

WHEREAS, in or around December 2000, PICA reorganized as Prudential through a demutualization. Pursuant to PICA's plan of reorganization, the contract holder of the GACs is eligible to receive the proceeds resulting from the demutualization attributable to the GACs (the "Demutualization Proceeds") for distribution to the owners of the Demutualization Proceeds;

WHEREAS, Prudential alleged that it was unable to determine the correct person or entity entitled to the Demutualization Proceeds and filed its Petition for Interpleader on January 19, 2005 naming as interpleader defendants FCLT, FCFC and Chase;

WHEREAS, by third party petition filed on February 2, 2005, Chase named Blair as a third party defendant in the interpleader action;

WHEREAS, on October 21, 2005, the Court granted Blair's motion for class certification, certifying a Class defined as:

All persons having any beneficial interest as of December 15, 2000 (the official date that Prudential adopted its plan to demutualize) under Group Annuity Contracts GA-5523 and GA 5858 (which includes GA-5524) purchased from The Prudential Insurance Company of America. In the event of the death of any such person after December 15, 2000, the class shall include such person's estate. In the event of a divorce of any such person after December 15, 2000, and the divorce decree or settlement of property rights incident to the divorce assigned any portion such person's interest in said group annuity contracts to any other person pursuant to a Qualified Domestic Relations Order as defined in Section 414(p) of the Internal Revenue Code and in accordance with the other terms and conditions of said group annuity contracts, then the class shall include such other person (or such other person's estate in the event of his or her death since such date).

WHEREAS, the Order Pursuant to Tex. R. Civ. P. 42(c) Granting Timothy J. Blair's Motion for Class Certification and Appointment of Class Counsel dated October 21, 2005 (the "Class Certification Order") provides in paragraph 5(g) that if Blair prevails Class members will receive distributions allocated on a proportionate basis based on each member's respective "interest" in the GACs as of December 15, 2000 (the "Proposed Interest Distribution") and that

Blair would hire an actuary or other appropriate expert to assist him in ascertaining such interests should he prevail;

WHEREAS, Blair contemplated the Proposed Interest Distribution based on the assumption of prevailing as to the entire Demutualization Proceeds;

WHEREAS, almost four years has passed since the Class Certification Order was entered with protracted litigation at the trial and appellate level, and the Class' proposed share of the Demutualization Proceeds under this Stipulation is one-third of such proceeds, being approximately \$6 million, as opposed to the entire amount of such proceeds, being approximately \$18 million, Blair has determined that it is not in the best interests of the Class to burden the Class' share of the Demutualization Proceeds with the fees and expenses that would need to be paid to an actuary or other professional to calculate the Proposed Interest Distribution;

WHEREAS, Blair has determined, in the best interests of the Class, to distribute or allocate the Class' share of the Demutualization Proceeds on an equal basis, such that the amount to be distributed shall be divided equally among the members of the Class (the "Proposed Distribution") pursuant to this Stipulation, after reserving for, and net of, the fees and expenses of Blair's Class Counsel, the Claims Administrator and the Class Representative's fees;

WHEREAS, Chase disclaimed ownership interest of the Demutualization Proceeds and Blair, FCLT and FCFC litigated their competing claims to ownership of the Demutualization Proceeds in the 152nd Judicial District Court and in the Court of Appeals for the First District of Texas;

WHEREAS, on two separate occasions the parties participated in mediations of this matter, as well as a settlement conference, and continued their dialogue in an attempt to resolve this dispute;

WHEREAS, after extensive discussions both directly between the parties and with the assistance of two mediators, Blair, FCLT, FCFC and Chase by and through their undersigned attorneys, have, agreed, subject to Court approval, to settle this litigation on the terms and conditions set forth in this Stipulation;

WHEREAS, all parties in this litigation denied and continue to deny having committed any wrong doing;

WHEREAS, each of the parties believes that this Stipulation and the proposed settlement described herein is in their respective best interests;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, subject to approval of the Court, by and among the parties hereto:

Settlement Terms

1. The parties agree, subject to Court approval, to divide the Demutualization Proceeds equally among the Class, FCLT and FCFC. The Demutualization Proceeds, net of Trustee JP Morgan Chase's fees, expenses, and tax payments, as approved by the Court, will be divided: (i) one-third paid to the Class pursuant to the Proposed Distribution, net of Class Counsel's reasonable and necessary attorney's fees, costs, and litigation expenses, the Class Representative's reasonable compensation, and the Claims Administrator's reasonable compensation and expenses; (ii) one-third paid to FCLT; and (iii) one-third paid to FCFC (comprehensively, the "Settlement").

2. Upon the Effective Date of this Stipulation, Blair, individually, and on behalf of the Class, as the Class representative, FCLT, FCFC and Chase, forever waive, surrender and relinquish any and all claims, rights or causes of action or liabilities whatsoever, whether asserted directly, individually, derivatively, or in a representative capacity, whether known or

unknown or suspected to exist, and whether based on federal, state or local statutory or common law or any other law, rule or regulation, that have been or could have been asserted in this litigation by them, individually or collectively or in any capacity, against each other, individually or collectively or in any capacity (including Class members, the Class Representative, Class Counsel and any corporate predecessors or successors and counsel of all such parties), or any of their respective present or former officers, directors, partners, principals, employees, members, agents, attorneys, insurers, stockholders, financial advisors, accountants, commercial bank lenders, investment bankers, representatives, affiliates, associates, parents, subsidiaries, general and limited partners and partnerships, heirs, executors, administrators, successors and assigns (the "Released Parties") that arise out of or relate in any way to the GACs, the purchase or administration of the GACs, the demutualization of PICA, the Demutualization Proceeds, or the administration of the Demutualization Proceeds by Chase (including the procedures referenced in Paragraphs 10 and 11 hereof), including but not limited to any claim to ownership of the Demutualization Proceeds excepts as agreed herein. Each of the parties hereto executes and grants this release on his or its own behalf, and in the case of Blair on behalf of the Class, and on behalf of any minor, unborn or unascertained individuals for whom such party acts, directly or indirectly. The scope of the release provided above, shall include, but not be limited to, all actions and omissions of any released party, whether or not such acts or omissions constitute any form of negligence or gross negligence. The parties expressly and specifically waive all rights under the provisions of Section 1542 of the Civil Code of the State of California, and any similar rights in any state or territory in the United States and any rights granted under any similar statute or regulation of the United States and/or of its agencies, or granted or purported to be granted under the laws of any other jurisdiction. Section 1542 of the California Civil Code

provides as follows: "A general release does not extend to claims, which the creditor does not know or expect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Notice and Approval

3. The parties to this litigation have agreed to present this Stipulation to the Court for hearing and approval as soon as practicable. The parties have further agreed upon the form of a proposed Preliminary Approval Order, attached hereto as Exhibit "A," which they will request the Court enter preliminarily approving the Settlement and authorizing Blair to notify the Class of the Settlement and of the date and time of the hearing from which final approval of the Settlement will be sought from the Court. The parties have further agreed upon the form of a proposed Notice of Class Action Settlement (the "Notice"), attached hereto as Exhibit "B," which they will request the Court to authorize Blair to send to the Class in accordance with the Preliminary Approval Order. The parties have further agreed upon the form of a proposed Order and Final Judgment, attached hereto as Exhibit "C," which they will request the Court enter upon final hearing of this matter, approving the Settlement, releasing all parties as provided for therein, and dismissing all claims with prejudice.

Conditions

4. The Settlement shall not become effective until the first date on which all of the following conditions have been satisfied, unless one or more of the conditions is expressly waived in writing by counsel for each of the parties (the "Effective Date"):

- a. The entry of an order finally approving the Settlement by the Court (after notice and an opportunity for a hearing) and dismissing with prejudice all of the claims described in paragraph 2; and
- b. The judgment referred to in subparagraph (a) above shall have become a final judgment no longer subject to review, when either by the expiration

of the time for appeal therefrom with no appeal having been taken or, if an appeal is taken not dismissed, by the determination of the appeal by the highest court to which such appeal may be taken in such a manner as to permit the consummation of the settlement in accordance with its terms and conditions.

5. This Stipulation shall be null and void and of no force and effect if any of the conditions set forth in paragraph 4 are not met, unless expressly waived in writing by counsel for each of the parties. If the Settlement outlined in this Stipulation is terminated or does not become effective, then this Stipulation shall not be deemed to prejudice in any way the positions of the parties with respect to this litigation, shall not be deemed to constitute an admission by any party, shall not be proffered for admission into evidence in any judicial or administrative proceedings, and shall not entitle any party to recover any costs or expenses incurred in connection with the implementation of this Stipulation, except as provided herein.

Miscellaneous

6. This Stipulation may be executed in counterparts, including by signature transmitted by facsimile. Each counterpart when so executed shall be deemed to be an original, and all such counterparts together shall constitute the same instrument. The undersigned signatories represent that they have authority from their clients to execute this Stipulation. The terms of this Stipulation shall inure to and be binding upon the parties and their representative agents, executors, heirs, successors and assigns, subject to the conditions set forth herein.

7. This Stipulation and the Settlement contemplated by it shall be governed by, and construed in accordance with, the laws of the State of Texas, without regard to conflict of laws principles.

8. The parties represent and warrant that none of the claims or causes of action asserted in this litigation, including any settled claims, have been assigned, encumbered, or in

any matter transferred in whole or part, other than by contingent fee agreement applicable to any party.

9. Each party receiving funds pursuant to this agreement shall bear its own attorneys' fees and expenses and costs. Chase's attorneys fees, accountants fees, miscellaneous expenses and taxes have been paid out of the Demutualization Proceeds. Chase agrees not to charge a trustee's fee in this matter.

10. All parties acknowledge that certain "wrap up" matters will need to be handled by Chase, its counsel and its accountants to conclude this matter, such as the preparation and filing of tax returns and related documents, and determining that there is no residual tax liability with respect to the Distribution Proceeds prior to their distribution to FCFC, FCLT and Blair pursuant to the Settlement contemplated herein. The parties acknowledge and agree that Chase will hold a reserve of not more than \$250,000.00 for this purpose. The reserve will be held in a non-interest bearing account pending its final distribution. Upon final conclusion of this matter, any balance remaining in the reserve fund will be distributed, proportionately, to FCFC, FCLT and Blair, or in such other manner as they may unanimously direct. Chase shall pay the net Demutualization Proceeds directly to FCFC, FCLT, and to the Claims Administrator (on behalf of the Class), on or before December 31, 2009. Chase shall provide, no later than January 31, 2010, to each of FCFC, FCLT and the Class Representative an accounting of all sums received and disbursed since the Demutualization Proceeds were deposited with Chase in 2005 pursuant to court order.

11. All parties acknowledge that in pursuing the conclusion of the Settlement contemplated herein with respect to tax matters, Chase, its accountants and attorneys will attempt to follow the guidelines set for such matters in Proposed Internal Revenue Regulations Sec. 1.468B (and specifically including, by example and not limitation, Prop. Reg. Sec. 1.468B-(e)

and (h)), Internal Revenue Code Section 6501(d), such other sections of the Internal Revenue Code or the Regulations as the Trustee believes to be relevant, and upon any guidance received from officials of the Internal Revenue Service. All parties agree that FCFC, FCLT and Blair (and the Claims Administrator) shall be responsible for any tax reporting or other tax matters relative to the Demutualization Proceeds after the Demutualization Proceeds have been distributed to them, and that Chase shall have no responsibility for any tax matters relating to the further handling of the amounts so distributed thereafter. Neither the parties nor the Class Representative nor Class Counsel nor the Claims Administrator make any representation to the Class Members about the tax characterization of any Class Member's share of the Demutualization Proceeds paid out by Chase, the Court, and/or the Claims Administrator, that is, no one is advising individual Class Members whether the money will be treated as ordinary income, capital gains, or otherwise, which is a matter left for each Class Member to determine after consultation with an attorney, accountant, or bookkeeper of his own choice.

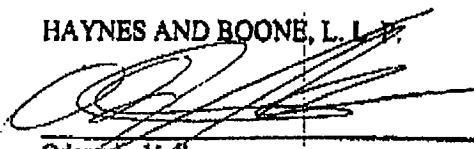
12. The parties acknowledge that Chase has provided all parties a transactional record of all transactions occurring in the Prudential/First City account from the date of the initial acceptance of the Demutualization Proceeds, and current through August 3, 2009 (the "Accounting"), and acknowledge that such accounting is fully acceptable for activities of the account through August 3, 2009. Chase agrees to update the Accounting, in the same format, through the date of the final payment to be made by Chase to the Parties pursuant to this Stipulation.

13. By execution hereof, all Parties adopt and approve all provisions of this Stipulation, agree not to challenge and of the provisions hereof, and agree not to challenge the acts, omissions, fees or expenses of any of the other parties hereto.

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IT IS HEREBY AGREED by the undersigned as of September 22nd, 2009.

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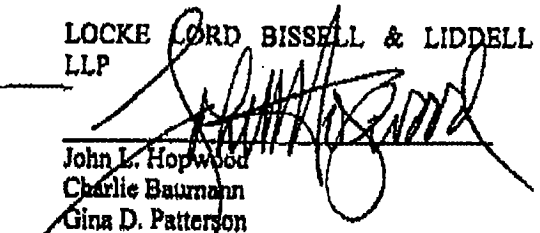
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