



**PACIFIC LIFE**

**CELEBRATING 150 YEARS**

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**ANNUAL MEETING OF MEMBERS OF  
PACIFIC MUTUAL HOLDING COMPANY**

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**MAY 23, 2018**





# PACIFIC MUTUAL

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## 2018 VOTING INFORMATION

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Dear Member,

You are invited to attend the Pacific Mutual Holding Company (**Pacific Mutual**) Annual Meeting of Members (**Annual Meeting**), which will be held on May 23, 2018, at 11:30 a.m. Pacific Time, at 700 Newport Center Drive, Newport Beach, California 92660. As a policyholder and/or contract holder of Pacific Life Insurance Company (**Pacific Life**), you are automatically a Member of Pacific Mutual and entitled to vote on the election of its directors and on other matters being submitted to its Members for a vote.

**In addition to the election of the directors, a special proposal is on the agenda for the Annual Meeting: approval of certain amendments to Pacific Mutual's Articles of Incorporation and Plan of Conversion to simplify our governance structure as described in more detail throughout this Voting Information Statement.**

Our current governance structure is a result of certain requirements that were put into place when Pacific Mutual Life Insurance Company (currently known as Pacific Life) converted into a mutual holding company structure in 1997. Back then, we created a governance structure that would allow the issuance of equity by Pacific LifeCorp, a wholly-owned subsidiary of Pacific Mutual and the direct parent of Pacific Life, to outside investors. However, Pacific LifeCorp has not issued equity to any outside investors, and does not currently anticipate doing so. Accordingly, we propose to streamline our governance structure which will require amendments to certain provisions of Pacific Mutual's Articles of Incorporation and Plan of Conversion.

**The Board of Directors of Pacific Mutual unanimously approved and recommends that you approve the governance structure amendments.**

On behalf of the Board of Directors and management, we encourage you to support this proposal. Your vote is important. Whether or not you plan to attend the Annual Meeting, please submit your proxy as soon as possible using one of the following three voting methods: Internet, telephone, or mail as further described in the proxy materials provided.

If you have questions regarding Pacific Mutual, please call 1 (800) 800-7646, ext. 3200 or email [AnnualMeeting@PacificLife.com](mailto:AnnualMeeting@PacificLife.com).

We are proud to celebrate 150 years of service to Pacific Life's policyholders. As we prepare for another 150 years of service, we are focused on empowering policyholders for long-term success. We understand that you have options when choosing a company to protect your financial future. On behalf of the Board of Directors and management, thank you for choosing Pacific Life.

Sincerely,

James T. Morris

*Chairman, President and Chief Executive Officer*

**PACIFIC MUTUAL HOLDING COMPANY**  
**700 Newport Center Drive**  
**Newport Beach, California 92660**

**Notice of Annual Meeting of Members of**  
**Pacific Mutual Holding Company**  
**To be held on May 23, 2018**

**NOTICE IS HEREBY GIVEN THAT** an Annual Meeting of Members of Pacific Mutual Holding Company (**Pacific Mutual**) will be held on May 23, 2018, at 11:30 a.m. Pacific Time, at 700 Newport Center Drive, Newport Beach, California 92660 (**Annual Meeting**). At the Annual Meeting, we will ask Members of Pacific Mutual to consider and vote upon:

- a proposal to elect Dwight W. Decker, J. Michael Shepherd, Scott D. Stowell and Peter J. Taylor as directors of Pacific Mutual; and
- a proposal to approve amendments to Pacific Mutual's Articles of Incorporation and Plan of Conversion as described in more detail throughout this Voting Information Statement.

**THE BOARD OF DIRECTORS OF PACIFIC MUTUAL HAS UNANIMOUSLY APPROVED THE AMENDMENTS TO THE ARTICLES OF INCORPORATION AND PLAN OF CONVERSION OF PACIFIC MUTUAL AS WELL AS THE AMENDMENTS TO THE BYLAWS OF PACIFIC MUTUAL DESCRIBED IN MORE DETAIL IN THIS VOTING INFORMATION STATEMENT AND UNANIMOUSLY RECOMMENDS THAT THE MEMBERS OF PACIFIC MUTUAL VOTE FOR APPROVAL OF THE AMENDMENTS TO THE ARTICLES OF INCORPORATION AND PLAN OF CONVERSION OF PACIFIC MUTUAL.**

**PLEASE PROMPTLY COMPLETE AND RETURN THE PROXY CARD OR PROMPTLY SUBMIT YOUR PROXY BY INTERNET OR TELEPHONE WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.** The giving of such proxy does not affect your right to vote in person in the event that you attend the Annual Meeting.

By Order of the Board of Directors,

Jane M. Guon  
*Vice President and Secretary*

Newport Beach, California  
April 6, 2018

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## Election of Directors

The Board of Directors of Pacific Mutual Holding Company (“Pacific Mutual”) is divided into three classes. Members of Pacific Mutual (“Members”) elect one class of directors at the annual meeting each year to serve a three-year term. The Board of Directors of Pacific Mutual has nominated Dwight W. Decker, J. Michael Shepherd, Scott D. Stowell and Peter J. Taylor for election at the Annual Meeting to hold office until the annual meeting in 2021, and recommends that Members vote in favor of the election of the nominees. The nominees currently serve on the Board of Directors of Pacific Mutual and have indicated that they will continue to serve, if elected. For additional information regarding the directors of Pacific Mutual, please visit [www.PacificMutual.com](http://www.PacificMutual.com).

### *Directors Standing for Election*



**Dwight W. Decker**, age 68, has served as a director of Pacific Mutual since 2002 and currently serves on the Audit Committee and the Investment and Finance Committee (Chair). Dr. Decker also serves as a director of Pacific LifeCorp. Dr. Decker served as chairman and chief executive officer of Conexant Systems, Inc. from 1999 to 2008. Prior to Conexant’s spin-off from Rockwell International in 1999, Dr. Decker was senior vice president of Rockwell International and president of Rockwell Semiconductor Systems. Dr. Decker received his bachelor’s degree in mathematics and physics from McGill University and his doctorate in applied mathematics from the California Institute of Technology.



**J. Michael Shepherd**, age 62, has served as a director of Pacific Mutual since 2008, currently serves as the Lead Director and is on the Compensation and Personnel Committee and the Investment and Finance Committee. Mr. Shepherd also serves as a director of Pacific LifeCorp. Mr. Shepherd is chairman of BNP Paribas USA and its subsidiaries BancWest Corporation and Bank of the West. Mr. Shepherd is also a member of the board of directors of First Hawaiian Bank. He is also a member of the Advisory Boards of FTV Capital and Promontory Interfinancial Network, and the Council on Foreign Relations. Mr. Shepherd received his bachelor’s degree from Stanford University and his law degree from the University of Michigan.



**Scott D. Stowell**, age 60, has served as a director of Pacific Mutual since 2014 and currently serves on the Compensation and Personnel Committee and the Investment and Finance Committee. Mr. Stowell served as executive chairman of the board of directors (2015 – 2017) and chief executive officer and president (2012 – 2015) of CalAtlantic Group, Inc. He serves on the board of directors of Lennar Corporation and the Policy

Advisory Board of the Fisher Center for Real Estate at the University of California, Berkeley and the Harvard Joint Center for Housing Studies. Mr. Stowell received his bachelor's degree from Brigham Young University and his master degree in business administration from the University of California, Irvine.



**Peter J. Taylor**, age 59, has served as a director of Pacific Mutual since 2016 and currently serves on the Audit Committee and the Governance and Nominating Committee. Mr. Taylor is president of the ECMC Foundation. Prior to joining the ECMC Foundation, Mr. Taylor served as the chief financial officer of the University of California. Mr. Taylor is a member of the board of trustees of the California State University system. He also serves on the board of directors of Edison International and is chair of its Audit Committee. Mr. Taylor received his bachelor's degree from the University of California, Los Angeles and his master degree in public policy analysis from Claremont Graduate University.

### *Other Directors Currently in Office*



**Mariann Byerwalter**  
*Chairman*  
SRI International



**Julia S. Guow**  
*Retired President and*  
*Chief Operating Officer*  
East West Bank



**Douglas S. Ingram**  
*President and*  
*Chief Executive Officer*  
Sarepta Therapeutics Inc.<sup>(1)</sup>



**James T. Morris**  
*Chairman, President and*  
*Chief Executive Officer*  
Pacific Life Insurance Company

(1) Mr. Ingram plans to resign from the Board of Directors of Pacific Mutual on May 23, 2018.

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## **Governance Structure Amendments**

*The following summary is not intended to be complete and is qualified in all respects by the more detailed information appearing elsewhere in this Voting Information Statement and its appendices. We urge you to read this Voting Information Statement and each of its appendices in their entirety.*

*The Board of Directors of Pacific Mutual has approved the governance structure amendments described below, and recommends that the Members vote in favor of such amendments.*

### **Introduction**

Our current governance structure is a result of certain requirements that were implemented when Pacific Mutual Life Insurance Company (currently known as Pacific Life) converted into a mutual holding company structure in 1997. These governance requirements were put in place in anticipation of an issuance of equity by Pacific LifeCorp to outside investors in order to protect the interests of both such outside investors and the Members in the event that their interests may conflict. Pacific LifeCorp is a wholly-owned subsidiary of Pacific Mutual and the direct parent of Pacific Life Insurance Company (“Pacific Life”).

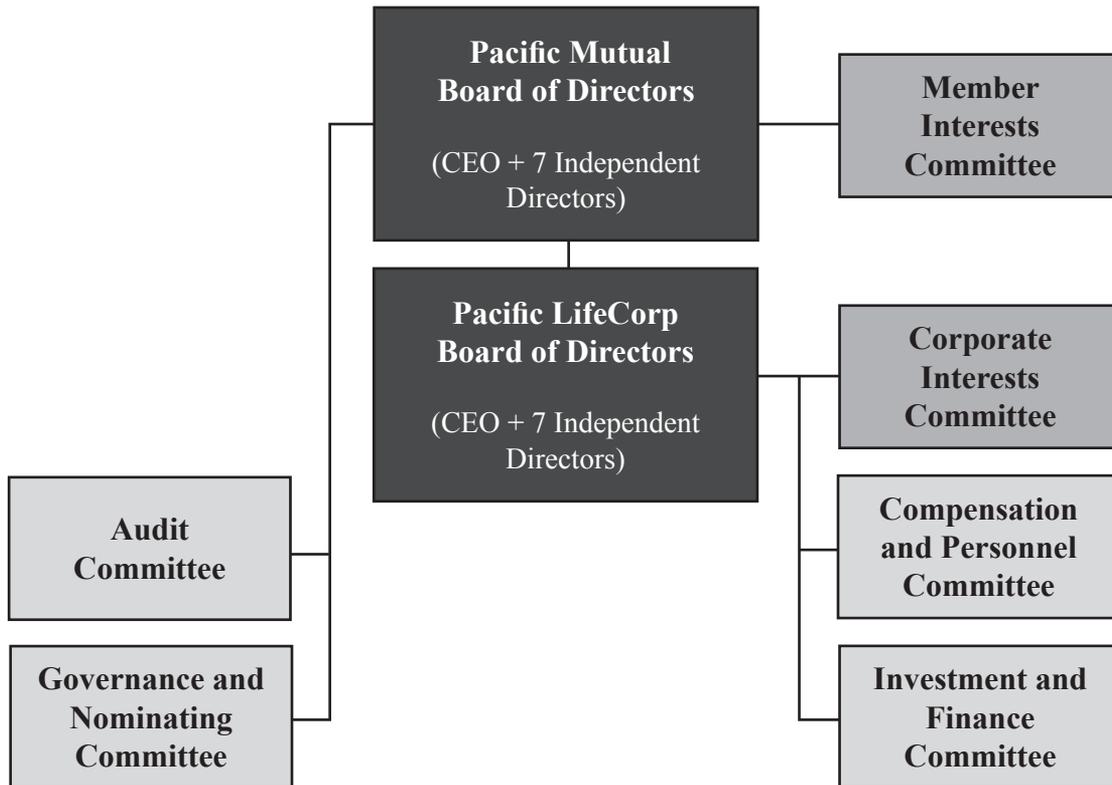
As indicated in the chart on page 4, the Boards of Directors of Pacific Mutual and Pacific LifeCorp each consists of seven independent directors plus our Chief Executive Officer (“CEO”). Four of the independent directors who serve on the Board of Directors of Pacific Mutual also serve on the Board of Directors of Pacific LifeCorp. Additionally, the Boards of Directors of Pacific Mutual and Pacific LifeCorp each have three non-overlapping independent directors. In other words, three of the independent directors who serve on the Board of Directors of Pacific Mutual do not also serve on the Board of Directors of Pacific LifeCorp and three of the independent directors who serve on the Board of Directors of Pacific LifeCorp do not also serve on the Board of Directors of Pacific Mutual.

Each of the committees of the Boards of Directors of Pacific Mutual and Pacific LifeCorp consists solely of independent directors. The committees are structured as follows:

- The Audit Committee and the Governance and Nominating Committee are committees of both the Board of Directors of Pacific Mutual and the Board of Directors of Pacific LifeCorp.
- The Compensation and Personnel Committee and the Investment and Finance Committee are committees of the Board of Directors of Pacific LifeCorp only.

- The Board of Directors of Pacific Mutual has a Member Interests Committee and the Board of Directors of Pacific LifeCorp has a Corporate Interests Committee.

**Current Governance Structure**



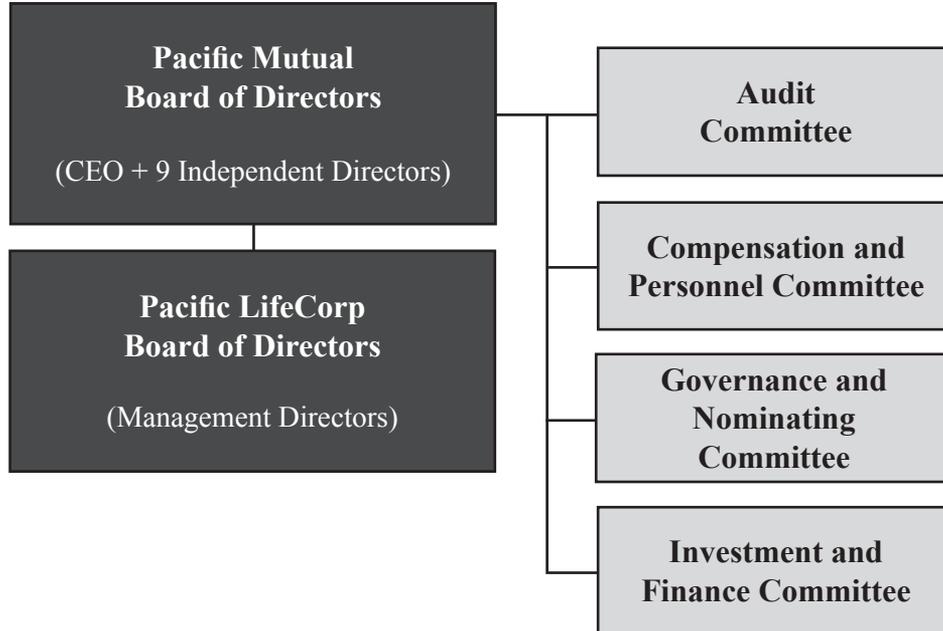
## ***Proposed Modifications to Governance Structure***

As mentioned above, our current governance structure was designed to permit an issuance of equity by Pacific LifeCorp to outside investors and to protect the interests of both such outside investors and the Members in the event their interests might conflict. However, Pacific LifeCorp has not issued equity to any outside investors and does not currently anticipate doing so. Accordingly, we propose to streamline our governance structure by amending certain provisions of: (i) the Articles of Incorporation (“Articles”), (ii) the Bylaws (“Bylaws”), and (iii) the Plan of Conversion (“Plan of Conversion”) of Pacific Mutual to simplify our governance structure and make other more ministerial changes as described below.

If the proposed amendments to the Articles are approved by the Members and the proposed amendments to the Plan of Conversion are approved by the 1997 Policyholders (as defined below), we plan to modify our governance structure as follows:

- Set the size of the Board of Directors of Pacific Mutual at 10 as permitted by the Bylaws.
- Elect as directors of Pacific Mutual the three independent directors who currently serve on the Board of Directors of Pacific LifeCorp but not on the Board of Directors of Pacific Mutual. Biographical information for these directors is set forth on page 7 of this Voting Information Statement. Mr. Ingram plans to resign from the Board of Directors of Pacific Mutual on May 23, 2018.
- Reduce the size of the Board of Directors of Pacific LifeCorp which will consist of our CEO and other members of management.
- Modify our committee structure so that the Audit Committee, Compensation and Personnel Committee, Governance and Nominating Committee and Investment and Finance Committee are committees of the Board of Directors of Pacific Mutual only. Each of these committees will continue to consist solely of independent directors.
- Eliminate the Member Interests Committee and the Corporate Interests Committee.

## Proposed Governance Structure



We believe that the proposed amendments to the Articles, Bylaws and Plan of Conversion of Pacific Mutual will benefit the Members by allowing Pacific Mutual, Pacific LifeCorp and Pacific Life to operate in a more efficient manner without diminishing protections afforded to the Members by the Plan of Conversion and Nebraska law. The Members would retain the protections provided by independent directors and committees comprised of independent directors at the Pacific Mutual level. Additionally, the Members would remain protected by the fiduciary duties of directors at the Pacific LifeCorp level and affiliate transactions would continue to be governed by the requirements of Nebraska law.

The full text of the proposed amendments to the Plan of Conversion (the “Plan of Conversion Amendment”) is attached to this Voting Information Statement as Appendix A, marked to show the changes we are proposing. The full text of the proposed amendments to the Articles (the “Articles Amendment”) is attached to this Voting Information Statement as Appendix B, marked to show the changes we are proposing. In addition, the full text of these documents as well as the proposed amendments to the Bylaws can be viewed on our website at [www.PacificMutual.com](http://www.PacificMutual.com).

We will not adopt the Articles Amendment without the approval of the Members. We will not adopt the Plan of Conversion Amendment without the approval of the Members who (1) on April 21, 1997, were members of Pacific Mutual Life Insurance Company and owned a policy of Pacific Mutual Life Insurance Company providing for voting rights, and (2) are currently policyholders of Pacific Life (the “1997 Policyholders”). While the Bylaws do not require Member approval for their

amendment, we will not adopt the proposed amendments to the Bylaws that reduce the minimum number of directors of Pacific Mutual from nine to seven unless the Members approve the Articles Amendment.

As mentioned above, if the Members approve the Articles Amendment and the 1997 Policyholders approve the Plan of Conversion Amendment, we will set the size of the Board of Directors of Pacific Mutual to 10 and elect the three independent directors who currently serve on the Board of Directors of Pacific LifeCorp but not on the Board of Directors of Pacific Mutual. Biographical information regarding these directors is set forth below.



**Christopher D. Furman**, age 58, has served as a director of Pacific LifeCorp since 2012 and currently serves on the Compensation and Personnel Committee (Chair) and the Governance and Nominating Committee. Mr. Furman has served as president and chief executive officer of Ventura Foods, LLC since 2009. Prior to joining Ventura Foods, Mr. Furman worked at PepsiCo, Inc. for more than 20 years in a variety of leadership roles, and finished his career at PepsiCo as president of the Foodservice Division. Mr. Furman received his bachelor's degree in food marketing from St. Joseph's University.



**Dean A. Yoost**, age 68, has served as a director of Pacific LifeCorp since 2007 and currently serves on the Audit Committee and the Governance and Nominating Committee (Chair). After a 33-year career, Mr. Yoost retired in 2005 as a managing partner of Pricewaterhouse Coopers, Orange County, California and regional leader of its Advisory Services practice. Mr. Yoost is a director of MUFG Bank and serves on the advisory board of American Honda Finance Corporation. Mr. Yoost received his bachelor's degree in accounting from Winona State University, his master of business taxation degree from Minnesota State University, Mankato and his master of business administration degree from the University of Minnesota.



**Kerry L. Williams**, age 56, has served as a director of Pacific LifeCorp since 2016 and currently serves on the Investment and Finance Committee and the Compensation and Personnel Committee. Mr. Williams has served as the chief operating officer of Experian since 2014. Throughout his 15 years with Experian, he has held several other leadership positions, including regional leader, Latin America; group president, global credit services and decision analytics; group president, credit services global business line; and president, consumer information services. Mr. Williams received his bachelor's degree in business from Florida State University and his master of business administration degree from Arizona State University.

## ***Proposed Amendments to the Plan of Conversion***

The Board of Directors of Pacific Mutual has unanimously approved, and recommends that you approve, the Plan of Conversion Amendment. In addition, as required by the terms of the Plan of Conversion, we have submitted the Plan of Conversion Amendment to the Director of the Nebraska Department of Insurance (the “Director”). The Director has reviewed and approved the Plan of Conversion Amendment contingent on, and effective upon, approval by the Members. As described in more detail below, the Plan of Conversion Amendment removes requirements that were put in place in anticipation of an issuance of equity by Pacific LifeCorp to outside investors that has not occurred and is not anticipated to occur. Nebraska Insurance Code § 44-6125(6)(i) requires that any such issuance in the future would require the approval of the Director; thus, the Director could choose to reimpose any requirements eliminated by the Plan of Conversion Amendment as well as any new requirements at that time if deemed to be necessary or appropriate.

### *Director Independence and Overlap Requirements*

The Plan of Conversion Amendment removes the requirements that (i) at least three directors of Pacific Mutual be persons who are not officers, directors or employees of Pacific LifeCorp or Pacific Life, (ii) at least three directors of Pacific LifeCorp be persons who are not officers, directors or employees of Pacific Mutual, (iii) a majority of the members of the Pacific LifeCorp Board of Directors and of its Investment and Finance Committee also be directors of Pacific Mutual, (iv) transactions between Pacific Mutual, on the one hand, and Pacific LifeCorp or Pacific Life, on the other hand, be approved by a vote of the Board of Directors of each company that is a party thereto (or by a committee thereof) sufficient to approve the transaction without counting the vote of any common director, and (v) a majority of the directors of Pacific LifeCorp be persons who are not officers or employees of Pacific LifeCorp.

The requirement in clause (v) above that a majority of the directors of Pacific LifeCorp be independent was put into place in contemplation of a possible issuance of equity by Pacific LifeCorp to outside investors, in order to provide additional protections to such investors who would not be protected by independent directors at the Pacific Mutual level. The requirements in clauses (i)-(iv) above were also put into place in anticipation of a possible issuance of equity, in order to protect both the Members and third-party investors in Pacific LifeCorp by ensuring that a committee of non-conflicted directors be available at both entities to approve affiliate transactions. However, such an issuance of equity to outside investors has not occurred and is not currently anticipated. These requirements have resulted in larger Boards of Directors than would otherwise be necessary and duplicative processes at both Pacific Mutual and Pacific LifeCorp.

Adoption of the Plan of Conversion Amendment would allow both Pacific LifeCorp and Pacific Life to have Boards of Directors comprised of internal directors, while maintaining independent directors only at the level of the ultimate parent company, a common structure for insurance holding companies. While independent directors and committees comprised of independent directors are important protections for stakeholders, the Members would retain such protection at the level of the Board of Directors of Pacific Mutual. Additionally, affiliate transactions would continue to be governed by the requirements of Nebraska law.

### ***Proposed Amendments to the Articles***

The Board of Directors of Pacific Mutual has unanimously approved, and recommends that you approve, the Articles Amendment. In addition, as required by Nebraska law, we have submitted the Articles Amendment to the Director, and the Director has reviewed and approved the Articles Amendment, contingent on, and effective upon, approval by the Members.

#### *Updates to Reflect Previous Merger into a Nebraska Mutual Holding Company*

Pacific Mutual's predecessor entity was a California mutual holding company. In 2007, Pacific Mutual became a Nebraska holding company through a merger transaction. To that end, we propose several amendments to the Articles to remove now outdated references to the prior existence of Pacific Mutual as a California company and the merger transaction.

#### *Change of Address*

The Articles Amendment updates the addresses for Pacific Mutual's principal and main administrative offices in Nebraska.

#### *Removal of Requirements for Number of Directors*

The Articles Amendment includes the removal of the provision of the Articles governing the number of directors on the Board of Directors of Pacific Mutual. Following the adoption of Articles Amendment, the number of directors on the Board of Directors of Pacific Mutual will be governed by a provision of the Bylaws.

### ***Proposed Amendments to the Bylaws***

The Board of Directors of Pacific Mutual has unanimously approved the proposed amendments to the Bylaws, contingent on the Members' approval of the Articles Amendment.

### *Updates to Reflect Previous Merger into a Nebraska Mutual Holding Company*

Throughout the Bylaws, we propose making adjustments to the language to more closely follow the language of Nebraska statutory provisions. In addition, references throughout to California statutory provisions would be updated to reference the corresponding Nebraska statutory provisions.

#### *Change of Address*

The proposed amendments to the Bylaws updates the address of Pacific Mutual's registered office in Nebraska, conforming with the similar proposed amendment to the Articles.

#### *Number of Directors*

One of the proposed amendments to the Bylaws reduces the minimum number of Pacific Mutual directors from nine to seven, and removes the requirement that any resolution changing the number of directors by more than 30% be approved by the Members. The requirements relating to the number of directors permitted to serve on the Board of Directors of Pacific Mutual would remain part of the Bylaws, and would still be required to comply with the requirements of Nebraska law, which sets the minimum number of directors at five. We believe that with the elimination of the requirement for non-overlapping directors with Pacific LifeCorp described above, the Board of Directors of Pacific Mutual can operate effectively at a smaller size without diminishing any Member protections.

#### *Electronic Submission of Proxies*

The proposed amendments to the Bylaws explicitly permit (as allowed by Nebraska law) the electronic submission of proxies, in addition to the submission of proxies by executing a written instrument.

### ***Other Proposed Governance Changes***

In connection with the amendments discussed above, we anticipate eliminating the Member Interests Committee of the Board of Directors of Pacific Mutual ("Member Interests Committee") and the Corporate Interests Committee of the Board of Directors of Pacific LifeCorp ("Corporate Interests Committee").

Under their charters, the primary purposes of the Member Interests Committee and Corporate Interests Committee are to ratify or approve (1) transactions between Pacific Mutual and Pacific LifeCorp or Pacific Life, and (2) matters where the interests of Pacific Mutual and Pacific LifeCorp or Pacific Life differ or are in conflict, particularly after the issuance of voting stock by Pacific LifeCorp to outside investors.

As discussed above, given that such a stock issuance has not occurred and is not currently anticipated, the Member Interests Committee provides duplicative protections for the Members. As Pacific Mutual remains the sole owner of Pacific LifeCorp stock, the Members are the sole constituency of the Board of Directors of Pacific LifeCorp and thus the existence of a special committee to protect the interests of the Members as against those of other constituencies does not provide any additional benefit to the Members. Additionally, as the Members are the sole constituency of the Board of Directors of Pacific LifeCorp, there is no stakeholder who benefits from the protections provided by the Corporate Interests Committee. Therefore, if the Members approve the Articles Amendment and the Plan of Conversion Amendment, we will eliminate the Member Interests Committee and the Corporate Interests Committee.

### ***Summary of Proposed Changes***

The table below summarizes the proposed amendments to the Plan of Conversion, Articles and Bylaws as well as other proposed governance changes.

<b>Before</b>	<b>After</b>
<i>Amendments to the Plan of Conversion</i>	
At least three directors of Pacific Mutual must not be officers, directors or employees of Pacific LifeCorp or Pacific Life	Requirement for non-overlapping directors removed – it was put in place solely to protect the interests of Members in the event of a sale of equity of Pacific LifeCorp to outside investors, but no such sale has occurred or is contemplated
At least three directors of Pacific LifeCorp must not be officers, directors or employees of Pacific Mutual	Requirement for non-overlapping directors removed – it was put in place solely to protect the interests of potential outside equity investors in Pacific LifeCorp, but no such equity sale has occurred or is contemplated
Transactions between Pacific Mutual and either Pacific LifeCorp or Pacific Life must be approved by non-overlapping directors	This requirement removed – it was put in place in contemplation of a potential sale of equity of Pacific LifeCorp to third parties in order to allow approval of transactions between Pacific Mutual and Pacific LifeCorp by non-conflicted directors
A majority of the Board of Directors of Pacific LifeCorp must be independent	This requirement removed – there are no outside equity investors in Pacific LifeCorp to require the protection of independent directors at the Pacific LifeCorp level
A majority of the directors of Pacific LifeCorp and its Investment and Finance Committee must also be directors of Pacific Mutual	This requirement removed – currently, it is contemplated that the Board of Directors of Pacific LifeCorp would consist of directors who are also officers of Pacific LifeCorp. It is also contemplated that the Investment and Finance Committee functions would be performed by a committee of the Board of Directors of Pacific Mutual consisting solely of independent directors

<b>Before</b>	<b>After</b>
<i>Amendments to the Articles</i>	
References to structure before the merger into a Nebraska mutual holding company	Updated to remove references to pre-merger structure
Outdated addresses for Pacific Mutual's principal and main administrative offices in Nebraska	Updated office addresses
Provisions regarding number of directors contained in both Articles and Bylaws of Pacific Mutual, and regulated by Nebraska law	Provisions regarding number of directors contained in Bylaws of Pacific Mutual, and regulated by Nebraska law
<i>Amendments to the Bylaws</i>	
Provisions closely follow language of (and cite to) relevant California statutes	Provisions closely follow language of (and cite to) relevant Nebraska statutes
Outdated address for Pacific Mutual's registered office in Nebraska	Updated office address
Minimum number of Pacific Mutual directors set at nine, material change in number of directors requires Member approval; cannot be reduced below five directors pursuant to Nebraska law	Minimum number of Pacific Mutual directors set at seven; cannot be reduced below five directors pursuant to Nebraska law
Silent as to electronic submission of proxies	Electronic submission of proxies explicitly permitted
<i>Other Governance Changes</i>	
Board of Directors of Pacific Mutual consists of our CEO plus seven independent directors	Board of Directors of Pacific Mutual consists of our CEO plus nine independent directors
Board of Directors of Pacific LifeCorp consists of our CEO plus seven independent directors	Board of Directors of Pacific LifeCorp consists of our CEO and other members of senior management; Members remain protected by independent directors of Pacific Mutual and existing fiduciary duties of Pacific LifeCorp directors
Audit Committee and Governance and Nominating Committee are committees of both the Board of Directors of Pacific Mutual and the Board of Directors of Pacific LifeCorp	Audit Committee and Governance and Nominating Committee are committees of the Board of Directors of Pacific Mutual only; Members remain protected by the committees of the Board of Directors of Pacific Mutual consisting solely of independent directors
Compensation and Personnel Committee and Investment and Finance Committee are committees of the Board of Directors of Pacific LifeCorp only	Compensation and Personnel Committee and Investment and Finance Committee are committees of the Board of Directors of Pacific Mutual only; Members remain protected by the committees of the Board of Directors of Pacific Mutual consisting solely of independent directors
Member Interests Committee exists at Pacific Mutual level to protect interests of Members as against other constituencies, such as outside investors in Pacific LifeCorp	Member Interests Committee eliminated; Members remain protected by independent directors of Pacific Mutual and existing fiduciary duties of Pacific LifeCorp directors
Corporate Interests Committee exists at the Pacific LifeCorp level to protect interests of constituencies other than the Members	Corporate Interests Committee eliminated; Members are sole constituency of the Board of Directors of Pacific LifeCorp

## APPENDIX A – PLAN OF CONVERSION AMENDMENT

The following is a copy of the Plan of Conversion Amendment. Included in this Appendix A is a copy of Exhibit A to the Conversion Plan Amendment, which sets forth a copy of the Plan of Conversion as it would be amended and restated by the Plan of Conversion Amendment. The copy of Exhibit A set forth below differs from the Exhibit A that will be attached to the actual Plan of Conversion Amendment in that it is marked, for ease of understanding, to show the location of the changes that would be made to the Plan of Conversion in order to effect the Plan of Conversion Amendment.

\* \* \*

### SECOND AMENDMENT TO THE PLAN OF CONVERSION OF PACIFIC MUTUAL LIFE INSURANCE COMPANY

The undersigned is the President and Chief Executive Officer of each of Pacific Mutual Holding Company, a corporation organized under the laws of Nebraska (“PMHC”), Pacific LifeCorp, a stock corporation organized under the laws of Delaware (“Pacific LifeCorp”), and Pacific Life Insurance Company, a stock life insurance company organized under the laws of Nebraska (the “Company”). Pursuant to Section 9.12 of Pacific Mutual Life Insurance Company’s Plan of Conversion, dated April 21, 1997 (as amended by the First Amendment (as defined below), the “Plan”), the undersigned hereby amends the Plan as set forth in paragraph 1 of this Second Amendment to the Plan (this “Amendment”).

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Plan.

WHEREAS, pursuant to the Plan, Pacific Mutual Life Insurance Company converted from a mutual life insurance company into a mutual holding company structure in accordance with the requirements of Article 1 of Chapter 14 of Part 2 of Division 2 of the California Insurance Code;

WHEREAS, the Company transferred its domicile from the State of California to the State of Nebraska on September 1, 2005;

WHEREAS, pursuant to the First Amendment to the Plan dated June 21, 2007 (the “First Amendment”), PMHC transferred its domicile from the State of California to the State of Nebraska by merger of PMHC into a newly formed Nebraska mutual insurance holding company;

WHEREAS, the Board of Directors of PMHC has deemed it advisable and in the best interests of its members to amend the requirements set forth in the Plan with respect to directors and officers of PMHC, Pacific LifeCorp and the Company;

WHEREAS, in satisfaction of the requirements of Section 9.12(b)(i) of the Plan, this Amendment has been approved by a resolution of a majority of each of the Boards of Directors of PMHC, Pacific LifeCorp and the Company specifying the reasons and the purposes of the proposed Amendment;

WHEREAS, in satisfaction of the requirements of Section 9.12(b)(ii) of the Plan, the Company has obtained the written approval of the Insurance Commissioner of the State of Nebraska to effect this Amendment;

WHEREAS, in satisfaction of the requirements of Section 9.12(b)(iii) of the Plan, this Amendment has been approved by a majority of the members of PMHC who (1) are current policyholders of the Company and (2) are Voting Policyholders under the Plan and who voted at a meeting called for that purpose; and

WHEREAS, in satisfaction of the requirements of Section 9.12(b)(iv) of the Plan, the Company will file the Amendment in the office of the Department of Insurance of the State of Nebraska;

NOW, THEREFORE, in consideration of the foregoing, the Plan is hereby amended and restated as follows:

1. Amendment.

- 1.1 The definition of “Amendment Effective Time” is hereby deleted from Article II.
- 1.2 The definition “Code” is hereby added to Article II after the definition of “Closed Block Memorandum” and before the definition of “Commissioner”: “‘Code’ has the meaning specified in Section 6.4(a).”
- 1.3 The definition of “Commissioner” in Article II is hereby amended and restated as follows: “‘Commissioner’ means, prior to the First Amendment Effective Time, the Insurance Commissioner of the State of California, and at and after the First Amendment Effective Time, the Director of the Department of Insurance, State of Nebraska, or, in each case, such governmental officer, body or authority as may succeed such Commissioner or Director as the principal regulator of the Company’s insurance business under applicable law.”
- 1.4 The definition of “First Amendment Effective Time” is hereby added to Article II after the definition of “ESOP” and before the definition of “Hearing”: “‘First Amendment Effective Time’ means the effective date and time of the amendment to the Plan pursuant to the First Amendment to the Plan of Conversion, dated June 21, 2007.”
- 1.5 The definition of “Membership Interests” in Article II is hereby amended and restated in its entirety as follows: “‘Membership Interests’ means, with respect to the Company, the interests of Members arising under the

articles of incorporation and bylaws of the Company and, prior to the First Amendment Effective Time, the California Insurance Code and, at and after the First Amendment Effective Time, the Reissue of the Revised Statutes of Nebraska.”

- 1.6 The definition of “Mutual Holding Company” in Article II is hereby amended and restated in its entirety as follows: “‘Mutual Holding Company’ means Pacific Mutual Holding Company, prior to the First Amendment Effective Time, a corporation organized under Article 1 and subject to the General Corporation Law as set forth in the California Corporations Code, and at and after the First Amendment Effective Time, a corporation organized under the Nebraska Mutual Insurance Holding Company Act and subject to the Reissue of the Revised Statutes of Nebraska.”
- 1.7 The definition of “Tax Law Changes” is hereby added to Article II after the definition of “Stock Holding Company” and before the definition of “Voting Policy”: “‘Tax Law Changes’ has the meaning specified in Section 6.4(c).”
- 1.8 Section 9.4(b) is hereby amended and restated in its entirety as follows: “At all times after the Effective Date, at least a majority of the directors of the Mutual Holding Company shall be persons who are not officers or employees of such company.”
- 1.9 Section 9.15 is hereby amended and restated as follows: “The terms of the Plan of Conversion shall be governed by and construed in accordance with the laws of the State of California, without regard to such State’s principles of conflicts of laws; provided, however, that at and after the First Amendment Effective Time, the terms of the Plan of Conversion shall be governed by and construed in accordance with the laws of the State of Nebraska, without regard to such State’s principles of conflicts of laws.
2. Amendment and Restatement. To effect the foregoing amendments, the Plan is hereby amended and restated as set forth in Exhibit A.
3. Effect of Amendment. The Plan, as amended hereby, remains in full force and effect.
4. Effective Time. This Amendment shall become effective on the date this Amendment is filed with and accepted by the Secretary of State of the State of Nebraska. This Amendment shall be deemed to have become effective at 12:01 a.m., Pacific Standard Time or Pacific Daylight Time, as the case may be, on such date.
5. Governing Law. The terms of this Amendment shall be governed by and construed in accordance with the laws of the State of Nebraska, without regard to such State’s principles of conflicts of laws.

IN WITNESS WHEREOF, Pacific Mutual Holding Company, Pacific LifeCorp and Pacific Life Insurance Company, by authority of their respective Boards of Directors, have each caused this Amendment to be duly executed this [•] day of [•], [2018].

PACIFIC MUTUAL HOLDING COMPANY

By: \_\_\_\_\_  
Name:  
Title:

Attest:

\_\_\_\_\_  
Name:  
Title:

PACIFIC LIFECORP

By: \_\_\_\_\_  
Name:  
Title:

Attest:

\_\_\_\_\_  
Name:  
Title:

PACIFIC LIFE INSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

Attest:

\_\_\_\_\_  
Name:  
Title:

The executed copy of this Amendment shall be filed with the minutes of the proceedings of the Boards of Directors of PMHC, Pacific LifeCorp and the Company.

**Exhibit A – Second Amended and Restated Plan of Conversion**



SECOND AMENDED AND RESTATED PLAN OF CONVERSION

OF

PACIFIC MUTUAL LIFE INSURANCE COMPANY

Under Article 1 of Chapter 14  
of Part 2 of Division 2  
of the California Insurance Code

Dated as of April 21, 1997



SECOND AMENDED AND RESTATED PLAN OF CONVERSION  
OF  
PACIFIC MUTUAL LIFE INSURANCE COMPANY

Under Article 1 of Chapter 14  
of Part 2 of Division 2  
of the California Insurance Code

This Plan of Conversion has been approved and adopted by the Board of Directors of Pacific Mutual Life Insurance Company, a mutual life insurance company organized under the laws of California, at a meeting duly called and held at the offices of the Company on April 21, 1997. The Plan of Conversion provides for the conversion of the Company into a mutual holding company structure in accordance with the requirements of Article 1 of Chapter 14 of Part 2 of Division 2 of the California Insurance Code.

**ARTICLE I: PURPOSE OF CONVERSION**

The principal purposes of the conversion are to convert the Company so that, as a stock insurer that is a subsidiary of a Stock Holding Company which is in turn a subsidiary of a Mutual Holding Company, it can compete more effectively, have a more cost effective capital structure and be better positioned to make strategic acquisitions, while the Company's members retain control of the Company, Stock Holding Company and Mutual Holding Company.

At present, the Company can increase its statutory capital only through earnings contributed by its operating businesses, through the issuance of surplus notes or contribution certificates or the divestiture of all or a portion of interest in subsidiaries or other investments. These methods, however, are limited as to the extent to which they can provide a source of permanent capital to allow the Company to develop new businesses and provide greater stability and protection for policyholders.

As part of the conversion:

- the Company will become a stock life insurer,
- the members of the Company will become members of the Mutual Holding Company,
- the Mutual Holding Company will be issued all of the voting stock of the Stock Holding Company, and
- the Stock Holding Company will be issued all of the voting stock of the Company.

THE CONVERSION WILL NOT, IN ANY WAY, INCREASE PREMIUMS OR REDUCE POLICY BENEFITS, VALUES, GUARANTEES OR OTHER POLICY OBLIGATIONS TO POLICYHOLDERS.

After the Effective Date, the Mutual Holding Company will at all times be required by law to hold at least 51 percent of the issued and outstanding voting stock of the Stock Holding Company, which will in turn at all times be required by law to hold all of the issued and outstanding voting stock of the Company. Therefore, after the Conversion, the Mutual Holding Company will have access through the Stock Holding Company to the capital markets, enabling the Company to obtain capital from a variety of sources, and the Company's members will continue to control the Company through their rights as members of the Mutual Holding Company.

The Board believes that this mutual holding company structure provides benefits to the Company and its policyholders that will allow the Company to adapt to the changing business environment in ways not currently available to it. Those benefits include the following:

- Flexibility to raise additional capital
  - In the form of equity and debt financings by the Stock Holding Company
  - Promptly in response to changing conditions in the capital markets
- Any additional capital raised in this way could enhance the Company's capital strength, support growth of the Company's current and future insurance business and support the development or acquisition of other businesses, particularly in the financial services industry
- In a time of consolidation in the financial services industry, and possible action by Congress to permit affiliations that are now restricted or prohibited (such as affiliations between insurance companies and banks), the flexibility permitting the Stock Holding Company to make acquisitions of other businesses as subsidiaries of the Stock Holding Company, or in other structures
  - Using the cash proceeds of equity and debt financings by the Stock Holding Company, or using stock issued by the Stock Holding Company as acquisition currency

The Board believes that these changes will benefit the Company and its policyholders, by allowing the Company to compete more effectively and providing a greater level of stability and protection for its policyholders.

## ARTICLE II: DEFINITIONS

As used in the Plan of Conversion the following terms have the following meanings:

“Adoption Date” means April 21, 1997, the date on which the Plan of Conversion was adopted by the Board.

~~“Amendment Effective Time” means the effective date and time of the amendment to the Plan pursuant to the First Amendment to the Plan of Conversion, dated June 21, 2007.~~

“Article 1” means Article 1 of Chapter 14 of Part 2 of Division 2 of the California Insurance Code, as amended and in effect on the Adoption Date.

“Board” means the Board of Directors of the Company.

“California Insurance Code” means the Insurance Code of California, as amended.

“Closed Block” has the meaning specified in Section 8.1(a).

“Closed Block Assets” has the meaning specified in Section 8.1(b).

“Closed Block Business” means those individual life insurance Policies for which the Company had an experience-based dividend scale payable for 1997, but only to the extent such Policies were In Force on the Closed Block Funding Date. Closed Block Business also includes any such Policy which was In Force on the Closed Block Funding Date as extended term insurance pursuant to a nonforfeiture provision in such Policy.

“Closed Block Financial Statements” has the meaning specified in Section 8.2(e)(i).

“Closed Block Funding Date” has the meaning specified in Section 8.1(b).

“Closed Block Memorandum” has the meaning specified in Section 8.1(a).

“Code” has the meaning specified in Section 6.4(a).

“Commissioner” means, prior to the First Amendment Effective Time, the Insurance Commissioner of the State of California, and at and after the First Amendment Effective Time, the Director of the Department of Insurance, State of Nebraska, or, in each case, such governmental officer, body or authority as may succeed such Commissioner or Director as the principal regulator of the Company’s insurance business under applicable law.

“Company” means, prior to the Effective Date, Pacific Mutual Life Insurance Company, a mutual life insurance company organized under the laws of California, on

and after the Effective Date, “Pacific Life Insurance Company,” a stock life insurance company organized under the laws of California, and, on and after September 1, 2005, Pacific Life Insurance Company, a stock life insurance company organized under the laws of Nebraska.

“Effective Date” means the Effective Date of the Plan of Conversion, as determined in accordance with Section 6.3(a).

“Effective Time” has the meaning specified in Section 6.3(a).

“ESOP” has the meaning specified in Section 9.9.

“First Amendment Effective Time” means the effective date and time of the amendment to the Plan pursuant to the First Amendment to the Plan of Conversion, dated June 21, 2007.

“Hearing” means the public hearing to consider comments on the Plan of Conversion, as specified in Section 4.2(a).

“Hearing Officer” means the Commissioner or one or more hearing officers designated by the Commissioner to preside at the Hearing.

“In Force” has the meaning specified in Section 7.3.

“Information Statement” means the statement containing information relevant to the Special Meeting that is mailed to Voting Policyholders in accordance with Section 5.2(b).

“Initial Public Offering” means the initial public offering of common stock by the Stock Holding Company as provided in Section 9.7.

“member” means, prior to the Effective Date, a Person who, by the records of the Company and by its articles of incorporation or bylaws, is deemed to be the holder of a membership interest in the Company. On and after the Effective Date, “member” means a person who, as provided in Section 6.3 or by the records of the Mutual Holding Company and by its articles of incorporation or bylaws, is deemed to be a member of the Mutual Holding Company.

“Membership Interests” means, with respect to the Company, the interests of Members arising under the articles of incorporation and bylaws of the Company and, prior to the First Amendment Effective Time, the California Insurance Code and, at and after the First Amendment Effective Time, the Reissue of the Revised Statutes of Nebraska. Membership interests do not for this purpose include the Rights in Surplus (as defined below), if any, of members.

“Mutual Holding Company” means Pacific Mutual Holding Company, prior to the First Amendment Effective Time, a corporation organized under Article 1 and subject to the General Corporation Law as set forth in the California Corporations Code, and at and after the First Amendment Effective Time, a corporation organized under the Nebraska Mutual Insurance Holding Company Act and subject to the Reissue of the Revised Statutes of Nebraska.

“Owner” means, with respect to any Policy, the Person or Persons specified or determined pursuant to Section 7.2 or 7.4.

“Person” means an individual, partnership, firm, association, corporation, joint-stock company, limited liability company, trust, government or governmental agency, state or political subdivision of a state, public or private corporation, board, association, estate, trustee, or fiduciary, or any similar entity. A Person who is the Owner of Policies in more than one legal capacity (*e.g.*, a trustee under separate trusts) shall be deemed to be a separate Person in each such capacity.

“Plan of Conversion” means this Plan of Conversion (including all Schedules and Exhibits hereto), as it may be amended from time to time in accordance with Section 9.12 or corrected in accordance with Section 9.13.

“Policy” has the meaning specified in Section 7.1.

“Rights in Surplus” means, with respect to the Company, rights of members of the Company to a return of that portion of the surplus that has not been apportioned or declared by the Board for policyholder dividends. Rights in Surplus includes rights of members to a distribution of surplus in liquidation or conservation of the Company. “Rights in Surplus” means, with respect to the Mutual Holding Company, rights of members of the Mutual Holding Company to a return of any surplus that has not been apportioned or declared by its board of directors for member dividends. Rights in Surplus includes rights of members to a distribution of surplus in liquidation or conservation of the Mutual Holding Company. Rights in Surplus does not include any right expressly conferred solely by the terms of an insurance policy.

“Special Meeting” has the meaning specified in Section 5.1.

“State” means the District of Columbia and any state, territory or insular possession of the United States of America.

“Stock Holding Company” means Pacific LifeCorp, a corporation organized under the laws of the State of Delaware.

“Tax Law Changes” has the meaning specified in Section 6.4(c).

“Voting Policy” means a Policy under which there is a right to vote pursuant to the articles of incorporation or bylaws of the Company.

“Voting Policyholder” means any Person who is (or, collectively, Persons who are), based on the Company’s records, the Owner on the Adoption Date of one or more Voting Policies then In Force.

“Voting Stock” means securities of any class or any ownership interest having voting power for the election of directors, trustees or management of a Person, other than securities having voting power only because of the occurrence of a contingency. All references to a specified percentage of voting stock of any person mean securities having the specified percentage of the voting power in that Person for the election of directors, trustees or management of that Person, other than securities having voting power only because of the occurrence of a contingency.

### **ARTICLE III: ADOPTION AND APPLICATION**

**3.1 Adoption by the Board.** This Plan of Conversion has been approved and adopted by the Board at a meeting duly called and held at the offices of the Company on April 21, 1997. The Plan of Conversion provides for the conversion of the Company in a mutual holding company structure in accordance with the requirements of Article 1. The resolution of the Board specifies the reasons for and the purposes of the proposed conversion and the manner in which the conversion is expected to benefit and serve the best interests of the policyholders, which are described in Article I of this Plan of Conversion.

**3.2 Application.** Promptly after adoption by the Board, the Company shall file an application with the Commissioner for his consent in accordance with Section 11536(b) of the California Insurance Code. As required by the California Insurance Code, the application shall be accompanied by true and correct copies of the following documents: this Plan of Conversion, the proposed articles of incorporation and bylaws of the Company, the Mutual Holding Company and the Stock Holding Company, a list of the officers and directors, together with their biographies in the form customarily required by the Commissioner, of the Company, the Mutual Holding Company and the Stock Holding Company, pro forma financial statements in the form required by the Commissioner, a plan of operations, a summary of the Plan of Conversion and drafts of written materials to be mailed to members seeking their approval and other relevant information that the Commissioner may require. The application, as it may be amended and supplemented from time to time, will be open to public inspection at the Commissioner’s office in such manner as the Commissioner may determine and at the home office of the Company during normal business hours until the Effective Date.

## ARTICLE IV: CONSENT BY THE COMMISSIONER

**4.1 Commissioner's Consent.** (a) This Plan of Conversion is subject to the consent of the Commissioner.

(b) The Company, its directors, officers and members shall have the right to appear and be heard at the Hearing.

**4.2 Public Hearing.** (a) The Commissioner has advised that he intends to hold a public hearing as part of his review of this Plan of Conversion (the "Hearing"). Notice of the Hearing shall be mailed by first class mail at the Company's expense to the Company and its members at least 30 days prior to the Hearing.

(b) Such notice of Hearing shall be accompanied or preceded by information relevant to the Hearing, including a summary of the Plan of Conversion and such other explanatory information all of which shall be in a form satisfactory to the Commissioner.

## ARTICLE V: APPROVAL BY POLICYHOLDERS

**5.1 Member Vote.** (a) Not less than 10 days after the date specified as the date of the Hearing in the Commissioner's notice mailed pursuant to Section 4.2, the Company shall hold a special meeting of members (the "Special Meeting"). At such Special Meeting, any Person who is (or, collectively, Persons who are), based on the Company's records, the Owner on the Adoption Date of one or more Voting Policies then In Force ("Voting Policyholder") shall be entitled to one vote on the proposal to approve the Plan of Conversion. A Voting Policyholder may vote at the Special Meeting in person or by proxy if the form of proxy expressly authorizes the proxy agent to vote on such proposal. Under applicable California law, a quorum shall consist of 5% of the members entitled to vote at the Special Meeting.

(b) This Plan of Conversion is subject to the approval of a majority of the votes of the Voting Policyholders voting thereon in person or by proxy at the Special Meeting, a quorum being present.

**5.2 Notice of Vote.** (a) The Company shall mail notice of the Special Meeting to all Voting Policyholders. The notice shall set forth the reasons for the vote and the place, the day, and the hour of the Special Meeting, and shall be accompanied by a form of written proxy allowing the Voting Policyholder to vote for or against the Plan of Conversion. Such notice and form of proxy shall be mailed by first class mail, to the address of each Voting Policyholder as it appears on the records of the Company, at least 30 days prior to the Special Meeting, and shall be in a form satisfactory to the Commissioner. Such notice period for the Special Meeting may run concurrently with

the notice period for the Hearing provided for in Section 4.2, and such notice of the Special Meeting may be given together with the notice of hearing provided for in Section 4.2.

(b) The notice mailed to Voting Policyholders as provided in subsection (a) of this Section 5.2 shall be accompanied or preceded by information relevant to the Special Meeting, including a copy of the Plan of Conversion (with a summary of the exhibits thereto) and such other explanatory information all of which shall be in a form satisfactory to the Commissioner. With the approval of the Commissioner, the Company may also mail supplemental information relating to the Plan of Conversion to Voting Policyholders either before or after the date of the Special Meeting.

**5.3 Certification.** Promptly after the Special Meeting, the Company shall file a certificate with the Commissioner, signed by the Secretary of the Company, setting forth the vote and certifying whether the Plan of Conversion was approved by a majority of its Voting Policyholders voting in person or by proxy at the Special Meeting.

## ARTICLE VI: THE CONVERSION

**6.1 Filing of Plan.** Upon receipt of the Commissioner's consent and approval of the Voting Policyholders as provided in the Plan of Conversion, the Company shall file the Plan of Conversion with the office of the Commissioner.

**6.2 Filing of Amended Articles.** Following the Company's receipt from the Commissioner of a new certificate of authority issued by the Commissioner pursuant to the first sentence of Section 11542(a) of the California Insurance Code, but no later than 180 days (or a longer period with the consent of the Commissioner) after the receipt of the Commissioner's consent, the Company shall file with the Secretary of State amended and restated articles of incorporation of the Company in substantially the form attached as Exhibit B. The Company may, in accordance with Section 110(a) of the California Corporations Code, submit such articles of incorporation to the Secretary of State with the request that they be filed on a subsequent date.

**6.3 Effectiveness of Plan.** (a) The effective date of the Plan of Conversion (the "Effective Date") shall be the date of filing of the amended and restated articles of incorporation in accordance with Section 6.2. The Plan of Conversion shall be deemed to have become effective on the Effective Date at 12:01 a.m., Pacific (California) Time (the "Effective Time").

(b) Prior to the Effective Date, the Stock Holding Company shall be duly organized as a Delaware corporation, and, on the Effective Date, its certificate of incorporation shall be in substantially the form attached as Exhibit D. Prior to the Effective Date, the Mutual Holding Company shall be duly organized as a mutual holding corporation under the laws of California, and, on the Effective Date, its articles of incorporation shall be in substantially the form attached as Exhibit F. (The form of bylaws of the Stock Holding Company and the Mutual Holding Company are set forth as Exhibits E and G, respectively.) On the Effective Date, all of the initially issued Voting Stock of the Company will be owned by the Stock Holding Company as a result of the

transactions contemplated by the Plan of Conversion. The jurisdiction and regulatory authority of the Commissioner over the Stock Holding Company shall in no respect be deemed diminished by reason of that corporation's being incorporated in Delaware rather than Nebraska, and no opposition or defense to any exercise of regulatory jurisdiction by the Commissioner shall be asserted on the basis that the Stock Holding Company is beyond the Commissioner's jurisdiction by virtue of its incorporation in Delaware.

(c) At the Effective Time:

(i) the Company shall immediately become a stock corporation and the Membership Interests and Rights in Surplus of members of the Company shall be extinguished, and the members of the Company shall immediately become members of the Mutual Holding Company;

(ii) the Company's bylaws without further action or deed shall be amended and restated to read as set forth in Exhibit C.

(d) On the Effective Date the Company shall issue its common stock to the Stock Holding Company, and the Company shall satisfy the requirements (including requirements as to capital and surplus) for the issuance of a certificate of authority by the Commissioner to transact the classes of insurance for which it is presently licensed in the State of California.

**6.4 Tax Considerations.** The effectiveness of the Plan of Conversion is subject to the Company having received on or prior to the Effective Date the following private ruling letters and opinions:

(a) one or more private ruling letters issued by the Internal Revenue Service containing rulings substantially to the effect that with respect to any life insurance or annuity policy issued by the Company prior to the Effective Date, the consummation of the Plan of Conversion will not (i) have any effect upon the date that such policy was issued, purchased or entered into, or (ii) require retesting or the start of a new test period, for purposes of Section 72(e)(4), 72(e)(5), 72(e)(10), 72(c)(11), 72(g), 72(s), 72(u), 72(v), 101(f), 264(a)(3), 264(a)(4), 264(c)(1), 7702 or 7702A of the Internal Revenue Code of 1986, as amended (the "Code");

(b) one or more private ruling letters issued by the Internal Revenue Service or opinions of special counsel substantially to the effect that (1) with respect to any life insurance or annuity policy issued by the Company prior to the Effective Date that is part of a tax-qualified retirement funding arrangement within the meaning of sections 401(a), 403(a), 403(b) and 408 of the Code, the consummation of the Plan of Conversion will not result in any transaction that (i) constitutes a distribution to the employee or beneficiary of the arrangement under section 72 or 403(b)(11) of the Code, or a designated distribution that is subject to withholding under section 3405(e)(1)(A) of the Code, (ii) disqualifies an individual retirement annuity policy under section 408(e) of the Code or (iii) requires the imposition of a penalty income tax for a premature distribution under

section 72(t) of the Code or a penalty excise tax for excess contributions to certain qualified retirement plans under section 4973 or 4979 of the Code, and (2) the consummation of the transactions described in section 6.3 of the Plan of Conversion will be tax-free transactions under certain relevant provisions of the Code for the Company and the policyholders; and

(c) an opinion or opinions of its special counsel, dated as of a date five days or less before the Effective Date, substantially to the effect that (1) the rulings in the private ruling letters and the opinion of the Company's special counsel described in the summary of Federal income tax consequences in the Information Statement remain in effect with respect to any matters that could materially affect the Federal income tax treatment of the Company or the policyholders, and (2) since the date of the Information Statement, there have not been (i) any changes to the Code, (ii) any revenue rulings or regulations published under the Code or (iii) any decisions of the U.S. Supreme Court, U.S. Tax Court, U.S. Court of Federal Claims, U.S. Court of Appeals for the Federal Circuit, and U.S. Court of Appeals for the Ninth Circuit, reported in the BNA Daily Tax Report (together, "Tax Law Changes"), which would cause the consummation of the Plan of Conversion in and of itself to have a materially adverse effect on the Federal income tax treatment of the Company or of the policies owned by, and the receipt of membership interests by, the policyholders, other than Tax Law Changes the effect of which the Board, in its discretion, has determined (taking into account any remedial action the Board may authorize or direct) to be not materially adverse to the interests of the policyholders.

## ARTICLE VII: POLICIES

**7.1 Policies.** (a) (i) Each life insurance policy (including, without limitation, a pure endowment contract) or annuity contract that has been issued or assumed by the Company and (ii) each employer owned policy that participates under any of the Company's group insurance policies or annuity contracts, is deemed, consistent with the Company's articles of incorporation and bylaws, to be a Policy for purposes of this Plan of Conversion, provided, that any supplementary contract or settlement option issued to effect the annuitization of an individual deferred annuity shall be treated with such deferred annuity as one Policy.

(b) The following policies and contracts do not confer membership in the Company and therefore shall be deemed, consistent with the Company's articles of incorporation and bylaws, not to be Policies for purposes of this Plan of Conversion:

(i) except as provided in this Section 7.1, any supplementary contract or settlement option contract;

(ii) any certificate issued to an insured or an annuitant, as applicable, under a group insurance policy or group annuity contract, except in the case of group conversion medical policies issued to a trust established by the Company;

(iii) any reinsurance assumed on an indemnity basis (but assumption certificates may constitute Policies if they otherwise fall within the definition of Policies in this Section 7.1); and

(iv) all contracts known as funding agreements issued pursuant to Section 10541 of the California Insurance Code, investment management agreements referred to as synthetic guaranteed investment contracts issued pursuant to Section 10507.5 of the California Insurance Code and contracts issued to employers funding the termination of pension plans whether issued in the form of group annuity contracts or otherwise.

**7.2 Determination of Ownership.** Unless otherwise stated herein, the Owner of any Policy as of any date shall be determined on the basis of the Company's records as of such date in accordance with the following provisions:

(a) The Owner of a Policy shall be the holder of the Policy as shown on the Company's records.

(b) Except as specified in Section 7.4, the Owner of a Policy that is a group insurance policy or a group annuity contract shall be the Person or Persons specified in the master policy or contract as the policyholder or contract holder, unless no policyholder or contract holder is so specified, in which case the Owner shall be the Person or Persons to whom or in whose name the master policy or contract shall have been issued, as shown on the Company's records.

(c) Notwithstanding subsections (a) and (b) of this Section 7.2, the Owner of a Policy that has been assigned to another Person by an assignment of ownership thereof absolute on its face and filed with the Company, in accordance with the provisions of such Policy and the Company's rules with respect to the assignment of such Policy in effect at the time of such assignment, shall be the assignee of such Policy as shown on the records of the Company. Unless an assignment satisfies the requirements specified for such an assignment in this subsection (c), the determination of the Owner of a Policy shall be made without giving effect to such assignment.

(d) Notwithstanding subsections (a), (b) and (c) of this Section 7.2, with respect to a Policy that funds an employee benefit plan and that has been assigned by an assignment absolute on its face after the Adoption Date and before the Effective Date as provided above to a trust for such plan that is qualified under Section 401(a), 403(a) or 501(c)(9) of the Internal Revenue Code of 1986, as amended, such trust shall be deemed to have been the Owner on the Adoption Date.

(e) Except as otherwise set forth in this Article VII, the identity of the Owner of a Policy shall be determined without giving effect to any interest of any other Person in such Policy.

(f) In any situation not expressly covered by the foregoing provisions of this Section 7.2, the policyholder, as reflected on the records of, and as determined in good faith by, the Company, shall, subject to a contrary decision of the Commissioner pursuant to subsection (h) below, conclusively be presumed to be the Owner of such Policy for purposes of this Section 7.2, and the Company shall not be required to examine or consider any other facts or circumstances.

(g) The mailing address of an Owner as of any date for purposes of the Plan of Conversion shall be the Owner's last known address as shown on the records of the Company as of such date.

(h) Any dispute as to the identity of the Owner of a Policy or the right to vote or become a member of the Mutual Holding Company shall be resolved in accordance with the foregoing and such other procedures as may be acceptable to the Commissioner.

**7.3 In Force.** (a) Except as otherwise provided in Section 7.4, a Policy shall be deemed to be in force ("In Force") as of any date if, as shown on the Company's records, (i) (A) such policy has been issued, or (B) the Company's administrative office has received in respect of such policy an application, complete on its face, together with all required underwriting information (including all required medical information), and payment of the full initial premium, provided that any policy referred to in this clause (B) is issued as applied for and delivered in accordance with the terms of the application and (ii) such policy has not matured by death or otherwise or been surrendered or otherwise terminated; provided that (x) a Policy that is a life insurance policy shall be deemed to be In Force after lapse for nonpayment of premiums until expiration of any applicable grace period (or other similar period however designated in such Policy) during which the Policy is in full force for its basic benefits and (y) a Policy that has been reinstated after not being In Force shall be deemed to be In Force commencing on the date of reinstatement of such Policy, as shown on the records of the Company, without regard to any prior period during which such Policy was In Force, unless both the termination of such Policy and its reinstatement occurred between the Adoption Date and the Effective Date, in which case such Policy shall be deemed, for purposes of the Plan of Conversion, to have been continuously In Force during the period between the Adoption Date and the Effective Date.

(b) A Policy shall not be deemed to be In Force merely because, prior to the date on which the Policy was issued, insurance coverage may have been provided by a conditional receipt.

(c) A Policy shall be deemed not to have matured by death as of any date unless notice of such death has been received by the Company on or prior to such date, as shown on the Company's records. The date of the surrender or lapse of a Policy shall be as shown on the Company's records.

(d) A Policy shall not be deemed to be In Force as of a given date if the Policy is returned to the Company and all premiums are refunded within 30 days of such date.

**7.4 Certain Group Policies and Contracts.** Each employer plan or employer policy that participates under any of the Company's group insurance policies or annuity contracts issued to a trust established by the Company shall be deemed to be an Owner of a Policy that shall be deemed to be In Force as of any date, if such employer plan or employer policy has adopted the master trust to which the Company's group life policy or group annuity contract is issued and such employer plan or employer policy is in effect as of such date, as shown on the Company's records. The trustee of any such trust established by the Company shall not be a Voting Policyholder or an Owner.

## **ARTICLE VIII: CLOSED BLOCK**

**8.1 Establishment of the Closed Block.** (a) For policyholder dividend purposes only, the Closed Block shall be operated by the Company as a closed block of participating business for the exclusive benefit of the Policies included therein (the "Closed Block"). As set forth in the Closed Block Memorandum attached as Exhibit H (the "Closed Block Memorandum"), assets of the Company have been allocated to the Closed Block in an amount that produces cash flows which, together with anticipated revenues from the Closed Block Business, are expected to be sufficient to support the Closed Block Business including, but not limited to, provisions for payment of claims and certain expenses and taxes, and to provide for continuation of dividend scales payable for 1997, if the experience underlying such scales (including the portfolio interest rate) continues, and for appropriate adjustments in such scales if the experience changes.

(b) The Closed Block Memorandum sets forth how certain of the Company's assets (such assets collectively, the "Closed Block Assets") have been allocated to the Closed Block as of January 1, 1997 (the "Closed Block Funding Date"). Investment grade bonds (including mortgage-backed and asset-backed securities and swaps attached to two bonds that convert floating, foreign currency payments to fixed, U.S. dollar payments), due and accrued investment income on such bonds, cash and policy loans, accrued interest and due and deferred premiums have been allocated to the Closed Block as of the Closed Block Funding Date as described in the Closed Block Memorandum. The amount of the Company's assets required to support the Closed Block as of the Closed Block Funding Date were determined as set forth in the Closed Block Memorandum.

**8.2 Operation of the Closed Block.** (a) After the Closed Block Funding Date, insurance and investment cash flows from operations of the Closed Block Business, the Closed Block Assets, the cash allocated to the Closed Block and, as described in the Closed Block Memorandum, all other assets acquired by or allocated to the Closed Block shall be received by or withdrawn from the Closed Block in accordance with the principles set forth in this Section 8.2(a).

(i) With respect to insurance cash flows:

(A) Cash premiums, cash repayments of policy loans and policy loan interest paid in cash on Closed Block Business shall be received by the Closed Block. Death, surrender, withdrawal and maturity benefits (including any

interest allowed for delayed payment of benefits) paid in cash, policy loans taken in cash and other income benefits and dividends paid in cash on Closed Block Business shall be withdrawn from the Closed Block. Cash payments with respect to reinsurance on Closed Block Business shall be withdrawn from or received by the Closed Block as provided in Sections I and III.7 of the Closed Block memorandum.

(B) Cash shall be withdrawn from the Closed Block in the amount of State and local premium taxes (including franchise taxes to the extent measured solely by premiums) paid in cash on premiums received in respect of Closed Block Business and retaliatory taxes incurred on premiums received in respect of Closed Block Business in accordance with the tax allocation procedure described in Section III.4 of the Closed Block Memorandum.

(C) Cash payments shall be received by or withdrawn from the Closed Block for Federal and State income taxes in accordance with the tax sharing procedure described in Section IV of the Closed Block Memorandum.

(D) Cash shall be withdrawn from the Closed Block for commissions and certain other expenses of administering Closed Block Business as provided in Sections III.1, III.2 and III.3 of the Closed Block Memorandum.

(ii) With respect to investment cash flows:

(A) Investment cash flows from operations of the Closed Block Business shall be received by or withdrawn from the Closed Block.

(B) Cash received on dispositions of investments shall be net of all reasonable and customary brokerage and other transaction expenses that are deducted in reporting gross proceeds of such sales in the Company's Annual Statement to the Commissioner.

(C) Cash paid for expenses in acquiring an investment shall be withdrawn from the Closed Block to the extent included in the cost of such investment in the Company's Annual Statement to the Commissioner.

(D) Cash shall be withdrawn from the Closed Block for investment management expenses in accordance with the formulas described in Section III.2 of the Closed Block Memorandum.

(b) New investments acquired after the Closed Block Funding Date with Closed Block cash flows shall be invested only in Acceptable Investments (as defined below), with the objective of maximizing return within acceptable risk parameters. For purposes hereof, "Acceptable Investments" shall mean the investments described in clauses (i) through (iii) below and such other investments as the Commissioner shall approve. Acceptable Investments allocated to the Closed Block upon acquisition shall, except with the consent of the Commissioner, conform to the following guidelines:

(i) No investment in a fixed income security shall be made unless it is at the time either a U.S. Government obligation or a security that has a “Category 1” or “Category 2” rating of the NAIC Securities Valuation Office (or successor organization). Such acquisitions shall be managed by the Company with the objective of creating a portfolio of Closed Block investments (a) having an average maturity of 5 to 10 years, (b) having a fixed-income portfolio composed of not less than 30% and no more than 80% of fixed income assets that are either U.S. Government or “Category 1” securities and not less than 20% and not more than 70% of fixed income securities that are “Category 2” securities, and (c) having a portfolio of U.S. Government obligations having an average yield no less than that of the highest-rated publicly-traded NAIC “Category 1” securities of a five-year maturity.

(ii) No investment shall be made in a residential or commercial mortgage unless, after giving effect to the investment, (a) the statutory carrying value of residential and commercial mortgages would not exceed 20% of the statutory carrying value of all Closed Block investments and (b) the statutory carrying value of commercial mortgages would not exceed 15% of the statutory carrying value of all Closed Block investments. In addition, no single mortgage, at the time of purchase, shall exceed 5% of the statutory carrying value of all Closed Block investments. At the time of investment, such investments will be required to meet the following criteria:

(a) mortgages may only be first-priority liens on general purpose properties;

(b) the loan-to-value rates for loans secured by fee property may not exceed 75% of initial appraised value;

(c) mortgages must have minimum stabilized debt service coverage of 1.20 times requirements; and

(d) mortgages must have a final maturity of not more than 20 years.

(iii) No investment will be made in equity interests in real estate or in construction loans, provided, however, that the Closed Block may acquire equity interests in real estate upon foreclosure of a mortgage loan or deed in lieu of foreclosure and shall dispose of such interests as promptly as the Company believes to be consistent with the economic interests of the Closed Block.

(c) No amounts shall be withdrawn from or received by the Closed Block for any taxes, including federal, state, local or foreign taxes, resulting from the operations of the Company or any of its subsidiaries prior to January 1, 1997. No asset valuation reserve or interest maintenance reserve or any similar reserve, or any increases or decreases therein shall be charged or credited to the Closed Block, because such reserves are noncash items. The Company may, however, consider potential investment defaults in apportioning dividends on Closed Block Business.

(d)(i) Dividends on Closed Block Business shall be apportioned by the Board in accordance with applicable law and with the objective of minimizing tontine effects and exhausting assets allocated to the Closed Block with the final payment under the last Policy contained in the Closed Block.

(ii) Subject to the provisions of clause (i) of this subsection (d), dividends on Closed Block Business shall be apportioned, and shall be allocated among policies in the Closed Block, so as to reflect the underlying experience of the Closed Block, and the degree to which the various classes of Closed Block policies have contributed to such experience.

(e)(i) The Company shall prepare, on an annual basis, an income statement and balance sheet for the Closed Block (the "Closed Block Financial Statements"). The Closed Block Financial Statements shall be prepared in a manner consistent with the preparation of the financial statements of the Company submitted annually to the Commissioner.

(ii) The Closed Block Financial Statements shall be reported annually to the Board, together with a recommendation of the management of the Company as to dividends on Closed Block Business. The Closed Block Financial Statements and the Board's dividend resolution regarding the Closed Block Business shall be filed annually with the Commissioner.

(iii) The Closed Block shall be subject to the internal and external audit processes established by the Company for its operations generally.

(iv) As of December 31, 1998 and as of year ends not less frequently than every five years thereafter, the Company shall retain an independent consulting actuary to review the operation of the Closed Block and dividend determinations and to report his or her findings to the Board and to the Commissioner.

(v) The Company shall furnish the Commissioner such further financial reports, reflecting such additional tests, as the Commissioner may from time to time request.

(f) The Company may, with the prior approval of the Commissioner, cease to maintain the Closed Block, upon such terms and conditions as the Commissioner may approve, but the Policies then constituting the Closed Block Business shall remain obligations of the Company and dividends on such Policies shall be apportioned by the Board in accordance with the terms of the Policies.

(g) Except as provided in subsection (f) of this Section 8.2, none of the assets, including the revenue therefrom, allocated to the Closed Block or acquired by the Closed Block shall revert to the benefit of the stockholders of the Company.

**8.3 Guaranteed Benefits.** All guaranteed benefits under Policies contained in the Closed Block shall remain general obligations of the Company and shall be paid by the Company in accordance with the terms of such Policies.

**8.4 Closed Block Assets as General Account Assets.** The assets allocated to the Closed Block are the Company's assets and are subject to the same liabilities (in the same priority) as all assets in the Company's general account.

## **ARTICLE IX: ADDITIONAL PROVISIONS**

**9.1 Continuation of Corporate Existence; Company Name.** Upon the conversion of the Company under the terms of this Plan of Conversion and Article 1, (a) the Company's corporate existence as a stock life insurance company shall be a continuation of its corporate existence as a mutual life insurance company and (b) the Company's name shall be "Pacific Life Insurance Company" in accordance with the amended and restated articles of incorporation set forth in Exhibit B.

**9.2 Compensation of Officers, Directors and Employees.** No director, officer, agent or employee of the Company shall receive any fee, commission or other valuable consideration whatsoever, other than his or her usual salary and compensation, for in any manner aiding, promoting or assisting in connection with the transactions contemplated by this Plan of Conversion, except as provided for herein. This provision shall not be deemed to prohibit the payment of reasonable fees and compensation to attorneys at law, accountants and actuaries for services performed in the independent practice of their professions, even though they may also be directors of the Company.

**9.3 Restriction on Acquisition of Securities.** Prior to, and for a period of five years following, the Effective Date, except as contemplated by the terms of this Plan of Conversion, no person or group of persons acting in concert shall directly or indirectly offer to acquire or acquire in any manner the beneficial ownership of five percent or more of any class of voting securities of the Company or the Stock Holding Company or of a person that controls (as defined in Section 1215(b) of the California Insurance Code) the Company or the Stock Holding Company, without the prior consent of the Commissioner. In the event of any violation of this Section, or of any action that, if consummated, would constitute such a violation, all voting securities of the Company, of the Stock Holding Company or of the person acquired by any person in excess of the maximum amount permitted to be acquired by the person pursuant to this Section shall be deemed to be nonvoting securities of the Company, of the Stock Holding Company or of that person. The violation or action may be enforced or enjoined by appropriate proceeding as provided in Section 11542.2 of Article 1. For the purposes of this Section, "beneficial ownership," with respect to voting securities, means the sole or shared power to vote, or direct the voting of, voting securities or the sole or shared power to dispose, or direct the disposition, of voting securities. "Voting security" includes Voting Stock or any security convertible, with or without consideration, into a voting security or securities, or carrying any warrant or right to subscribe for or purchase any voting security, or any such warrant or right. "Offer" includes an offer to buy or acquire, solicitation of an offer to sell, tender offer for, or request or invitation for tenders of a security or interest in a security for value.

**9.4 Officers and Boards of Directors.** (a) The directors and officers of the Company shall serve as directors and officers of the Company after the Effective Date

until new directors and officers have been duly elected and qualified pursuant to its articles of incorporation and bylaws.

(b) At all times after the Effective Date,

~~(i) at least three directors of the Mutual Holding Company shall be persons who are not officers, directors or employees of the Stock Holding Company or the Company,~~

~~(ii) a majority of the members of the Board of directors of the Stock Holding Company and of the Investment and Finance Committee thereof shall be persons who also serve as directors of the Mutual Holding Company,~~

~~(iii) at least three directors of the Stock Holding Company shall be persons who are not officers, directors or employees of the Mutual Holding Company,~~

~~(iv) at least a majority of the directors of each of the Mutual Holding Company and the Stock Holding Company shall be persons who are not officers or employees of such companies; and company.~~

~~(v) except as provided in Section 9.5(b) with respect to transactions contemplated thereby, any contract or other transaction the parties to which include the Mutual Holding Company, on the one hand, and the Company or the Stock Holding Company, on the other hand, shall be approved or ratified by the board of directors of each such company that is a party or by a committee thereof, in either case by a vote sufficient without counting the vote of any common director.~~

**9.5 Dividends Received by Mutual Holding Company.** (a) In order to comply with applicable securities laws restrictions, the articles of incorporation of the Mutual Holding Company shall provide that the Mutual Holding Company will not pay dividends or make any other distributions to its members, except as directed by the Commissioner or as provided in the articles of incorporation of the Mutual Holding Company in the event of the dissolution, liquidation or winding up and dissolution of the Mutual Holding Company.

(b) Except as directed by the Commissioner, the Mutual Holding Company will invest all dividends that it receives as a holder of common stock of the Stock Holding Company and income that it receives in its other permitted investments, net of any applicable taxes or expenses, (i) in shares of additional common stock or other equity or debt securities of the Stock Holding Company, or (ii) in marketable investment-grade investments of a type authorized for investment by domestic life insurers until such time as it may reinvest the proceeds therefrom in such securities of the Stock Holding Company. The Mutual Holding Company may from time to time determine to effect such investment in the Stock Holding Company either by purchasing shares of common stock or other equity or debt securities upon original issue from the Stock Holding Company or by purchasing securities from time to time in the open market, and may determine to invest such net dividends in marketable investment-grade investments of a type authorized for investment by domestic life insurers until it may invest in securities of the Stock Holding Company. The Stock Holding Company and the Mutual Holding

Company shall enter into an agreement granting the Mutual Holding Company the right, at its option, to purchase newly-issued shares of common stock at their current market value or, under mutually agreeable terms between the Stock Holding Company and the Mutual Holding Company, to purchase other equity or debt securities of the Stock Holding Company. In addition, the Stock Holding Company and the Mutual Holding Company shall enter into an agreement granting the Mutual Holding Company the right, at its option, when so determined by the board of directors of the Mutual Holding Company, to require the Stock Holding Company to contribute to the Company, as a capital contribution, all or a portion of the net proceeds of such securities issuance to the Stock Holding Company. All such determinations by the Mutual Holding Company shall be approved or ratified, after taking into account the best interests of the policyholders of the Company who are members of the Mutual Holding Company, by the board of directors of the Mutual Holding Company or a committee thereof, in either case by a vote sufficient without counting the vote of any directors who are officers, directors or employees of the Stock Holding Company or the Company.

**9.6 No Preemptive Rights.** Except as provided in Section 9.7, no policyholder of the Company or other Person shall have any preemptive right to acquire shares of common stock of the Company or Stock Holding Company in connection with this Plan of Conversion.

**9.7 Initial Public Offering.** On or following the Effective Date, the Stock Holding Company may conduct an initial public offering of not more than 49% of its common stock (the “Initial Public Offering”). In the event the Stock Holding Company elects to conduct an Initial Public Offering:

(a) Each person who is a member of the Mutual Holding Company will receive non-transferable subscription rights to purchase, at the member’s election, from 100 to 25,000 shares of such common stock at a price not greater than the price at which such common stock is first offered to the public in the Initial Public Offering. Subscriptions for 1,000 or fewer shares will be filled before larger subscriptions are filled, and subscriptions for more than 1,000 shares will be subject to proration (subject to a minimum allocation of 1,000 shares for each subscriber) in the event of subscriptions exceeding the number of shares to be offered to the public. Shares not subscribed by members may be offered in the Initial Public Offering.

(b) The Stock Holding Company will select as managing underwriters for the Initial Public Offering investment banking firms of substantial national and/or regional reputation. The managing underwriters will conduct the Initial Public Offering in a manner generally consistent with customary practices for initial public offerings of a type, size and nature comparable to the Initial Public Offering. The final pricing decision on the Initial Public Offering will be made by a special pricing committee of the Board of Directors of the Stock Holding Company consisting of directors who are not officers or employees of the Company, the Stock Holding Company or the Mutual Holding Company.

(c) The Initial Public Offering shall be made only after the Stock Holding Company has received the approval of the Commissioner under Section 44-6125(6)(i) of the Reissue of the Revised Statutes of Nebraska. In its application for a securities permit, the Stock Holding Company shall set forth or incorporate by reference a description of the securities to be offered in the Initial Public Offering, the estimated number of shares to be offered, the approximate range of dates within which the offering is proposed to be made, a description of the method by which the offering price will be determined, the identity of the proposed managing underwriters, and any other information requested by the Commissioner. In determining whether to issue the securities permit, the Commissioner may consider whether the offering complies with this Plan of Conversion, whether the method by which the offering price will be determined is generally consistent with customary practices for initial public offerings of a type, size and nature comparable to the Initial Public Offering, and whether the Initial Public Offering will unfairly affect the interests of members of the Mutual Holding Company. Nothing herein shall be deemed to limit or circumscribe the Commissioner's jurisdiction under Section 44-6125(6)(i) of the Reissue of the Revised Statutes of Nebraska.

(d) The Nebraska Department of Insurance and its advisors may monitor the conduct of the Initial Public Offering and compliance with the conditions set forth in this Section 9.7.

(e) Subsequent offerings of securities of the Stock Holding Company will, as required by law, be subject to compliance with Section 44-6125(6)(i) of the Reissue of the Revised Statutes of Nebraska.

**9.8 Affiliate Agreements.** Subject to compliance with Section 44-2133 of the Reissue of the Revised Statutes of Nebraska, on and following the Effective Date, the Mutual Holding Company and any affiliate of the Mutual Holding Company may enter into tax sharing, management, data processing, legal, expense reimbursement and other agreements with any other such affiliate. For purposes of this section "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with another person.

**9.9 Employee Stock Ownership Plan.** Effective as of the Effective Date, the Company will amend its existing qualified Section 401(k) plan to provide that future matching contributions on behalf of its employees and of its subsidiaries will be in the form of the common stock of the Stock Holding Company. To provide employees with a greater incentive to improve their performance and that of the Company, the plan will also be amended to permit such matching contributions to be provided through an employee stock ownership plan ("ESOP") that will permit the current purchase of an amount of stock intended to be sufficient to fund several years' contributions.

**9.10 Other Employee Stock Plans.** Until completion of the distribution of shares of common stock in an Initial Public Offering, none of the Mutual Holding Company, the Stock Holding Company, the Company or any of their respective affiliates, shall adopt or establish any compensation or incentive plan for employees providing for

the issuance of, or based upon, stock, or options for the purchase of stock, of the Stock Holding Company, other than the ESOP, except with review and consent of the Commissioner.

**9.11 Notices.** If the Company complies substantially and in good faith with the requirements of the terms of the Plan of Conversion with respect to the giving of any required notice to policyholders, its failure in any case to give such notice to any person or persons entitled thereto shall not impair the validity of the actions and proceedings taken under the Plan of Conversion or entitle such person to any injunctive or other equitable relief with respect thereto.

**9.12 Amendment or Withdrawal of Plan.** (a) At any time prior to the Effective Date, the Company may, by resolution of a majority of the Board, amend or withdraw the Plan of Conversion (including the Exhibits and Schedules). Any amendment to the Plan of Conversion shall require the written consent of the Commissioner. No amendment may change the Plan of Conversion in a manner that the Commissioner determines is materially disadvantageous to policyholders of the Company unless a further public hearing is held on the Plan of Conversion, as amended, if the amendment is made after the Hearing, or if the Plan of Conversion as amended is submitted for reconsideration by the members of the Company, if the amendment is made after the Plan of Conversion has been approved by the members of the Company pursuant to Section 5.1. The Company may, by complying with the foregoing provisions of this Section 9.12(a), amend this Plan of Conversion to include such changes as the Commissioner may require as a condition of his consenting to the Plan of Conversion.

(b) The amended and restated articles of incorporation of the Company and the articles of incorporation of the Stock Holding Company and the Mutual Holding Company adopted pursuant to this Plan of Conversion may be further amended after the Effective Date pursuant to applicable law. The Plan of Conversion may be amended in other respects after the Effective Date. Such an amendment shall take effect on the date specified by the amendment after compliance with the following:

(i) approval by a resolution of the majority of each of the Boards of Directors of the Mutual Holding Company, Stock Holding Company and Company specifying the reasons for and the purposes of the proposed amendment;

(ii) submission to the Commissioner for consent in writing;

(iii) approval by a majority of the then current policyholders of the Company who are Voting Policyholders under this Plan of Conversion and who vote at a meeting called for that purpose;

(iv) filing of the amendment in the office of the Commissioner after having been consented to and approved as contemplated by paragraphs (ii) and (iii).

(c) If an amendment to the Plan of Conversion proposed under subdivision (b) would adversely affect the rights of one or more classes of members, but not all members, then only the members of each class whose rights would be adversely affected by the proposed amendment shall be entitled to vote on the proposed plan amendment.

(d) A policyholder meeting prescribed by paragraph (iii) of subdivision (b) shall be called by the Board, the Chief Executive Officer, the chairperson of such Board, or the president of the Company. Notice of the meeting shall be given to Voting Policyholders entitled to vote on the proposed amendment at the meeting by mail at least 30 days prior to the date set for the meeting. Voting shall be by ballot, in person or by proxy, a quorum being present.

(e) At any time before a plan amendment proposed under subdivision (b) becomes effective, the Company may, by resolution of a majority of its Board of Directors, amend the plan amendment or withdraw the plan amendment. For an amendment to a plan amendment, all references in this section to the plan amendment shall be deemed to refer to the plan amendment as amended. No such amendment shall be deemed to change the date of adoption of the original plan amendment. No amendment made after approval by the policyholders as provided in paragraph (iii) of subdivision (b) may change the original plan amendment in a manner that the Commissioner determines is materially disadvantageous to any of the affected policyholders unless the plan amendment as amended is submitted for reconsideration under the procedures prescribed for the original plan amendment policyholder approval.

**9.13 Corrections.** The Company, with the prior consent of the Commissioner, may make such modifications as are appropriate to correct errors, clarify existing items or make additions to correct manifest omissions in the Plan of Conversion.

**9.14 Costs and Expenses.** All reasonable costs, including the costs of the Nebraska Department of Insurance and those costs attributable to the use of outside advisors and consultants of the Nebraska Department of Insurance, related to the Plan of Conversion (including the monitoring of the Closed Block after the Effective Time and the review by the Nebraska Department of Insurance and its advisors conducted in connection with the Initial Public Offering and certain employee stock plans as referenced in Sections 9.7 and 9.10, respectively, or consideration of any other request for consent hereunder) shall be borne by the Company, the Stock Holding Company or the Mutual Holding Company.

**9.15 Governing Law.** The terms of the Plan of Conversion shall be governed by and construed in accordance with the laws of the State of California, without regard to such State's principles of conflicts of laws; *provided, however*, that at and after the First Amendment Effective Time, the terms of the Plan of Conversion shall be governed by and construed in accordance with the laws of the State of Nebraska, without regard to such State's principles of conflicts of laws.

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## APPENDIX B - ARTICLES AMENDMENT

The following is a copy of the Articles Amendment. The copy of the Articles Amendment set forth below differs from the Articles of Amendment that will be executed and filed with the Secretary of State and Department of Insurance of Nebraska in that it is marked, for ease of understanding, to show the location of changes that would be made to the Articles of Incorporation if the Articles Amendment is approved by the Members.

\* \* \*

### SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

### PACIFIC MUTUAL HOLDING COMPANY

WHEREAS, the Corporation was incorporated as a mutual insurance holding company under Neb. Rev. Stat. § 44-6125;

WHEREAS, pursuant to Articles of Merger filed concurrently with the Nebraska Secretary of State, Pacific Mutual Holding Company, a California mutual holding company (the "California MIHC"), is ~~merging~~ merged into the Corporation pursuant to Neb. Rev. Stat. § 44-6125, and the Corporation is ~~changing~~ changed its name from Interim Pacific Mutual Holding Company to Pacific Mutual Holding Company;

WHEREAS, the Articles of Incorporation of the Corporation were amended and restated in their entirety, effective as of June 29, 2007;

NOW, THEREFORE, the Articles of Incorporation of the Corporation are hereby amended and restated in their entirety, effective as of ~~June 29, 2007~~ [•] at 12:01 a.m. Pacific Daylight Time, as follows:

I.

The name of this Corporation is PACIFIC MUTUAL HOLDING COMPANY.

II.

The purposes of the Corporation are

(a) ~~To merge with the California MIHC, with the Corporation as the surviving entity, pursuant to Neb. Rev. Stat. § 44-6125, as the same may be amended from time to time.~~

(~~a~~b) To hold not less than fifty-one percent of the voting stock of Pacific LifeCorp, a Delaware corporation, which in turn shall hold all of the voting stock

of Pacific Life Insurance Company, a Nebraska stock life insurance company;

(~~be~~) To invest funds of the Corporation, including any other income, dividends and other distributions on securities issued by Pacific LifeCorp and held by the Corporation, in securities issued by Pacific LifeCorp or in marketable investment-grade investments of a type authorized for investment by a Nebraska domestic life insurer unless and until it invests in such securities; and

(~~cd~~) To engage in any lawful act or activity incident to (a); ~~or~~ (b) ~~or~~ (e) above for which a mutual insurance holding company may be organized under the Nebraska Mutual Insurance Holding Company Act, Neb. Rev. Stat. §§ 44-6122, et seq., as the same may be amended from time to time.

### III.

The street address of the ~~initial~~ principal registered office of the Corporation in the State of Nebraska shall be ~~6003 Old Cheney Road~~, 5601 South 59th Street, Lincoln, Nebraska 68516.

The name of the initial registered agent of the Corporation at the registered office is National Registered Agents, Inc.

### IV.

The main administrative office for the transaction of business of the Corporation is hereby fixed and located at 700 Newport Center Drive, Newport Beach, California. The principal office of the Corporation in the State of Nebraska is hereby fixed and located at ~~1299 Farnam Street~~ 6750 Mercy Road, Omaha, Nebraska.

### V.

The Corporation is not authorized to issue stock.

### VI.

(a) The Corporation shall be a mutual insurance holding company organized under the Nebraska Mutual Insurance Holding Company Act, Neb. Rev. Stat. §§ 44-6122, et seq., as the same may be amended from time to time.

(b) To the extent provided by Neb. Rev. Stat. § 44-6125, as the same may be amended from time to time, the assets and liabilities of the Corporation are subject to inclusion in the estate of Pacific Life Insurance Company in any proceedings successfully prosecuted against such insurer under the Nebraska Insurers Supervision, Rehabilitation, and Liquidation Act, Neb. Rev. Stat. §§ 44-4801, et seq., regarding insolvency and liquidation of insurers, as the same may be amended from time to time.

## VII.

~~(a) The Corporation is incorporated pursuant to the Nebraska Mutual Insurance Holding Company Act, Neb. Rev. Stat. §§ 44-6122, et as the same may be amended from time to time, in connection with the transfer of domicile from California to Nebraska of Pacific Life Insurance Company, a subsidiary of Pacific LifeCorp, a Delaware corporation, which is in turn a subsidiary of the California MHC, in order to permit the merger into the Corporation of the California MHC (the “Merger”). In accordance with Neb. Rev. Stat. §§ 44-6122, et seq., as the same may be amended from time to time, until the Merger takes effect, the California MHC shall be the sole member of the Corporation. When the Merger takes effect, the separate existence of the California MHC shall cease, the Corporation shall survive and have all the assets and liabilities formerly held by the California MHC, all the members of the California MHC shall become members of the Corporation, policyholders of Pacific Life Insurance Company shall be members of the Corporation, and their voting rights shall be determined in accordance with the Articles of Incorporation and the Bylaws of the Corporation. After the Merger takes effect, Pacific Life Insurance Company shall be deemed to be a reorganized stock insurer for purposes of the Nebraska Mutual Insurance Holding Company Act, Neb. Rev. Stat. §§ 44-6122, et seq., as the same may be amended from time to time.~~

~~(ab) Each person who is the owner of a policy issued by Pacific Life Insurance Company after the Merger takes effect shall be a member of the Corporation for so long as at least one policy which leads to such membership remains in force.~~

~~(be) After the Merger takes effect, membership~~Membership in the Corporation shall automatically follow and shall not be severable from the policy by virtue of which a member’s membership in the Corporation is derived (a “Related Policy”). Such membership shall automatically terminate when such policy no longer remains in force as defined in the Bylaws of the Corporation.

~~(cd) After the Merger takes effect, membereship~~Membership in the Corporation, or any rights appertaining thereto or derived therefrom, shall not be conveyable, transferrable, assignable, salable (including judicial sale), devisable, inheritable or alienable in any manner whatsoever, including transfer by operation of law, except as the ownership of the Related Policy is conveyed, transferred, assigned, sold, devised or distributed under the statutes of intestate succession.

~~(de) After the Merger takes effect, membership~~Membership in the Corporation, or any rights appertaining thereto or derived therefrom, shall not, separate from the Related Policy, be subject to attachment, execution or levy, or be subject to a lien, mortgage, security interest or in any manner be used as collateral or otherwise be hypothecated.

~~(ef) Members of the Corporation on the record date of an annual or special meeting of members shall have the right to vote as provided by these Articles of Incorporation, the Bylaws of the Corporation and as provided by law, on any proposition submitted to a vote at such meeting. A member shall have only one vote regardless of~~

the number of policies or the amount of insurance held by that member. The presence in person or by proxy of five percent of the members of the Corporation entitled to vote at a meeting of members constitutes a quorum for the transaction of all business of the Corporation at such meeting. Any required member approval shall be by the affirmative vote of a majority of the members who vote, unless a higher percentage of the members who vote is required by law or another provision of these Articles of Incorporation.

(~~fg~~) These Articles of Incorporation may be amended at a meeting of the members by a favorable vote of not less than two-thirds of the votes cast by qualified members present and voting in person or by proxy, a quorum being present.

(~~gh~~) Any merger of the Corporation with another entity must be approved by not less than a majority vote of the board of directors of each of the respective parties thereto as well as at a meeting of the members by a favorable vote of not less than two-thirds of the votes cast by qualified members present and voting in person or by proxy, a quorum being present.

(~~hi~~) A Bylaw or Bylaws of the Corporation may be adopted, amended or repealed at a meeting of the members by a favorable vote of not less than a majority of the votes cast by qualified members present and voting in person or by proxy, a quorum being present. Subject to the rights of members as provided in this section, a Bylaw or Bylaws of the Corporation may be adopted, amended or repealed by the board of directors.

(~~ij~~) ~~in~~In addition to any other rights provided by law, by these Articles of Incorporation and by the Bylaws of the Corporation, members shall have the rights specified in the Nebraska Mutual Insurance Holding Company Act, Neb. Rev. Stat. §§ 44-6122, et seq., as the same may be amended from time to time. Rights of members, other than the right to vote, shall be ratable as provided by law, the Bylaws of the Corporation or as determined by the board of directors.

(~~jk~~) The Corporation shall not pay dividends or make other distributions or payments of income or profits, except as provided in subsection (~~lk~~) and except as otherwise directed by the Director of Insurance of the State of Nebraska. Nothing herein shall be deemed to limit the payment of policyholder dividends pursuant to any insurance policy issued by a subsidiary of the Corporation.

(~~kt~~) In the event of the dissolution, liquidation or winding up and dissolution of the Corporation, any equity of the Corporation remaining after payment of all liabilities of the Corporation shall be distributed to the members at the time of such dissolution, liquidation or winding up and dissolution as approved by the Director of Insurance of the State of Nebraska or by a court of competent jurisdiction.

## VIII.

(a) The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under Nebraska law.

(b) The Corporation shall provide indemnification of its directors, officers and employees to the fullest extent permissible under Nebraska law.

IX.

~~Until the Merger takes effect, the Corporation shall have five directors. After the Merger takes effect, the number of the directors of the Corporation shall not less than nine or greater than seventeen, and the exact number of directors shall be fixed within these specified limits by the board of directors or the members in the manner provided in the Bylaws of the Corporation. After the Merger takes effect, the~~The board of directors shall be divided into three classes, designated Classes I, II and III, which shall be as nearly equal in number as possible. Directors of Class I shall hold office for a term expiring at the annual meeting of members to be held in 2008, directors of Class II shall hold office for a term expiring at the annual meeting of members to be held in 2009 and directors of Class III shall hold office for a term expiring at the annual meeting of members to be held in 2010. At each succeeding annual meeting of members following such initial classification, the respective successors of each class shall be elected for three-year terms.

X.

The name and address of the incorporator of the Corporation are as follows:

Pacific Mutual Holding Company  
700 Newport Center Drive  
Newport Beach, California 92660-6397

XI.

The foregoing Amended and Restated Articles of Incorporation supersede the original Articles of Incorporation of the Corporation and all amendments thereto.

IN WITNESS WHEREOF, these Amended and Restated Articles of Incorporation have been executed to take effect as of the effective date and time set forth above.

PACIFIC MUTUAL HOLDING COMPANY

\_\_\_\_\_  
Name: James T. Morris  
Title: Chairman, President and Chief Executive Officer

ATTEST

By: \_\_\_\_\_  
Name: Jane M. Guon ~~Audrey L. Milfs~~  
Title: Secretary



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