous positions have you held at Union Central?

A: I have worked at Union Central since 1981. I began as an Assistant Vice President and Director of Pension Sales. In the twenty-four years since I joined the Company, I have served in several capacities. In July 1998, I was elected President and Chief Operating Officer of Union Central, and I served in those capacities until May 2000. From May 2000 until September 2002, I was the President and Chief Executive Officer of Union Central. As I mentioned, since September 2002, I have served as the Chairman, President and Chief Executive Officer of Union Central.

Q: Please briefly describe your educational background.

A: I received a bachelor's degree in business in 1968 from Indiana University in Bloomington, Indiana and a masters of business administration in 1992 from Xavier University in Cincinnati, Ohio. I received a designation of Chartered Life Underwriter from American College in 1998.

Q: Please briefly describe your professional background, prior to joining Union Central in 1981.

A: Prior to joining Union Central in 1981, I spent nine years as a Pension Field Representative for Connecticut General Life Insurance Company, from 1972 to 1981. Before that, I worked in the Connecticut General home office from 1968 to 1972.

Q: Do you belong to any professional organizations?

A: Yes. I am involved in numerous industry organizations, including as the president of the Association of Ohio Life Insurance Companies. I also serve in various capacities on the Boards of the American Council of Life Insurers and the Life Office Management Association, Inc.

Q: Can you summarize the history of Union Central and briefly describe its business and financial condition?

A: Union Central was established in 1867, and was the first domestic life insurance company licensed in the state of Ohio. Today, it is still an Ohio-domiciled mutual life insurance company. As of December 31, 2004, Union Central employed approximately 900 employees.

Union Central provides insurance and financial products and services to individual and pension policyholders. Union Central is licensed in all 50 states and the District of Columbia, and is one of the largest mutual life insurance companies in the United States in terms of assets. In addition, Union Central subsidiaries offer other services, such as 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 sales consultants.

In 2004, Union Central's statutory surplus grew to $338 million, which was more than an 8% increase from 2003. Union Central's total assets as of June 30, 2005 were over $7.29 billion.

Q: Does Union Central adhere to any traditional values?

A: Yes. We are very proud of the traditional values we adhere to at Union Central, and for that reason, we have articulated them in a statement of values. Union Central's statement of values expresses the importance we place on having passion and enthusiasm for serving our clients, on placing teamwork above self-interest, and on serving one another through support and mentoring. It illustrates the emphasis we place on creating opportunities for mutual fulfillment, on caring about and respecting our colleagues, on reconciling misunderstandings in the workplace, and on putting the truth first.

Likewise, Union Central is rooted in the traditional values of quality, integrity and financial soundness. In addition, ethical market conduct practices have always been an integral part of our mission statement and business practices. Union Central is a member of the Insurance Marketplace Standards Association ("IMSA"), which is an independent, voluntary organization established by the insurance industry. The purpose of IMSA is to ensure that its member companies meet and maintain high standards of marketplace conduct.

II. THE PROPOSED REORGANIZATION

A. Description of the Proposed Reorganization

Q: Are you familiar with the Plan of Reorganization (the "Plan") that Union Central filed with the Ohio Department of Insurance (the "Department")?

A: Yes, I am. The Board of Directors of Union Central (the "Union Central Board" or the "Board") unanimously approved and adopted the Plan. The Board believes the Plan is fair and equitable to policyholders of Union Central ("Union Central Policyholders") and that the interests of Union Central Policyholders are properly protected by the Plan.

Q: How does Union Central propose to reorganize its corporate structure?

A: Under the Plan, Union Central, which is an Ohio mutual life insurance company, will convert to an Ohio stock life insurance company subsidiary of a new Ohio mutual insurance holding company (the "Conversion"). The newly formed Ohio mutual insurance holding company will immediately thereafter be merged (the "Merger" and, together with the Conversion, the "Reorganization") with and into Ameritas Acacia Mutual Holding Company ("Ameritas Acacia"), a Nebraska mutual insurance holding company. Upon consummation of the Reorganization, Ameritas Acacia will change its name to UNIFI Mutual Holding Company ("UNIFI") and Union Central will be an indirect subsidiary of UNIFI. Neither the Conversion nor the Merger will be consummated unless both are consummated.

Q: What is a mutual insurance holding company?

A: A mutual insurance holding company is the mutual parent of one or more companies, including a converted stock insurance company, that are subsidiaries. The members of the mutual insurance holding company are the policyholders of the converted stock insurance company.

B. Decision by the Board to Recommend the Proposed Reorganization

Q: Why has Union Central decided to reorganize at this time?

A: The only reason for changing to a mutual insurance holding company structure at this time is to facilitate the Merger with Ameritas Acacia, which is already organized as a mutual insurance holding company.

Q: Why merge with The Ameritas Acacia Companies at the holding company level?

A: The companies view this as an opportunity to make a very important strategic move for both Ameritas Acacia and Union Central. Each company offers attributes that will benefit the other organization. The companies retain their individual identities, but will benefit from their combined financial strength and will be able to realize new growth opportunities in the marketplace.

Q: Was Union Central actively seeking to merge with another company?

A: No. Since 1954, Union Central has operated as an independent mutual life insurance company. During that time, Union Central has grown primarily through internal operations, rather than through mergers and acquisitions. Union Central has not been actively seeking business combination opportunities.

Q: Given that Union Central was not actively seeking to merge with another company, please explain how the proposed Merger with Ameritas Acacia came about?

A: In June 2004, in the course of exploring ways for Union Central to cooperate with other insurance companies through, among other things, shared services and product development, Union Central management had discussions with executives of several insurance companies, including Ameritas Acacia. During those discussions, it became apparent to management of both companies that each company could potentially benefit from an alliance or business combination between them. The respective lines of business of Ameritas Acacia and Union Central were complementary and there were synergies that could be realized to the benefit of both companies. Union Central management was aware of the industry trend toward consolidation as a means of expanding product offerings, growing revenues and achieving operating efficiencies through economies of scale to improve profitability. Management believed that Ameritas Acacia appeared to present an unique and compelling opportunity that was not likely to be present in other potential strategic partners.

Q: Please describe the process undertaken by the Union Central Board and management that led to the decision to seek a Merger with Ameritas Acacia.

A: After Union Central management determined that Ameritas Acacia appeared to present an unique and compelling opportunity, the Chairmen and CEOs of the two companies began evaluating a potential combination. Through the fall of 2004, senior executives of the companies met and discussed the possibility of a business combination. The parties began to develop preliminary terms upon which a business combination might be effected, and during September to October 2004, Union Central retained outside legal and financial advisors to assist the Board in evaluating the merits of a possible business combination with Ameritas Acacia.

The Union Central Board met six times between August 2004 and January 2005. At each of these meetings, I briefed the Board regarding discussions between Union Central and Ameritas Acacia.

I also met periodically with the Special Committee of the Board. The Special Committee is comprised of five directors, three of whom are Union Central outside directors, and was originally formed in November 1994. At the Special Committee meetings, I reviewed the details of the meetings with Ameritas Acacia and outlined some of the major principles that the companies agreed would form a basis for the potential business combination.

The Special Committee also discussed on several occasions possible alternative transactions. At one meeting, the Board reviewed the Special Committee's findings. Union Central considered a possible universe of other mutual insurance holding company and mutual insurance company merger partners identified by its financial advisors, Morgan Stanley & Co. Incorporated ("Morgan Stanley"). In particular, the Special Committee and the Board considered the relative size, executive management, operations, strategic fit, financial strength, and feasibility of pursuing a transaction with those companies. After deliberations that were based in part on Morgan Stanley's presentation, the Board determined not to pursue initiating business combination discussions with any of those companies. At that meeting, Lawrence J. Arth, the Chairman and Chief Executive Officer of Ameritas Acacia, presented the business case for the combination with Ameritas Acacia. The board authorized management to continue to pursue discussions with Ameritas Acacia and to commence the formal due diligence process. In the last week of January 2005, the management of each of Union Central and Ameritas Acacia finalized the proposed merger agreement.

Q: What did the Board decide?

A: The Board decided to approve the Merger with Ameritas Acacia, with the Plan in the form in which it was attached to the Merger Agreement. On January 28, 2005, the parties executed the Agreement and Plan of Merger (the "Merger Agreement").

On July 20, 2005, Union Central's Board met again to review and discuss the Plan. After careful review and deliberation, including extensive discussions with Union Central's management, legal counsel, financial advisors and actuarial consultants, the Union Central Board determined that the Plan was fair and equitable to Union Central and its policyholders, and approved and adopted the Plan.

Q: Did any other companies express interest in pursuing a potential combination with Union Central?

A: Yes. On or about January 24, 2005, I received a letter from the Chairman and Chief Executive Officer of Western & Southern Mutual Holding Company ("Western & Southern"), expressing a willingness to explore a potential combination transaction with Union Central.

Q: Did Union Central decide to explore a potential combination transaction with Western & Southern?

A: No. The letter from Western & Southern proposed no definitive terms or conditions. I disclosed the letter to the Special Committee and the Union Central Board before the Board approved the Merger Agreement. The Board determined not to pursue Western & Southern's inquiry due to its previous analysis concluding that Western & Southern would not be a good strategic fit with Union Central.

Q: Other than the alternative transactions discussed above, did the Board consider other possible alternatives? If so, what were they?

A: Yes, the Board considered three principal alternatives: (1) remaining an independent mutual insurer; (2) converting to a mutual insurance holding company structure without merging with Ameritas Acacia; and (3) demutualization. Union Central's General Counsel, David Westerbeck, will discuss the advantages and disadvantages of these alternatives in more detail. They are also discussed on pages 21 to 30 of the Policyholder Information Booklet.

Q: One of the options you mentioned was a full demutualization. Would the proposed reorganization affect the Company's ability to demutualize at a later date?

A: No, it would not.

Q: Did the Compensation Committee of the Union Central Board authorize any bonuses in connection with the Merger Agreement?

A: Yes. The Compensation Committee authorized one-time cash bonuses to be paid to me, Gary Huffman, and David Westerbeck, in the amounts of $225,000, $100,000, and $75,000, respectively, for our roles in the negotiation and execution of the Merger Agreement.

Q: Who initiated these bonuses?

A: The Compensation Committee initiated and authorized the bonuses. The three of us had no advance knowledge that the bonuses would be paid.

C. Advantages of the Reorganization and the Suitability of Ameritas Acacia as a Strategic Partner

Q: What are some of the potential advantages of the Reorganization?

A: Potential advantages the Board anticipates will result from the Reorganization are: (1) an eventual improvement in financial strength rating; (2) improvement in revenue growth; and (3) improvement in profitability due to cost reductions and additional scale of combined operations.

In addition, the Board considered the suitability of Ameritas Acacia as a strategic partner in terms of compatibility of business goals and values and other subjective criteria. The Board also believes the continued Union Central influence following the Reorganization is a beneficial aspect of the Reorganization.

Q: How might the Reorganization result in an eventual improvement in Union Central's financial strength rating?

A: Improvements in Union Central's financial strength rating after the Reorganization are expected to result from being a part of an organization with stronger combined financial resources and broader product offerings and distribution channels.

Q: How will stronger financial strength ratings benefit Union Central?

A: The Union Central Board believes that stronger financial strength ratings and access to greater financial resources through UNIFI will enable Union Central to better capitalize on opportunities to fund internal growth through distribution expansion. It will also enable Union Central to accelerate customer growth, particularly in Union Central's primary customer segment: affluent customers and small- to medium-sized businesses.

Q: How might the Reorganization result in an anticipated improvement in revenue growth?

A: Although Union Central, Ameritas Life Insurance Corp. ("Ameritas Life") and Acacia Life Insurance Company ("Acacia Life") will operate as separate insurance company subsidiaries of UNIFI, they will seek to grow by combining and building upon highly complementary products and distribution channels. Expanding the scope of products and distribution channels and aligning them under the UNIFI name will better position Union Central to enter new markets and capture a greater share of its customers' total protection and savings needs.

Q: How might the Reorganization result in anticipated improvement in profitability?

A: Once part of UNIFI, Union Central will be able to reduce operating expenses and enhance its operating margin through a more efficient utilization of the combined assets, management, and personnel of Union Central, Ameritas Life, and Acacia Life.

Q: You also mentioned that Union Central will have continued influence following the Reorganization. How will Union Central have continued influence?

A: In several ways. Union Central will have substantial representation on the Board of Directors of both UNIFI and Ameritas Holding Company ("AHC") for at least a six-year period following the Merger (the "Six-Year Mandatory Period"), and Union Central designees to the AHC Board of Directors will elect all members of the Union Central Board during this time period. For at least the Six-Year Mandatory Period, Union Central, reorganized as an Ohio stock insurance company, will continue as a stand-alone subsidiary of UNIFI.

The Merger Agreement specifies that I am to be elected and appointed as Chairman and Chief Executive Officer of both UNIFI and AHC to immediately succeed Mr. Arth, with that election and appointment to occur not later than July 31, 2008.

The Merger Agreement and proposed amendments to the Articles of Incorporation and By-laws of UNIFI also provide for additional ongoing representation of Union Central in UNIFI's senior management. These terms include making Gary Huffman, who is Union Central's Executive Vice President in charge of One Company Marketing, the senior executive at UNIFI responsible for all individual insurance operations. This is intended to promote implementation of Union Central's One Company Marketing across all of the UNIFI companies. Mr. Huffman will discuss One Company Marketing and its implementation across all of the UNIFI companies in more detail.

Finally, the UNIFI and AHC By-laws require a Supermajority Vote of 80% of the entire UNIFI Board or AHC Board to authorize certain significant corporate actions during the Six-Year Mandatory Period.

D. Advantages of the Mutual Insurance Holding Company Structure Resulting from the Reorganization

Q: Did the Union Central Board consider advantages of a mutual insurance holding company structure? If so, what did it decide?

A: Yes, the Board considered both the potential advantages and disadvantages of a mutual insurance holding company structure associated with the Reorganization. The Board determined that Union Central would not reorganize into a mutual insurance holding company structure if the Merger is not consummated; rather, Union Central is reorganizing into a mutual insurance holding company structure to facilitate the Merger. However, the mutual insurance holding company structure does have advantages and disadvantages as compared to remaining a mutual insurance company. Mr. Westerbeck will discuss the advantages and disadvantages in more detail.

Q: What are the possible advantages of a mutual insurance holding company structure?

A: In addition to facilitating the Merger, the possible advantages of a mutual insurance holding company structure, which are also incidental advantages to the Reorganization, include that the structure permits: (1) a more flexible corporate structure; (2) more diversified access to capital; and (3) the ability to use stock in compensation and incentive plans.

Q: How would the corporate structure be more flexible?

A: A mutual insurance holding company structure is more flexible than either a mutual insurance company structure or stock insurance company structure. This flexibility can facilitate the consummation of acquisitions. For example, a mutual insurance holding company can issue membership interests in connection with mergers or consolidations with other mutual insurance holding companies or mutual insurance companies, whereas a stock insurance company cannot. Also, unlike a mutual insurance holding company, which can use the stock of its intermediate holding company as an acquisition currency, a mutual insurance company cannot issue capital stock to make acquisitions because it has no authorized capital stock. In addition, a mutual insurance holding company can use its intermediate holding company as the vehicle for acquiring other companies, including non-insurance companies, which offers the potential accounting advantage of the acquired company not being reflected on the statutory balance sheet of an insurance company.

Q: How would Union Central's access to capital be more diversified?

A: A mutual insurance holding company structure facilitates access to capital markets if and when any company in the structure has a need for additional capital. An intermediate insurance holding company subsidiary of a mutual insurance holding company may issue shares of its capital stock or debt securities for cash, and that cash can, for example, be contributed to one or more of its subsidiaries or used for acquisitions.

Q: Why is the ability to use stock in compensation and incentive plans a possible advantage?

A: Adopting equity-based compensation and incentive plans, subject to the approval of the Ohio Department of Insurance, may enhance a mutual insurance holding company group's ability to attract and retain management and other employees.

Q: Does UNIFI have any current plans to adopt any form of equity-based compensation or incentive plans?

A: No, there are no current plans or intentions for UNIFI to adopt any form of equity-based compensation or incentive plans nor are there any plans or intentions to conduct an IPO of AHC stock. Having the ability to do so, however, is one possible advantage of a mutual insurance holding company structure.

E. <u>The Proposed Reorganization Is Fair and Equitable to Policyholders</u>

Q: Does the Plan protect the interests of Union Central Policyholders?

A: Absolutely. The Board unanimously determined that the Plan is fair and equitable to Union Central Policyholders and properly protects their interests. Indeed, the Board believes the Reorganization is in the best interests of Union Central Policyholders.

Q: Why does the Board believe the Plan is fair and equitable to Union Central Policyholders?

A: The Board believes the Plan is fair and equitable to Union Central Policyholders for several reasons, including the following:

<u>First</u>, on January 28, 2005, Morgan Stanley, which was retained as the financial advisor for Union Central, rendered its opinion to the Board that, subject to the assumptions, qualifications, and limitations expressed in the opinion, as of that date, the Reorganization was fair from a financial point of view to Union Central Policyholders as a group. On July 20, 2005, Morgan Stanley issued an updated opinion to the Board, which was substantially the same as its January 28, 2005 opinion, that, subject to the assumptions, qualifications, and limitations expressed in the opinion, as of that date, the Reorganization was fair from a financial point of view to Union Central Policyholders as a group. Gavin McFarland of Morgan Stanley will discuss Morgan Stanley's opinions in more detail.

<u>Second</u>, on January 28, 2005, Daniel J. McCarthy and Steven I. Schreiber of Milliman Inc. ("Milliman"), which was retained as the actuarial advisor for Union Central, rendered

an opinion to the Board that, as of that date, subject to the assumptions, qualifications, and limitations expressed in the opinion, the proposed Reorganization was fair to Union Central Policyholders from an actuarial point of view. Based upon the analysis set forth in their opinion, Messrs. McCarthy and Schreiber determined that Union Central Policyholders will be part of an entity that is at least as strong financially as Union Central is today, and the arrangements between the parties provide for the continued reasonable financial treatment of Union Central Policyholders. On July 20, 2005, Messrs. McCarthy and Schreiber issued their updated opinion to the Board (which was substantially the same as their January 28, 2005 opinion), that, as of that date, subject to the assumptions, qualifications, and limitations expressed in the opinion, the proposed Reorganization was fair to Union Central Policyholders from an actuarial point of view.

Third, the Plan provides for the establishment of an arrangement called a Closed Block, for policy dividend purposes only, for the exclusive benefit of the policies included therein. The Closed Block is designed to give reasonable assurance to holders of Closed Block Policies that assets will be available to provide for continuation, in the aggregate, of dividends throughout the life of such policies based upon the 2005 dividend scale if the experience underlying that dividend scale continues, and for appropriate adjustment in that dividend scale if experience changes. Messrs. McCarthy and Schreiber rendered an opinion on January 28, 2005 concluding that, based on the principles and other matters identified in the opinion, the purpose of the Closed Block contemplated by the Plan is appropriate as an actuarial matter. Messrs. McCarthy and Shreiber rendered an additional opinion related to the Closed Block on July 20, 2005.

Steven Schreiber will discuss these opinions in more detail.

Fourth, the contractual rights of Union Central Policyholders remain unchanged following the Reorganization, and will remain with Union Central. Policyholders' insurance policies and annuities will remain essentially the same, and so will any right Union Central Policyholders have to dividends paid out under their policies. Specifically, the terms and provisions of the policies held by Union Central Policyholders will not be changed as a result of the Reorganization. Also, the Reorganization will not reduce or alter in any way the guaranteed benefits and values, and the contractual rights of Union Central Policyholders, as described in their policies. Premiums required to be paid as specified in the policies will not change.

Fifth, Union Central policyholders retain membership interests. Specifically, the membership interests of Union Central Policyholders are converted from membership interests in Union Central to membership interests in UNIFI.

Sixth, the Plan is fair and equitable because UNIFI will give prior notice of any proposed IPO, and a description of the material terms and provisions thereof, when required by the Ohio Revised Code and the undertakings that will be entered into by the Company with the Ohio Superintendent of Insurance in connection with the Plan.

Q: After the Union Central Board first approved the Plan, did Union Central restate certain financial statements?

A: Yes. During the preparation of the June 30, 2005 GAAP financial statements, Union Central identified errors in the calculation of certain reserve items relating to its term life insurance product. The errors were uncovered when reserve entries were reviewed for the term products on a stand-alone basis. Due to these errors, GAAP total equity and net income were overstated for certain periods. Union Central's audited GAAP financial statements were restated to reflect a reduction in the ceded reserve credit and other less significant reserve related items with respect to term insurance products.

Q: Do these errors reflect a systematic error with Union Central's accounting processes?

A: No. Management, the Audit Committee and the Board all have concluded that these errors are isolated and do not reflect a systematic problem with Union Central's accounting processes.

Q: Do these GAAP adjustments affect the Board's conclusion that the Plan is fair and equitable to Union Central Policyholders and properly protects their interests?

A: No, they do not. The Board continues to believe the Plan is fair and equitable to Union Central Policyholders and properly protects their interests, and that the Reorganization is in the best interests of the Company and its policyholders.

Q: Do these GAAP adjustments affect the Morgan Stanley or Milliman actuaries' fairness opinions?

A: No. Both Morgan Stanley and the Milliman actuaries have confirmed that the GAAP adjustments have no impact on their fairness opinions.

Q: Were Union Central Policyholders advised of the GAAP adjustments?

A: Yes. Union Central issued a Supplement to Policyholder Information Booklet dated August 22, 2005.

F. Corporate Governance of UNIFI and Subsidiaries

Q: You mentioned that Union Central will have substantial representation on the UNIFI and AHC Boards during at least the Six-Year Mandatory Period. Briefly describe the composition of those Boards after the Merger.

A: At the effective time of the Reorganization, the UNIFI Board will be comprised of 25 directors, 14 of whom will be Ameritas Acacia designees and 11 of whom will be Union Central designees. At the effective time, the AHC Board will initially be comprised of the same 25 persons who are serving as UNIFI directors at that time.

Q: Where will the executive offices of UNIFI and its subsidiaries be located?

A: Currently, the executive offices of Ameritas Life, Acacia Life, and Union Central are located, respectively, in Lincoln, Nebraska; Bethesda, Maryland; and Cincinnati, Ohio. The Merger Agreement requires that at least one of the Chairman, CEO, President, or COO of each of UNIFI and AHC shall reside at the Lincoln executive office location, and at least one shall reside at the Cincinnati executive office location. The Lincoln executive office location will be the corporate domicile of UNIFI and AHC.

III. THE PROCESS INVOLVED IN COMPLETING THE REORGANIZATION

A. Steps Involved in the Reorganization

Q: Mr. Jacobs, please describe the steps involved in the Reorganization under Ohio law.

A: As I mentioned at the beginning of my testimony, the Reorganization has two main components: the Conversion of Union Central and the Merger. Under Ohio law, there are several steps involved in the process of changing the corporate structure of Union Central. First, at least two-thirds of the Board of Directors were required to approve the Plan. This step was accomplished when the Board unanimously approved and adopted the Plan. Second, the Company was required to file the Plan and other related documents, forms, and other information with the Ohio Superintendent of Insurance (the "Superintendent"). Among other things, Union Central was required to file a copy of the notice to policyholders and the form of proxy. This step has been accomplished. Third, the Plan had to be approved at a policyholders meeting by the affirmative vote of at least a majority of the votes cast by eligible policyholders. This step was accomplished at the special meeting of shareholders held on September 30, 2005, where 83.61 percent of the Union Central Policyholders who submitted a vote voted in favor of the proposal. Fourth, the Superintendent must decide whether to approve the Reorganization. The Superintendent will only approve the Reorganization if she finds that it is fair and equitable to Union Central Policyholders.

Q: Assuming Union Central completes all the necessary steps, including obtaining the required regulatory approval, when does the Company believe the Reorganization will be final?

A: Hopefully, we will be in a position to be able to close by the end of this year.

B. <u>Conditions to the Reorganization</u>

Q: Are there conditions to the consummation of the Merger?

A: Yes. The obligations of Union Central and Ameritas Acacia to consummate the Merger are subject to the satisfaction of eleven conditions, including, among other things, the approval of the Reorganization by Union Central Policyholders and approval of the Merger by Ameritas Acacia Members; receipt of certain specified regulatory approvals and other consents; and the truth and accuracy of the representations and warranties of Union Central and Ameritas Acacia as if made at the effective time of the Merger. The conditions to the Merger are set forth on pages 48 to 49 of the Policyholder Information Booklet.

Q: Are there conditions to the effectiveness of the Plan?

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

IV. CONCLUSION

Q: Does Union Central believe the Reorganization is fair and equitable to Union Central Policyholders?

A: Absolutely. The Board unanimously approved and adopted the Plan, and found that the Reorganization is fair and equitable to Union Central Policyholders. As I mentioned earlier, Union Central and Ameritas Acacia believe the Reorganization is an opportunity to make a very important strategic move for both companies. Each company offers attributes that will benefit the other. By structuring the Reorganization as the companies did, Union Central and the other Ameritas Acacia insurers will retain their individual identities, benefit from their combined financial strength, and be positioned to realize new growth opportunities in the marketplace.

Q: Does that conclude your testimony?

A: Yes. On behalf of the Union Central Board of Directors and employees of Union Central, I would like to thank the Superintendent and her staff for their work throughout this process and for the opportunity to participate in this public hearing.

VERIFICATION

I, John H. Jacobs, say on oath or affirm that I have read the foregoing document and, to the best of my knowledge, believe all answers made in the document are true.

John H. Jacobs

John H. Jacobs

SWORN BEFORE ME THIS 17th DAY OF OCTOBER, 2005.

JUDITH GRIESSER
Notary Public, State of Ohio
My Commission Expires
05-04-2009

Judith Griesser

Notary Public