

SUMMARY OF THE RESTRUCTURING IN CONNECTION WITH THE LIQUIDATION OF EXECUTIVE LIFE INSURANCE COMPANY OF NEW YORK

This summary is intended to outline certain important aspects of the Agreement of Restructuring in Connection with the Liquidation of Executive Life Insurance Company of New York ("ELNY") and certain other matters. This summary is not a complete discussion of all elements of the Agreement nor is it a complete discussion of the elements outlined herein. In the event of any conflict between this summary and the provisions of the Agreement, the Agreement will control. The Agreement can be found in its entirety at www.elny.org or can be provided in hard copy upon written request to: ELNY Restructuring Plan Support Center, PO Box 2556, Faribault, MN 55021-9556. For more information, you may call the toll-free information line at 1-888-398-8213.

In connection with the contemplated liquidation of the estate of ELNY, the New York Superintendent of Financial Services of the State of New York (formerly the Superintendent of Insurance), acting as statutory Receiver of ELNY (the "Receiver"), consulted with The Life Insurance Company Guaranty Corporation of New York and the National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA") to develop a comprehensive restructuring agreement for ELNY's remaining obligations (the "Agreement"). NOLHGA represents those state life and health insurance guaranty associations with statutory coverage obligations under ELNY annuity contracts ("ELNY Contracts") that are participating in, and parties to, the Agreement (the "PGAs"). The Agreement and related liquidation petition have been filed with, and are subject to the approval of, the Supreme Court of the State of New York, Nassau County (the "Receivership Court").

The primary features of the Agreement as they pertain to an ELNY Contract owner, payee or beneficiary, and certain other matters, are summarized below:

A. Transfer of ELNY Assets and Restructuring of Benefit Payments

1. A new special purpose, not-for-profit captive insurance corporation named Guaranty Association Benefits Company ("GABC"), but referred to as "NEWCO" in the Agreement, has been formed to replace ELNY as the benefit provider for the ELNY Contracts. GABC is managed by insurance company professionals designated by the PGAs and NOLHGA. GABC will assume the contracts of ELNY after they have been modified, or "restructured", as described below. The District of Columbia Department of Insurance, Securities and Banking has full regulatory supervision over GABC, and the Receiver will have authority to make examinations into the affairs of GABC in order to ascertain its compliance with the Agreement.
2. ELNY will transfer substantially all of its estate assets to GABC, but will retain a small amount for the wind-up of the receivership and liquidation proceedings of ELNY. When no longer needed, all remaining funds will be transferred to GABC and allocated on the same basis as all other transferred assets.
3. Each ELNY Contract will be restructured and then transferred to GABC and enhanced as detailed in the Agreement and generally described in this Summary. First, all benefit payments will be restructured to a value that could be supported by each ELNY Contract's proportionate share of ELNY estate assets as of the liquidation date set by the Receivership Court. Accordingly, the benefit payments under each ELNY Contract that would have been due after the liquidation of ELNY will be restructured to reflect such ELNY Contract's proportionate share of the ELNY estate assets transferable to GABC. Next, the restructured ELNY Contract will be divided into two portions (1) a contract whose benefits are covered by a PGA based on applicable state life and health insurance guaranty association statutes ("Covered Contract") and (2) a contract whose benefits are not covered by any PGA ("Uncovered Contract"). Certain ELNY Contracts may be further subdivided.
4. ELNY will transfer its restructured contract liabilities to GABC, except for certain claims of persons under the Plan of Rehabilitation for ELNY, dated March 26, 1992, who were holders of certain ELNY surrenderable contracts and who have a claim against the ELNY estate as a result of surrendering those contracts ("Claim-Overs") and any other liabilities or obligations not expressly assumed by GABC. Such retained liabilities of the ELNY estate will only be discharged pursuant to a future order of the Receivership Court discharging the Receiver and closing the ELNY estate.
5. GABC will reinsure and assume each restructured ELNY Contract and will issue to each owner an Assumption Certificate to evidence GABC's assumption of the restructured contract liabilities and the enhanced benefit payments GABC will provide, if any, as further described in Section C below (the "GABC Contract").
6. The benefits payable under each GABC Contract will be timely paid by GABC as they become due and payable.
7. Owners of ELNY Contracts are not permitted to opt-out of the Agreement with respect to all or any portion of their ELNY Contracts, because each owner will receive a GABC Contract with value at least equal to the liquidation value of the corresponding ELNY Contract.
8. The PGAs, GABC, NOLHGA and the Receiver will, at some future date or dates, attempt to consummate a transfer of all of the liabilities of GABC under the GABC Contracts to a third party commercial life insurer. In the event of such transfer, all net proceeds resulting from such transfer will be remitted to the ELNY estate and distributed in accordance with the priorities set forth in the Agreement. In the event no such transfer of GABC's liabilities is consummated at the time the last remaining obligation under the GABC Contracts is

satisfied in full, then any remaining assets in GABC will be transferred to the ELNY estate and distributed in accordance with the priorities set forth in the Agreement. The priorities set forth in the Agreement are consistent with the requirements of New York law.

B. Coverage by the Participating Guaranty Associations

1. The PGAs will provide substantial financial support to GABC to make enhanced benefit payments (that is, payments in addition to those made from the assets of ELNY) in respect of the Covered Contracts assumed by GABC, as further described in Section C.2 below. If, after the initial financial contribution by the PGAs, GABC determines that it requires additional funds to make benefit payments in respect of the Covered Contracts, the PGAs will deliver, subject to the terms of the Agreement, additional funds to GABC.
2. Some ELNY Contracts do not appear to qualify for coverage by any state life and health insurance guaranty association (other than possibly minimal coverage). Such contracts may receive enhanced benefit payments in the manner described under Sections C.3 and C.4 below.

C. Enhancement of Benefits Payments after Assumption by GABC

1. The benefit payments under each restructured ELNY Contract that becomes a Covered Contract will be “enhanced” (that is, will be increased by payments in addition to those made from the assets of ELNY) once assumed by GABC.
2. The benefit payments payable in respect of a Covered Contract will be increased to the benefit level the applicable PGA covers under its state statutory coverage obligations. The benefit payments covered by each PGA are based on the present value, as of the liquidation date, of future benefit payments that would have been paid by ELNY under such ELNY Contract prior to the restructuring of the ELNY Contract. Maximum PGA coverage varies from state-to-state, but generally ranges from \$100,000 to \$500,000 in present value of future benefits.
3. The benefit payments payable in respect of Uncovered Contracts will be guaranteed (and in the circumstance described below, enhanced) by a consortium of life insurance companies designated in the Agreement. Such life insurance companies will (1) provide an incremental guarantee above those benefit payments made from the assets of ELNY on the Uncovered Contracts and (2) enhance benefit payments up to a present value of \$100,000 of guaranty association coverage for ELNY Contracts which would otherwise not be entitled to receive any guaranty association coverage.
4. A separate consortium of life insurance companies has also committed to further supplement the benefits payable in respect of Uncovered Contracts. The Uncovered Contracts that would be eligible for the supplemental enhancement are those for which, after application of all benefit enhancements described in Sections C.2 and C.3 above, (1) the total benefits to be provided by GABC are less than the total benefits under the terms of the original ELNY Contract as of the liquidation date, prior to any restructuring and (2) the present value of all benefits to be provided by GABC is less than \$250,000. The supplemental benefit enhancements will increase the total benefits to be paid by GABC to each payee or beneficiary under the Agreement to the lesser of (A) total benefits having a present value of \$250,000 and (B) the total benefits under the terms of the original ELNY Contract as of the liquidation date, prior to any restructuring.

D. Supplemental Payments by Certain SSA Contractowners

Certain property-casualty companies and other entities (“SSA Contractowners”) may have obligations, under structured settlement agreements funded by ELNY structured settlement annuities, to make supplemental payments to compensate for amounts that are not paid by GABC. Some of the SSA Contractowners have proposed to make or provide for such supplemental payments. GABC, NOLHGA and the Receiver will use reasonable efforts to consult and cooperate with such SSA Contractowners to enable them to make or to provide for such payments. It should be noted, however, that the SSA Contractowners are not parties to the Agreement and payments by them are neither governed nor required by the Agreement. Depending on the terms of their respective structured settlement agreements, ELNY payees should contact or may be contacted by their respective ELNY SSA Contractowners about such additional amounts that may be payable to them.

E. Hardship Fund

In addition to the benefits provided under the Agreement, a consortium of life insurance companies has committed to establish a separate fund (the “Hardship Fund”) of at least \$100 million that may provide the opportunity for certain affected ELNY payees to obtain additional financial support based on need. ELNY payees who may be eligible for additional support from the Hardship Fund are those who are projected to experience a reduction in the benefit payments provided under the terms of their original ELNY Contracts. An independent administrator will be appointed by the consortium of life insurance companies to review applications and to determine each applicant’s eligibility to receive additional financial support through a needs-based process. For more information on the Hardship Fund, ELNY payees may call the consortium’s toll-free information line at 1-888-809-2254. The Hardship Fund is not a component of the Agreement or the benefits provided under the Agreement. As such, the Receiver will not seek approval from the Receivership Court of the Hardship Fund, any elements thereof, or how any funds from the Hardship Fund are allocated.