



CATHOLIC KNIGHTS AND CATHOLIC FAMILY LIFE INSURANCE

Questions and Answers About Our Intended Merger

What is happening with Catholic Knights and Catholic Family Life Insurance?

- The two organizations have – with their boards' approval – entered into an exclusive agreement to proceed with merger discussions. That's good news, because the two well-established fraternal organizations can build on their similar philosophies and missions to provide an even higher level of service to members who depend on them for financial security and products, service opportunities and support.

Why merge now?

- By proactively pursuing mergers, we help to shape our own destiny. Catholic Knights and Catholic Family both recognize that we can be better together. We can provide better service and benefits to our members together than we can separately...that's the bottom line.

Consolidation has been taking place throughout the life insurance industry since the 1980s. At its height, there were more than 150 fraternal benefit societies. Today there are 75. At one time, there were more than 2,200 commercial life insurance companies. Today there are 1,100.

The benefits to our members – including reduced operating costs, the opportunity to enhance services and provide more community outreach – make merging the right strategic move at this time in our history.

Why are Catholic Family and Catholic Knights a good fit for each other?

- Having two financially strong Catholic fraternal societies proactively merge is in the best interests of our members. There is a great deal of synergy between the two organizations. First, we have a common faith, culture and geography. Second, we have mutual respect for each other's mission and accomplishments. Third, the operational savings that will be realized by bringing the two organizations together is sound stewardship and of direct benefit to our members.

What is the process and timeline for the merger?

- The boards of both organizations have already approved moving forward with merger talks. The next step is for leadership of the two societies, including merger committees with board members from both organizations, to meet over the next few months to work out details for a merger agreement. It is anticipated that such an agreement will be reached no later than Dec. 1, 2009. Once approved by both boards of directors, state statutes call for a 60-day waiting period before the societies can place the merger to a vote. Those votes are anticipated to take place during the first quarter of 2010.

Will my branch or chapter be affected?

- Both Catholic Knights and Catholic Family have active and strong branches/chapters that provide critical services to our members and communities. Our intent is to retain and strengthen our existing branches/chapters throughout the United States. Our volunteer leaders are integral to the success of this merger and to the future of the new organization.

Will I keep my same agent?

- Yes, the agent that you have known and worked with will continue to be of service to you. Our goal is to create a seamless transition for our members, and working with the same agent will help in that regard.

Will my dividends or interest rates be affected by the merger?

- The societies will be financially stronger together, with total assets in excess of \$1.1 billion. The long-term efficiencies gained through economies of scale will further increase net operating income, resulting in potentially greater returns to members. This merger will not negatively affect dividends or interest rates.

What will be the name of the merged organization?

- The merged organization will have a name that embraces the shared faith of both Catholic Knights and Catholic Family while looking toward the future. The name of the new entity will be developed as part of the ongoing discussions.

Where will the home office of the merged organization be located?

- To help unify the merged organization, the intention is to transition over time to one location. Because there is additional capacity to expand at Catholic Knights' current location at 11th and Wells streets in Milwaukee, Wis., it is anticipated that location will be used for the merged organization's home office.

What will be the impact on employees/associates and jobs?

- Catholic Knights and Catholic Family values the important contributions of all of its employees, and both organizations are committed to treating all employees in a fair and just manner. At this point, we're not sure exactly how the merger will impact employees – but that topic will be a large part of discussions as they move forward. When we have more information about employees and staffing, we will communicate it promptly.

Who do I contact with questions?

- Direct all questions to Lee Berg, manager of fraternal and marketing of Catholic Knights, or Joe Gadbois, vice president of corporate marketing and fraternal services of Catholic Family. Berg can be reached at lee.berg@catholicknights.org, 414.278.6603 or 800.927.2547. Gadbois can be reached at joeg@cfl.org or 414.507.9773 or 800.227.2354.