



Under the proposed Plan, SBMHC would demutualize and dissolve. SBMHC owns all of the stock of SBC, which owns all of the stock of SBL and, directly or indirectly, other affiliates. The Plan provides for the acquisition of all the stock of SBC by the Investor from SBMHC pursuant to the terms and conditions of the Purchase and Sale Agreement between SBMHC, SBC, and the Investor simultaneously for the demutualization and dissolution of SBMHC. Neither will happen without the other. (Together, this demutualization and dissolution and acquisition are sometimes referred to as the “Transaction.”) The purpose of the Evidentiary Hearing is to receive testimony, information, and other evidence that the Commissioner will consider in deciding whether to approve or disapprove the Plan and the Form A. The effectiveness of the Plan is subject to the Commissioner’s approval. The scope of the proceedings regarding the proposed Plan shall be determined by the Commissioner pursuant to her authority under K.S.A. §§ 40-4001 and 40-4003a(c)(5), which may include, but not be limited to, the criteria set forth below, and such other criteria as the Commissioner in her discretion deems appropriate:

- (A) The Plan is fair and equitable to Members and to Policyholders;
- (B) The Plan complies with the provisions of the Kansas Insurance Code;
- (C) The Plan does not unjustly enrich any director, officer, agent, or employee of SBMHC or SBL; and
- (D) Following the Demutualization and Dissolution, SBL will meet minimum requirements to be issued a certificate of authority by the Commissioner to transact business in Kansas and the continued operations of SBL will not be hazardous to existing or future policyholders or the public.

The Commissioner is required to approve the Acquisition unless she finds that:

- (A) after the change of control, the insurer would not be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed;
- (B) the applicant’s financial condition is such as might jeopardize the financial stability of the insurer or prejudice the interest of its policyholders;
- (C) the applicant’s plans or proposals, if any, to liquidate the insurer, sell its assets, or consolidate or merge it with any person, or to make any other material changes in its business or corporate structure or management, are unfair and unreasonable to the insurer’s policyholders and not in the public interest;
- (D) the competence, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of the insurer’s policyholders or of the public to permit the merger or other acquisition of control; or
- (E) the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

Subject to Kansas Statutes Annotated § 77-523(c) of the Kansas Administrative Procedure Act, any interested person who is not a party may make oral or written statements or comments upon the proposed Transaction at the Evidentiary Hearing to be included in the formal record for these proceedings. The parties are SBMHC, SBC, SBL, and the Investor. While all those who wish to testify may do so, the Commissioner may, in order to accommodate all interested persons, limit the time that any individual or group may speak. Written statements

may also be sent to the Commissioner if an interested person is unable to or does not wish to attend the Public Comment Meeting or the Evidentiary Hearing. Interested persons should contact Zachary J.C. Anshutz, Kansas Insurance Department, 420 SW 9th Street, Topeka, Kansas 66612-1603, or via e-mail at [zanshutz@ksinsurance.org](mailto:zanshutz@ksinsurance.org) before 5:00 p.m. (CDT) on May 5, 2010.

The location of the Evidentiary Hearing is accessible to people with disabilities. Please contact the Commissioner's office to make arrangements for special accommodations.

Information about this proposed Transaction is available on the Security Benefit Web site at <https://www.securitybenefit.com/#1294> and [www.ksinsurance.org](http://www.ksinsurance.org), or by calling 1-800-361-2782.

**IT IS HEREBY ORDERED THIS 22nd DAY OF March \_\_\_\_\_ IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



/s/ \_\_\_\_\_  
John W. Campbell, General Counsel  
Kansas Insurance Department

NOTIFICATION OF SERVICE

A true and correct copy of the foregoing **Notice of Public Hearing** dated March [\_\_\_], 2010, has this \_\_\_\_\_ day of March 2010, been sent to the below identified counsel or parties.

/s/ \_\_\_\_\_  
Zachary J.C. Anshutz  
Kansas Insurance Department

SERVICE LIST

ELLEN DUNN  
CYNTHIA SHOSS  
DEWEY & LEOEUF LLP  
1301 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10019-6092  
EDUNN@DL.COM  
CSHOSS@DL.COM

JEFF S. LIEBMANN  
DENNIS M. MANFREDI  
CHARLENE MCHUGH  
SIDLEY AUSTIN LLP  
787 SEVENTH AVENUE  
NEW YORK, NEW YORK 10019  
JLIEBMANN@SIDLEY.COM  
DMANFREDI@SIDLEY.COM  
CMCHUGH@SIDLEY.COM

DAN WATKINS  
LAW OFFICES OF DANIEL L. WATKINS  
4311 W. 6<sup>TH</sup> STREET, SUITE C  
LAWRENCE, KANSAS 66049  
DANWATKINS@SUNFLOWER.COM

JOHN GUYOT  
SECURITY BENEFIT CORPORATION  
ONE SECURITY BENEFIT PLACE  
TOPEKA, KANSAS 66636-0001  
JOHN.GUYOT@SECURITYBENEFIT.COM

JOHN FRIEDEN  
FRIEDEN & FORBES  
555 SOUTH KANSAS AVENUE  
TOPEKA, KANSAS 66603-3460  
FRIEDEN@FRIEDENFORBES.COM

ROBERT SULLIVAN  
POL SINELLI SHUGART, P.C.  
700 W. 47<sup>TH</sup> STREET, SUITE 1000  
KANSAS CITY, MISSOURI 64112  
RSULLIVAN@POL SINELLI.COM