

COST SHARING ARRANGEMENTS WITH INVESTMENT AND ANNUITY PRODUCT PROVIDERS

Hundreds of investment products are available in the marketplace, and People's Securities, Inc. ("PSI") has formed selling agreements with dozens of providers in order to make a wide array of investment products available to our customers. Our sales efforts largely focus upon a limited group of approved providers as to which we have conducted certain due diligence. A selected subset of these approved providers have also entered into special arrangements with PSI to share the educational, training, recordkeeping, and other costs associated with offering investment products to our customers. It is important for investors to understand the fees and costs associated with their investments, as well as the potential conflicts of interest that may arise in the sale of investment products by PSI.

The cost-sharing arrangements with selected mutual fund and annuity providers take the form of payments to PSI that are based upon sales of the providers' products to our customers. The amounts of these payments vary by the type of product and by provider. Selected providers pay PSI up to \$20,000 annually for administrative, marketing and record-keeping support. In addition, selected providers also pay PSI up to \$10.00 annually per account for administrative and record-keeping support.

In exchange for sharing costs, the selected investment providers who make these payments receive enhanced access to the PSI's sales force, including exposure to its registered representatives and branch employees during training events, conference calls and sales meetings. The selected providers also may reimburse PSI for expenses incurred during training and educational conferences and seminars, and may sponsor recognition events for our top-producers. Selected providers also receive heightened visibility through the distribution of their sales literature and newsletters to our sales force, and by means of links, information, and lists posted on our intranet pages.

Our sales agents focus their sales efforts upon approved investment products that have been subject to certain due diligence efforts by PSI. Over the course of managing your relationship with PSI, your sales agent may recommend investments in the products that are offered by selected providers who make cost-sharing payments to PSI. Our sales agents do not, however, directly receive any portion of, or any additional compensation as a result of, the cost-sharing arrangements that PSI has formed with the selected investment providers. These revenues are used by PSI to defray the costs associated with offering investment products to our customers.

These cost-sharing payments from selected providers are generally described in investment contracts. These disclosure documents may be obtained from your sales agent, and customers should carefully review such disclosures for further information regarding the costs, fees and expenses of investing in an investment product.

The selected investment providers who have made cost-sharing arrangements with PSI include the following companies:

- American Funds
- Dreyfus
- Invesco Aim
- Principal
- Federated Investors
- Putnam
- Franklin/Templeton
- SBLI of Connecticut/ Vantis Life
- The Hartford
- Jackson National Life
- Eaton Vance
- Putnam
- DWS Scudder
- MFS Financial
- Van Kampen
- Oppenheimer Funds
- Advisor Asset Management
- Lincoln Financial
- Prudential
- New York Life
- Virtus Investment Partners, Inc.
- PIMCO
- SunAmerica