



M Financial Group™



M P R O P R I E T A R Y
L I F E A N D D I S A B I L I T Y
I N S U R A N C E P R O D U C T S

Making the Difference in the Ultra-Affluent Marketplace

PROPRIETARY PRODUCTS: A PASSION FOR DISTINCTION

M Financial Group was founded on the principle that “off-the-shelf” products often do not meet the needs of ultra-affluent and corporate clients. Since 1978, M Financial has worked closely with the nation’s most prestigious insurance carriers and investment firms to develop innovative products with unique features and flexible options that complement the needs and objectives of Member Firm clients.

Proprietary products are a natural fit for M Financial. Together, Member Firms have a strong entrepreneurial spirit, are creative and innovative, and are always looking for better ways to help their clients achieve their goals. In addition to the innovation and creativity of Member Firms, a number of factors drive M Financial’s success with proprietary products, including:

Relationships—The strong, long-term relationships Member Firms maintain with clients, and the deep partnerships M Financial has with a select group of Carriers, allow us to deliver product and service differentiation to Member Firms.

Favorable Experience—With a credible experience pool that clearly reflects the extraordinary mortality, persistency, premium volume, and high average face amounts of ultra-affluent clients, M Financial is in the unique position to work with our Partner Carriers to develop proprietary products priced for the clients of Member Firms.

Inforce Management—M Financial, together with Carriers, continuously monitors the service, experience, and performance of inforce business to ensure that proprietary products continue to be effective. As a result of this unparalleled level of oversight, pricing enhancements, supported by experience data, have historically been applied to both new sales and inforce business, a principle that is rare in the industry.

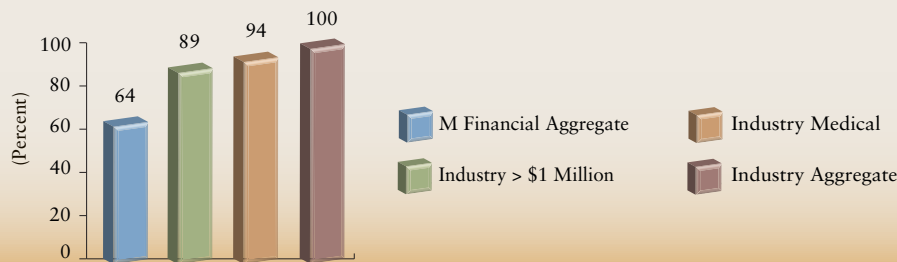
M Financial’s collective buying power and superior experience (mortality, persistency, and policy size) result in exclusive pricing for proprietary products available to Member Firm clients.

FAVORABLE EXPERIENCE FUNDAMENTALS



INDIVIDUAL UNDERWRITTEN MORTALITY EXPERIENCE BY CATEGORY

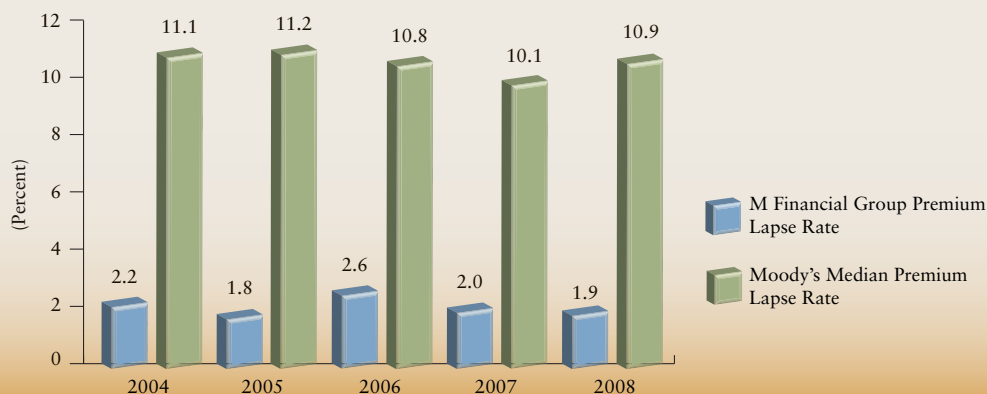
M Financial's mortality experience—actual death claims—is 28% less than the industry high net worth segment (face amounts greater than \$1 million). This lowers cost of insurance charges for M proprietary life products.



Source: Society of Actuaries Individual Life Experience Report (2006) and M Financial Group

PREMIUM LAPSE EXPERIENCE

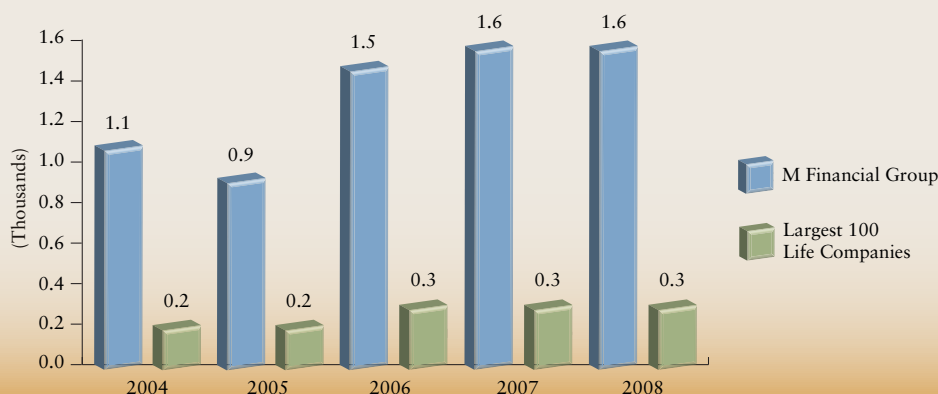
M Financial's lapse experience—policies that lapse or surrender—is approximately 80% lower than the industry. This provides a longer time horizon for Partner Carriers to recoup initial expenses, which drives lower ongoing policy charges for M proprietary life products.



Source: Moody's Statistical Handbook for Life & Health (2008) and M Financial Group

AVERAGE FACE AMOUNT

M Financial's average face amount is five times that of the industry. This provides economies of scale for Partner Carriers that allow for lower policy charges for M proprietary life products.



Source: Moody's Statistical Handbook for Life & Health (2008) and M Financial Group

Drivers of
Success in the
Proprietary Product
Marketplace:

- Creative Innovation and Ideas
- Strong Long-term Relationships
- Favorable Experience Fundamentals
- Commitment to Inforce Management

OUR COMMITMENT TO INFORCE MANAGEMENT

M Financial believes that performance and cost should be measured over the life of an insurance product, not with an initial illustration or the first year premium. As part of our commitment to inforce management, M Financial continuously monitors the service, experience, and performance of Member Firms' inforce business to ensure that proprietary products continue to be effective, from both a performance and cost perspective.

M FINANCIAL'S INFORCE MANAGEMENT PRINCIPLES

- Collaborate with Partner Carriers and align interests and philosophy.
- Segregate M Financial's superior experience—do not dilute quality with data from non-Member Firm clients.
- Track experience and performance diligently.
- Work with Partner Carriers to pass on improvements in underlying experience to existing clients.

INFLUENCING PRODUCT DEVELOPMENT AND PERFORMANCE

M Financial reinsures proprietary products through M Financial Re, our wholly owned reinsurance operation. By investing approximately \$50 million a year in the high quality business placed by our Member Firms, M Financial has access to Carrier pricing assumptions and can effectively track experience, while monitoring changes in policyholder interests. Sharing risk with Carriers also aligns the interests of M Financial and our Partner Carriers, which facilitates the development—and ongoing management—of superior performing products.

"I'd rather have a better performing product than a better illustrating product. M Financial's proprietary products are an excellent place for our clients to be."

—Lawton M. (Mac) Nease, III
Nease, Lagana, Eden & Culley, Inc.
Chair, M Product Development Group

DELIVERING VALUE TO CLIENTS THROUGH INFORCE MANAGEMENT

Since the first M Financial proprietary products were introduced in 1996, there have been nine pricing enhancements resulting from emerging improved experience data. These pricing enhancements, which are applied to both new sales and inforce business, continue to have a positive and profound impact on M proprietary products.


When compared with assumptions for original crediting or earned rates of return in all years, Member Firm clients have benefited substantially from these performance enhancements. Examples of this impact include:

- A 15% to 20% reduction in annual premium while still achieving endowment.
- A 45 to 150 basis point increase in cash value internal rates of return (IRRs) at life expectancy (age 85).

In addition, given market volatility, performance enhancements on M proprietary products have worked to partially offset the impact of market declines, helping policies remain on track.

While these examples do not apply to all policies and these results may not be typical, M Financial continues to be diligent in our inforce management activity, constantly monitoring experience and policy performance to maximize value for Member Firm clients.

This commitment to inforce management may be M Financial's most powerful differentiating characteristic. M Financial is unique in the industry in both philosophy and practice—no other organization provides this level of service to its clients.



*"Our last customer
is as important as
our next customer."*

*—Fred Jonske
President & CEO
M Financial Group*

CLIENT ADVOCACY: THE IDEAL COMPLEMENT TO PRODUCT DIFFERENTIATION

It has been said that a head start creates a permanent advantage. M Financial is very proud of the advantages we have created for Member Firms and their clients with differentiated products, but we also realize a commitment to client advocacy involves much more.

In addition to product differentiation and inforce management, due care is a critical component of our client advocacy strategy. Life insurance due care requires an understanding of the factors that impact policy performance and drive product selection. M Financial continues to lead the industry in this regard by providing insight and analysis that deliver significant value. M Member Firms utilize these resources— assembled by a staff of 12 actuaries—to assist clients and advisors in making informed decisions regarding life insurance purchases.

Further, the impact of the recent economic cycle serves as a reminder that opportunities in the life insurance market should be pursued in conjunction with an insurance advisor who understands the complexities of the landscape and the mechanics of the products available. Inforce service—which is provided after the purchase of the policy and remains a hallmark of M Financial’s commitment to client advocacy—is also critical. In a volatile environment, it is essential to continuously monitor policy performance and carrier financial strength, and assess the impact of emerging trends.

CLIENT ADVOCACY ASSESSMENT TOOL

Saying you are committed to client advocacy is much easier than showing it. In further support of our commitment to client advocacy, M Financial has developed a Client Advocacy Assessment Tool, which poses questions to consider when determining to what extent the insurance advisor can advocate effectively on behalf of clients and their advisors (attorneys, CPAs, family offices). These questions are designed to facilitate due care of insurance advisors and assess their ability to deliver the client advocacy clients want and need in today’s environment.

“Everything M Financial does—proprietary products, reinsurance, due care, inforce management, unparalleled service—is focused on client advocacy. No other distribution system can demonstrate this commitment.”

—John M. Barry
Barry, Evans, Josephs & Snipes
Member, M Product Development Group

CLIENT ADVOCACY ASSESSMENT TOOL



The Client Advocacy Assessment Tool questions, and M Financial’s answers, are as follows:

QUESTIONS:

M FINANCIAL ANSWERS:

1. Is the distribution channel independent of, or captive to, the insurance company?	Independent
2. Is the volume of business sold by the distribution channel sufficient to build credible data and be relevant to the insurance company?	<ul style="list-style-type: none"> • \$1.5 billion in 2008 new sales • 30+ years of experience • \$128 billion in force face amount • \$31 billion in policy cash value
3. Is the client pricing experience socialized with all risks or is it placed in a select risk pool?	In segregated proprietary product pool—not socialized
4. Is the client a member of a risk class that justifies superior pricing characteristics?	Clients in risk class are exclusively high net worth and highly compensated executive clients of M Financial Member Firms
5. Does the insurance company have a good reputation built on competitive products and a superior track record?	<ul style="list-style-type: none"> • M Carriers are highly rated • Member Firms have access to 20+ competitive proprietary products
6. Is there risk sharing by the distributor/producer? Is the distribution channel putting capital at risk to legitimately “own” a seat at the table when it comes to negotiating price adjustments?	<ul style="list-style-type: none"> • M reinsurance via M Financial Re • \$47 billion of face amount reinsured • \$50 million of new capital invested per year
7. What resources and technical support are dedicated to monitoring the policy on an ongoing basis and who provides them (captive or independent)?	<ul style="list-style-type: none"> • Independent staff • 12 actuaries • Annually audited by independent consultants
8. How do you characterize the producer’s relationship with the insurance company?	Independent producers that maintain deep relationships with a select group of Carrier Partners
9. Does the client advocacy model have a track record?	<ul style="list-style-type: none"> • 9 repricings • \$57 million in historical value • \$150 million in future value
10. Is the client advocacy model sustainable?	<ul style="list-style-type: none"> • Yes • 30+ years of data • 12+ years of proprietary product experience

M Financial’s client advocacy strategy is driven by these questions, and Member Firms continue to differentiate themselves with clients and advisors by executing this strategy with discipline and focus.

“If you wish to prosper, let your customer prosper.”

—Frederick Bastiat,
19th century French
economist

DIVERSE PRODUCT OPTIONS FROM A VARIETY OF CARRIERS

The result of M Financial's relationships, favorable experience fundamentals, and commitment to inforce management can be seen in the diverse selection of exclusive products offered by North America's most recognized and respected insurance brands. The first M proprietary product was launched in 1996. Today, Member Firm clients have access to more than 20 M-priced proprietary products, a level of product access unparalleled in the industry.

In today's marketplace, having exclusive access to differentiated products from a diverse line up of Carriers is a significant advantage. Clients have different objectives and circumstances so choice is critical. With John Hancock's Majestic Series, which set the standard for proprietary products when first launched in 1996, Pacific Life's flexible MVP (M's Versatile Product) Series, Sun Life's full suite of Sun Prime Series offerings, and Nationwide's growing Marathon Series, as well as offerings from Prudential and Unum, Member Firm clients have many options from which to choose.

THE M FUNDS

Shortly after the launch of The Majestic Series, M Financial introduced the M Funds, a proprietary family of mutual funds, managed by specialists in each asset class and available only through certain variable life insurance/annuity products and qualified plans. The four strategies that comprise the M Funds complement the fund choices offered by the Carriers, expanding the investment options for clients, and providing access to the management expertise and investment strategies of select institutional managers, access not generally available through other life insurance products or to individual investors.

In addition, the M Fund portfolio managers are selected, reviewed, and monitored by M Financial Investment Advisers, Inc., whose board of directors is comprised of Member Firm Principals who have clients invested in the M Funds. This accountability creates an oversight structure that works to protect the interests of Member Firm clients.

M PROPRIETARY PRODUCTS: CURRENT AVAILABILITY



Member Firm clients have access to M-priced proprietary products from John Hancock, Nationwide, Pacific Life, Prudential, Sun Life, and Unum. Each product is designed for, and is available exclusively to, the clients of Member Firms, and reflects M Financial's favorable experience fundamentals. This level of product access, from North America's most recognized and respected insurance brands, is unparalleled in the industry.

Member Firm clients have access to proprietary offerings from six Partner Carriers, a level of diversification unmatched in the industry.

	Majestic ULX Majestic VCOLIX Majestic SVULX Majestic VULX Majestic SULX Majestic Performance VUL	May 2009 December 2008 November 2008 November 2008 February 2008 May 2006
	Marathon No-Lapse Guarantee UL Marathon Performance VUL—Accumulation Marathon Performance VUL—Protection	August 2009 October 2008 April 2008
	MVP Survivorship II MVP VII MVP Indexed UL	November 2008 October 2008 February 2008
	M Premier SM VUL—2001 CSO	May 2008
	Sun Prime ULS Sun Prime UL Sun Prime SVUL Sun Prime VUL—Accumulation Sun Prime VUL—Performance Sun Prime Protector UL Sun Prime Protector SUL	June 2009 October 2008 June 2008 November 2007 November 2007 October 2006 October 2006
	MonograM II	September 2004

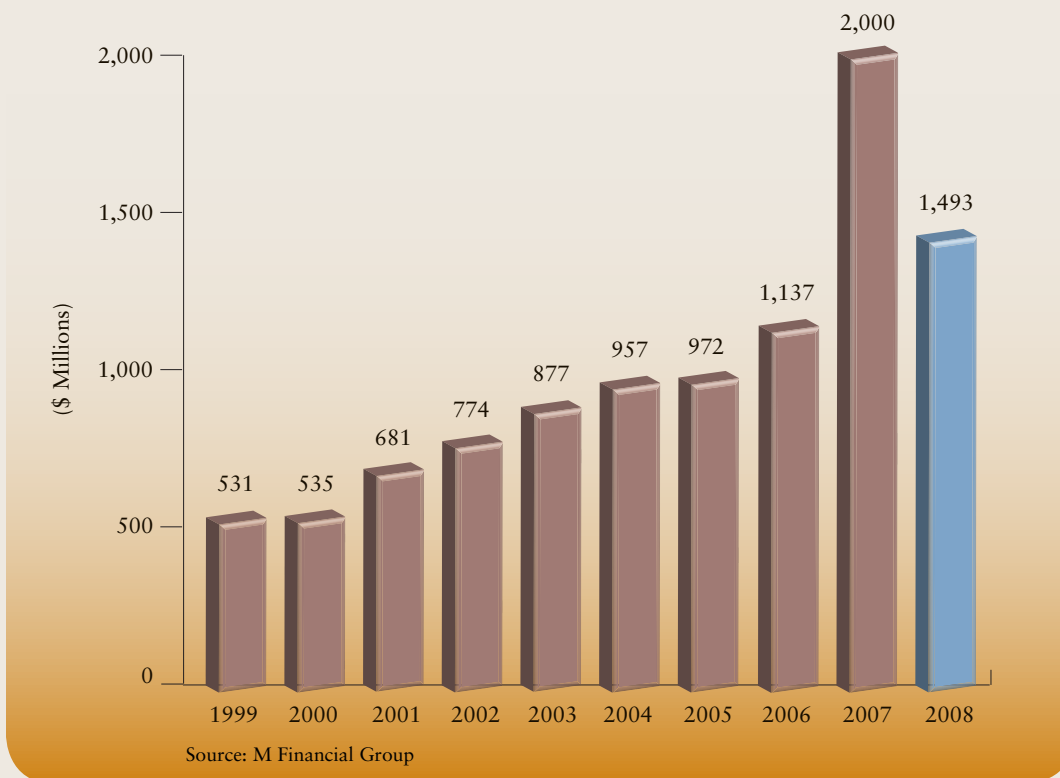
Note: MonograM II is an individual disability insurance product, offered on a multi-life basis, designed specifically for highly compensated executives, attorneys, and other key professionals.

A HISTORY OF SUSTAINED SUCCESS

M Financial Group is a network of financial service professionals serving the ultra-affluent and corporate markets. Our nationwide network consists of more than 120 independent Member Firms that specialize in dealing with the complex issues that face sophisticated clients and their advisors.

Proprietary products continue to be an essential part of M Financial's success. Since the first M proprietary product was introduced in 1996, M Financial's sales have grown at a compound annual rate of nearly 17%. Overall, M Member Firms have more than \$128 billion of face value inforce and manage client assets totaling more than \$31 billion.

M FINANCIAL GROUP SALES 1999–2008



DISCLOSURES



Securities offered through various broker/dealers with which Member Firms of M Financial Group are associated.

An investor should consider the investment objectives, risks, charges, and expenses of any investment product carefully before investing. This and other information is contained in the products prospectus which can be obtained by calling your advisor. Read it carefully before investing.

Variable life insurance products are long-term investments and may not be suitable for all investors. An investment in variable life insurance entails substantial fees and charges and is subject to fluctuating values of the underlying investment options. Variable life insurance entails risks, including the possible loss of principal.

Product guarantees of life insurance products are subject to the claims paying ability of the insurance company.

Insurance products are issued by: John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116 (not licensed in New York) and John Hancock Life Insurance Company of New York, Valhalla, NY 10595.

Nationwide Marathon life insurance products are underwritten by Nationwide Life and Annuity Insurance Company or Nationwide Life Insurance Company, Columbus, Ohio. The general distributor for variable products is Nationwide Investment Services Corporation, member FINRA. In Michigan only: Nationwide Investment Svcs. Corporation.

M's Versatile Products (variable products only) are issued by Pacific Life Insurance Company and distributed by **Pacific Select Distributors, Inc.** (member FINRA & SIPC), a subsidiary of Pacific Life, and are available through licensed third-party broker/dealers. Pacific Life refers to Pacific Life Insurance Company, and its affiliates, including Pacific Life & Annuity Company. Insurance products are issued by Pacific Life Insurance Company in all states except New York, and in New York by Pacific Life & Annuity Company. Product availability and features may vary by state. Each company is solely responsible for the financial obligations accruing under the products it issues, and its product and rider guarantees are backed by that company's financial strength and claims-paying ability. Pacific Life Home Office is located in Newport Beach, CA. M Financial Group is not an affiliated company of Pacific Life.

- M's Versatile Product—Survivorship II (MVP Survivorship II) (form # P08S6M), variable universal life insurance
- M's Versatile Product VII (MVP VII) (form # P08MVP), variable universal life insurance
- M's Versatile Product Indexed Universal Life (MVP Indexed UL) (form # P08PIM), indexed universal life insurance

M PremierSM VUL is issued by Pruco Life Insurance Company and in New York by Pruco Life Insurance Company of New Jersey and is distributed by Pruco Securities, LLC. All are located in Newark, NJ.

Universal life insurance products are issued by Sun Life Assurance Company of Canada (Wellesley Hills, MA), and variable universal life insurance products are issued by Sun Life Assurance Company of Canada (U.S.) (Wellesley Hills, MA). In New York, universal and variable universal life insurance products are issued by Sun Life Insurance and Annuity Company of New York (New York, NY). Variable products are distributed through Sun Life Financial Distributors, Inc. All are members of the Sun Life Financial group of companies. All guarantees are based on the claims-paying ability of the issuing company.

MonograM II individual disability insurance is underwritten by the following Unum Group subsidiary: Provident Life and Accident Insurance Company (In NY, by Provident Life and Casualty Insurance Company), 1 Fountain Square, Chattanooga, TN 37402.

While the phrase "Partner Carrier" is used throughout this piece, M Financial and each of the insurers referenced herein are independent contractors and have not entered into a legal partnership.



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John Hancock
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