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11 State of California in his capacity as Conservator,  
12 Liquidator and Rehabilitator of Executive Life  
13 Insurance Company

14 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
15 COUNTY OF LOS ANGELES

16 INSURANCE COMMISSIONER OF THE  
17 STATE OF CALIFORNIA,

18 Applicant,

19 v.

20 EXECUTIVE LIFE INSURANCE  
21 COMPANY, a California corporation, and  
22 DOES 1 through 1000,

23 Respondents.

No. BS 006912

[REVIS~~ED~~ PROPOS~~ED~~] ORDER  
GRANTING MOTION OF INSURANCE  
COMMISSIONER OF THE STATE OF  
CALIFORNIA FOR AN ORDER  
APPROVING DISTRIBUTION OF OPT  
OUT TRUST PORTION OF AURORA  
SETTLEMENT AMOUNT AND CDR  
SETTLEMENT AMOUNT (AFTER  
ESTABLISHMENT OF EXPENSE  
RESERVE) PURSUANT TO ELIC  
REHABILITATION PLAN

Date: January 18, 2006  
Time: 8:30 a.m.  
Dep't: 36

CONFIRMED COPY  
OF ORIGINAL FILED  
Los Angeles Superior Court

JAN 18 2006

John A. Clarke, Executive Officer/Clerk  
By B. Gregg, Deputy

HOWARD  
RICE  
NEMEROVSKI  
CANADY  
FALK  
& RABKIN  
A Professional Corporation

1 This matter came before the above-captioned Court (the "Court") on the motion  
2 (the "Motion"), dated December 13, 2005, of the Insurance Commissioner of the State of  
3 California, in his capacity as conservator, liquidator and rehabilitator (the "Commissioner")  
4 of Executive Life Insurance Company ("ELIC"), for an order approving the distribution of  
5 the Opt Out Trust Portion of the Aurora Settlement Amount and the CDR Settlement  
6 Amount (after establishment of the Expense Reserve) pursuant to the ELIC Rehabilitation  
7 Plan. Jeffrey L. Schaffer of Howard Rice Nemerovski Canady Falk & Rabkin, A  
8 Professional Corporation, appeared on behalf of the Commissioner at the hearing on the  
9 Motion held by the Court on January 18, 2006 at 8:30 a.m. (the "Hearing"). Other  
10 appearances at the Hearing were as noted on the record. The Court having considered the  
11 papers filed in support of and in opposition or other response to the Motion, the statements  
12 and arguments of counsel at the Hearing, and all pertinent pleadings filed with the Court;  
13 and all capitalized words or terms not defined herein having the meanings ascribed to them  
14 in the Motion; and due and proper notice of the Motion and the Hearing having been given;  
15 and after due deliberation and consideration and good and sufficient cause appearing  
16 therefor,

17 THE COURT HEREBY ORDERS AND ADJUDGES THAT:

- 18 1. The Motion is hereby granted;
- 19 2. The Commissioner is authorized to distribute to the Opt Out Trust:
  - 20 (a) approximately \$23.1 million from the Aurora Settlement Amount (which  
21 is (i) the Opt Out Trust Portion of the Aurora Settlement Amount *minus* (ii) \$3.6 million to  
22 be deducted therefrom for expenses, which \$3.6 million shall constitute part of the Expense  
23 Reserve), with such \$23.1 million amount to be distributed by the Opt Out Trust pro rata  
24 based on relative claim values to the Opt Out Contract Holders that are the beneficiaries of  
25 the Opt Out Trust (subject to the "de minimis" exception described in Part IV of the August  
26 31 Motion); and
  - 27 (b) approximately \$151.6 million from the CDR Settlement Amount (which  
28 is (i) the Opt Out Trust Portion of the CDR Settlement Amount *minus* (ii) \$23.5 million to

1 be deducted therefrom for expenses, which \$23.5 million shall constitute part of the Expense  
2 Reserve), with such \$151.6 million amount to be distributed by the Opt Out Trust pro rata  
3 based on relative claim values to the Opt Out Contract Holders that are the beneficiaries of  
4 the Opt Out Trust (subject to the "de minimis" exception described in Part IV of the August  
5 31 Motion);

6 3. Before making any distribution authorized under paragraph (2)(a) above,  
7 the Commissioner shall deduct from the Aurora Settlement Amount the sum of \$3.6 million  
8 for the Expense Reserve; and before making any distribution authorized under paragraph  
9 (2)(b) above, the Commissioner shall deduct from the CDR Settlement Amount the sum of  
10 \$23.5 million for the Expense Reserve;

11 4. The Commissioner shall make no further distributions of any Altus  
12 Litigation Proceeds (including, without limitation, the balance of the CDR Settlement  
13 Amount and the balance of the Aurora Settlement Amount) without obtaining approval of  
14 the Conservation Court after making a motion on appropriate notice; and

15 5. The Commissioner and NOLHGA reserve all of their respective rights with  
16 respect to any dispute they may have regarding all other amounts that are to be distributed by  
17 the Commissioner, including, without limitation, their rights with respect to all other Altus  
18 Litigation Proceeds that are maintained by or in the future are paid to the Commissioner, and  
19 their rights with respect to the May 13, 2005 letter agreement between the Commissioner  
20 and NOLHGA.

HOWARD  
RICE  
NEMERCNSKI  
CANADY  
FALK  
& RABKIN  
ATTORNEYS AT LAW

JAN 18 2006

GREGORY W. ALARCON

HON. GREGORY ALARCON  
JUDGE OF THE SUPERIOR COURT

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