Accumulation Builder Choice IUL
Transition Rules

Illustrations

- Effective September 24, 2012 Life Solutions Illustrator will allow illustration of the new Accumulation Builder Choice IUL product.
- Effective December 1, 2012, Accumulation Builder II IUL will no longer be available for illustration for states with approval of Accumulation Builder Choice IUL prior to initial launch.
- States approved after the initial launch will be provided transition rules at the time of the state approval. These states will be allowed to illustrate Accumulation Builder II IUL for a period stated in the transition rules.

New Business Instructions

- Applications that are Web App Entered PRIOR to 11 p.m., ET, on November 30 will be accepted for Accumulation Builder II IUL. Applications for this product will not be accepted beyond this date for states that have approved Accumulation Builder Choice IUL.
- Applications will be accepted for Accumulation Builder Choice IUL effective September 24.
- Policies can begin to be issued for Accumulation Builder Choice IUL effective October 1.
- States approved after the initial launch will be provided transition rules at the time of the state approval. These states will be allowed to Web App Enter Accumulation Builder II IUL for a period stated in the transition rules.

New Business Change Rules

Pending Applications

- Applications in a pending status after the initial launch may request the new Accumulation Builder Choice IUL beginning October 1. Submit New Business Issue/Reissue instruction sheet along with an illustration for Accumulation Builder Choice IUL to New Business. New Web App Entry may be required.
- Any application for Accumulation Builder II IUL must be issued and paid for or have 1035 initiated by December 31, 2012.

Issued but not paid for, and Issued and paid for, within free look

- Producer may request to switch from an existing product to new Accumulation Builder Choice IUL beginning October 1 during the free look period. Submit New Business Issue/Reissue form and an illustration for the new Accumulation Builder Choice IUL to New Business. New Web App Entry may be required.

- If a policy of any product has been issued and paid for, it may not be reissued as Accumulation Builder Choice IUL with the Surrender Benefit Enhancement Rider.

Issued and paid for outside of free look

- Normal exchange rules apply.

Illustration assistance is available from our Life Sales Support Desk by calling 1-800-818-8184, option 4.

PennMutual®

Accumulation Builder Choice Indexed Universal Life Product Specifications

Issue Ages	0-85
Minimum Face Amount	$50,000 ($100,000 for issue ages 71+)
Standard Risk Classes	Preferred Plus Non-Tobacco, Preferred Non-Tobacco, Standard Non-Tobacco, Preferred Tobacco, Standard Tobacco
Flexible/Fixed Premiums	Flexible
Death Benefit Coverage Options	Level (Option A) or Increasing (Option B)
Account Options	▪ 3 Indexed Account Options ▪ Fixed Account ▪ 12 month Dollar Cost Averaging (DCA) account
Minimum Guaranteed Interest Rate	1% on both fixed and indexed accounts (credited monthly on indexed accounts)
Policy Loans	Traditional and Indexed Loans available Minimum $250 for policy loans
No Lapse Guarantee	No lapse guarantee for 30 years or up to age 85 (whichever is earlier, with a minimum of 5 years)
Policy Value Enhancement	Beginning in year 11, there is also a guaranteed Policy Value Enhancement of .30% that applies to non-loaned policy value

Continued >>

Contract Charges and Fees	% of Premium Load	Policy year 1: 8% of premium (8% maximum) Policy year 2+: 5% of premium (8% maximum)
	Monthly Fee	Policy year 1: $9 per month ($9 maximum) Policy year 2+: $5 per month ($9 maximum)
	Per $1,000 Expense Charge	Monthly per $1,000 for first 10 years, varies by issue age and class (and for the 10 years following an increase in specified amount).
	Cost of Insurance	Rates vary by age, risk classification, and policy duration. Maximum rates based on 2001 CSO Mortality Table.
	Surrender Charge	Surrender charges vary by issue age and amount. Charges apply during the first 9 years of coverage and during 9 years following an increase in specified amount. Surrender charge on decreases in first 5 years (not on partial withdrawals or option changes).

Available Riders

- Accelerated Death Benefit Rider
- Accidental Death Benefit Rider
- Additional Insured Term Insurance Rider
- Children's Term Insurance Rider
- Chronic Illness Accelerated Benefit Rider
- Disability Completion Benefit Rider
- Disability Waiver of Monthly Deductions Rider
- Guaranteed Increase Option Rider
- Overloan Protection Benefit Rider
- Return of Premium Term Insurance Rider
- Supplemental Term Insurance Rider
- Surrender Benefit Enhancement Rider
- Supplemental Exchange Rider
- Waiver of Surrender Charges Rider

For more information on the features available with Accumulation Builder Choice IUL, please access the Accumulation Builder Choice IUL Frequently Asked Questions, T3354.

For Producer Use Only. Not For Use in Sales Situations.

Accumulation Builder ChoiceSM Indexed Universal Life is an indexed universal life insurance policy offered by The Penn Mutual Life Insurance Company. Product or features may not be available in all states. Policy form numbers ICC12-IFL, IFL-12. Policy form numbers may vary by state.

PennMutual

Accumulation Builder Choice Indexed Universal Life (ABC IUL)

Frequently Asked Questions

Table of Contents

Background

Since Accumulation Builder Indexed Universal Life (ABIUL) and Accumulation Builder II Indexed Universal Life (ABIUL II) were launched in 2007 and 2009, respectively, Penn Mutual has established itself as an industry leader in sales of indexed universal life (IUL) insurance. The success of or our initial offerings was due, in part, to the products' simple design, based on the performance of the S&P 500 Index and the downside protection of a guaranteed floor. Expanding upon the success and popularity of our initial IUL products, we are pleased to introduce a new IUL product that offers a mix of indexed account options to meet a broader range of client needs and goals, while maintaining attractive plan design features.

Introducing Accumulation Builder Choice℠ Indexed Universal Life

Accumulation Builder Choice Indexed Universal Life (ABC IUL) offers more diversity and more upside potential for clients through a choice of account options that include:

- Three Indexed Accounts
- A Fixed Account Option
- A 12-Month Dollar Cost Averaging Fixed Account

ABC IUL will be issued by The Penn Mutual Insurance Company in all states. In addition to new account options and other enhancements, this new product will include Penn Mutual's core IUL product guarantees and features, such as:

- Interest floor guarantee for all Indexed Accounts
- Monthly interest crediting
- Lock-in of interest and reset of the starting value of the index
- Guaranteed minimum 100% participation
- An Indexed Loan option with a fixed loan rate not subject to market rate increases
- A strong No-Lapse Guarantee as part of the base policy
- Guaranteed policy value enhancement in years 11+

The following pages contain information about the key features of ABC IUL as well as answers to many of the product questions you may have.

Accumulation Builder Choice℠ Indexed Universal Life
Frequently Asked Questions

Target Market

1. Who is the target market for ABC IUL?

The target market for this product will be similar to that of ABIUL II. The product will appeal to individuals and small business owners who seek permanent life insurance protection with strong cash value accumulation and income potential.

2. Is this product geared to clients with a particular risk tolerance?

The clients to whom ABC IUL will have the greatest appeal want solid protection and strong cash accumulation potential—but they are willing to trade off some upside potential for downside protection. Unlike ABIUL II, which only offered one Indexed Account option, ABC IUL offers a range of Indexed Account options with varying degrees of risk and potential reward. This diversity of options should result in broader appeal to clients with a wider spectrum of needs and risk tolerances.

Product Highlights

Account Option Overview

3. What are the ABC IUL Index Account options?

ABC IUL offers three Indexed Account Options.

- 1 Year S&P 500 Indexed Account

  Like its predecessor, ABC IUL offers a simple Indexed Account option with 1 year point-to-point interest crediting based on the performance of the S&P 500 Index, excluding dividends and up to a competitive cap. This broad stock index of well capitalized (large cap) US companies continues to be the most popular index option in an expanding indexed life insurance marketplace.

- 1 Year S&P Global Broad Market Index (BMI) Indexed Account

  For more diversity, ABC IUL offers an Indexed Account option based on the performance, excluding dividends and up to a competitive cap, of the S&P Global Broad Market Index (BMI). This index reflects the performance of a mix of large cap, mid cap and small cap companies from developed and emerging markets worldwide. At its launch, ABC IUL will be the only indexed life product in the marketplace to offer this global option.

- 5 & 1 Year Blend S&P 500 Indexed Account

  In addition to the 1 year options, ABC IUL offers a unique Indexed Account with greater upside potential for clients. The 5 & 1 Year Blend S&P 500 Indexed Account is basically a 5 year point-to-point lock-in and reset design with built in

1 year point-to-point segments providing annual lock-ins of interest and resets of the starting value of the index. The 1 year segments can provide annual interest for liquidity needs and help offset monthly deductions. This account poses more risk over the 5 year segment term due to market timing, but offers substantially more accumulation potential at the end of the 5 year segment.

Additional information about the new Indexed Account options, including examples of how interest is credited to the 5 & 1 Year Blend S&P 500 Indexed Account, is provided in the *Account Detail* section of this document.

4. Can Penn Mutual add additional indexed options in the future?

Yes, ABC IUL permits Penn Mutual to add additional indexed account options or replace existing indexed account options as long as customers are provided with advance notice.

5. Will 12-Month Dollar Cost Averaging (DCA) be available to help mitigate market timing risk?

Yes, 12-Month DCA will be available for all of the Indexed Account options. (Additional information about the 12-Month DCA is provided in the Account Detail section of this document.)

Interest Caps, Guarantees and Floor

6. Will ABC IUL Indexed Accounts still offer a guaranteed annual interest floor, credited monthly?

Yes, Penn Mutual will continue to offer a floor guarantee, credited monthly, on all of the indexed account options.

7. What is the percentage of the guaranteed interest floor for ABC IUL Indexed Accounts?

The guaranteed floor will be 1% for all indexed options available.

8. Why is Penn Mutual going to a 1% guaranteed floor?

The change to a lower guaranteed floor is primarily due to the low interest rate environment. The yield on 10 year Treasuries, currently less than 2%, makes it difficult to offer a higher floor guarantee and still offer an attractive interest cap percentage.

9. Will the Fixed Account and Holding Account have the same 1% interest guarantee?

Yes, the guaranteed interest rate for the Fixed Account and Holding Account will be 1%.

10. Are the minimum caps for the Indexed Accounts the same?

No, the minimum caps for the Indexed Accounts will differ. Please refer to the Account Detail section of this FAQ for the minimum caps by account.

11. Will Penn Mutual manage the interest caps for new ABC IUL business the same way it manages the cap for Accumulation Builder II inforce IUL business?

Yes, the method of establishing and maintaining cap percentages for our inforce IUL business will remain the same. However, because of differences in the product margins and guaranteed interest floors, different caps will apply to the in-force IUL block of business and the new product block of business.

12. What variables can change?

The only true moving part on the product design for our Indexed Account options is the cap percentage. The floor is guaranteed at 1% and our participation rate could change, but we do not intend to change it. We will manage the cap on our Indexed Accounts with the same approach we have used in the past.

Notable Base Product Enhancements

13. Will the No-Lapse Guarantee for ABCIUL be the same as the ABIUL II No-Lapse Guarantee?

No. One of the most notable enhancements included in the new ABC IUL product is a base product No-Lapse Guarantee up to 30-years for issue ages of 55 and younger. The terms of the guarantee are as follows:

Issue Age of Insured	Duration
0-55	30 years
56-79	to age 85
80-85	5 years

14. How will the ABC IUL base policy No-Lapse Death Benefit Guarantee Work?

As long as there are no outstanding loans, if the total gross premium paid, less any partial withdrawals, equals or exceeds the sum of the no-lapse required premiums to that point, the No-Lapse Guarantee will keep the policy in-force for the No-Lapse duration shown above.

15. Is there a Policy Value Enhancement for ABC IUL?

Yes. Beginning in year 11, a monthly Policy Value Enhancement will be paid on all accounts on non-loaned base policy value. The enhancement amount is guaranteed. At product launch and for the foreseeable future, both the current and guaranteed enhancement is 0.30% per year.

Account Details

Premium Allocations, Transfers and Segment Dates

16. When can net policy value in an account be transferred to a different account?

The net policy value (net of outstanding loans) in the Fixed Account can only be transferred to an Indexed Account (in full or in part) within a 30 day window following the policy anniversary date. Money not transferred will continue to earn the declared rate in effect for the Fixed Account.

For the 1 Year S&P 500 Indexed Account and the 1 Year S&P Global BMI Indexed Account, net policy value can only be transferred on the segment maturity date or within a five (calendar) day window following the segment maturity date. The segment maturity date for these accounts is 1 year from the segment start date.

The 5 and 1 Year Blend S&P 500 Indexed Account is a 5 year segment and net policy value in this account can only be transferred on the 5 year segment maturity date or within a 5 day window following that date.

17. Is the five day window for transferring net policy value at the maturity of a segment a new feature of this policy?

Yes, and we believe it is unique to Penn Mutual. We are not aware of any other company that includes a window after segment maturity to move net policy value to either the Fixed Account or one of the other Indexed Accounts. We are offering this option to allow the policy holder the opportunity to evaluate performance and decide if they want to transfer value to another Indexed Account option.

18. If a segment start date or maturity date falls on a weekend or a holiday when the market is closed, what index value is used?

If the market is closed on the segment start date or maturity date, the index value used will be the closing value on the next market business day. For example, if the segment start date falls on a Saturday, the value on the following Monday would be used. If the start date or segment maturity date falls on a holiday the same logic would hold true.

19. When does the initial segment start date begin if premium is not submitted at issue?

When issue instructions have been given but premium has not yet been submitted (i.e. policy is backdated, premium will be paid at delivery, or premium will be drawn from a bank account through Penn Check), the premium, when it is received, will be held in the Holding Account until the next monthly anniversary date. In this situation, the segment would not mature by the policy anniversary date and therefore, no excess index interest credit would have the potential to been earned by the time the annual statement is produced.

Note: Monthly deductions will begin at issue and on monthly anniversary dates, so the longer it takes for premium to be allocated to the Indexed Accounts, the longer charges will be deducted without the potential to earn an excess index credit.

20. How frequently does Penn Mutual allocate new premium to the Indexed Accounts (often called a buy date or sweep date)?

Premium may be allocated to an indexed account based on each policy's monthly anniversary date. The index value used if the monthly anniversary falls on a weekend or holiday would be the next day the US stock market is open for business. Premium submitted with the application will be allocated to the Indexed Account(s) designated in the application on the policy date. However, initial premium received or drawn after the policy date will be held in a Holding Account and will only be allocated to an Indexed Account on the next monthly anniversary date.

Fixed Account

21. What will the interest rate be for the Fixed Account at product launch?

The Fixed Account rate at launch will be 4.35%.

22. How is interest credited in the Fixed Account?

When premium is allocated to the Fixed Account, or transfers are made to the Account during a month, the interest rate in effect on the first business day of that month applies to the allocation—and the interest rate on that allocation is guaranteed for 12 months.

Interest is credited daily and compounded monthly. The minimum interest rate is 1%.

12-Month Dollar Cost Averaging (DCA) Account

23. Does the 12-Month DCA Account work the same way as it did for ABIUL II?

Yes. Clients may allocate new premiums to the 12-Month DCA Account as long as the premium allocation is $600 or more. At each monthly anniversary date one twelfth of the premium allocation will be allocated to the Indexed Account option(s) selected by the client. The remaining funds in this account will earn a competitive, fixed interest rate until the last remaining monthly allocation (which includes the credited interest) to the Indexed Accounts is made.

24. What is the advantage of the DCA Account?

The DCA Account can help clients smooth out the impact of market fluctuations by spreading the client's premium allocations over 12 months.

25. How long will a DCA Account election remain in effect?

The DCA election will remain in effect for each new premium payment of $600 or more unless the client elects another premium allocation option.

26. What is the interest rate for the DCA Account?

The ABC IUL DCA Account interest rate is: 5.00% at launch.

Note: The DCA Account does not guarantee a higher rate of return

Indexed Account Details

1 Year S&P 500 Indexed Account

27. How does the 1 Year S&P 500 Indexed Account offered with ABC IUL differ from the Indexed Account for ABIUL II?

Other than different interest cap and floor, the 1 Year S&P 500 Indexed Account offers the same simple design as the ABIUL II Indexed Account. Each segment of the 1 Year S&P 500 Indexed Account earns guaranteed interest credited monthly and excess interest, up to the cap percentage, based on the performance of the S&P 500 Composite Stock Price Index (without dividends).

The S&P 500 represents companies chosen for market size (large cap), liquidity and industry group representation. The index is one of the most widely known and well recognized indexes representing leading industries within the US economy.

28. How is excess interest calculated and credited for the 1 Year S&P 500 Indexed Account?

The rate used for crediting excess interest is calculated by subtracting the value of the index at the segment start date (A) from the value of the index at the segment maturity date (B), then dividing that difference (B-A) by the value at the segment start date (A) to determine the percentage change.

$(B - A) \div A$ = segment interest percentage

If the calculation yields a negative difference or a percentage of change less than the Indexed Account floor, no excess interest is credited. The policy will earn a 1% minimum interest guarantee each year (credited monthly) and an index credit up to the annual cap when performance exceeds the floor guarantee.

Index credit example:

The index credit equals the amount of guaranteed interest credited to the indexed segment multiplied by the ratio of the Indexed Performance over the guaranteed interest rate, subtracting 1 from the ratio.

If you were credited $100 guaranteed interest in a 1 year segment that had Indexed Performance of 12.78%, your index credit for that year would have been $1,178.27.

$100 x [12.78% ÷ 1.00% - 1] = $1,178.27

29. Do we use ending account value as the basis for crediting indexed interest?

No. We track cumulative interest earned during the year and true it up at the end of the year. This is like an Average Account Value. Below is an example of Penn Mutual's method for crediting indexed interest compared to applying interest to a segment ending value, which is how most others credit excess interest.

Penn Mutual 1% Floor Monthly, 13% Cap	
Year 1 Beginning Segment Value =	**$15, 732.00**
Total Reductions (-) =	**$5,325.74**
Minimum interest (+) =	$128.52
Interest Credit (+) =	$1, 542.19
Total Interest (+) =	**$1,670.71**
Ending Account Value =	**$12,076.97**

Ending AV 1% Floor Monthly, 13% Cap	
Year 1 Beginning Segment Value =	**$15, 732.00**
Total Reduction (-) =	**$5,325.74**
Minimum interest (+) =	$0.00
Interest Credit (+) =	$1, 352.81
Total Interest (+) =	**$1,352.81**
Ending Account Value =	**$11,759.07**

45MPN - Target Premium Paid in Year 1 - $1,000,000 Death Benefit.
Values based on hitting the 13% cap for the 1 year segment.

30. What is the current cap for the 1 Year S&P 500 Indexed Account?

The current cap for the 1 Year S&P 500 Indexed Account is 13%.

31. What is the minimum cap for the 1 Year S&P 500 Indexed Account?

The minimum cap for the 1 Year S&P 500 Indexed Account is 4%.

32. How would the 1 Year S&P 500 Indexed Account perform using historical S&P values?

Using the historical S&P 500 values for the periods shown below and the current cap of 13%, 87.4% of the time, annual returns for the 1 Year S&P 500 Indexed Account would have averaged 7.0% or higher for any 25 year period, compared to 58.4% for any 5 year period. While there is more volatility in the historical returns for any 5 year period, longer time periods show increased frequency of higher returns for this account.

50 year Historical Returns:

	1 Year S&P 500	
>%	5-yr Periods	25-yr Periods
4.5%	94.1%	100.0%
5.0%	89.1%	100.0%
5.5%	81.1%	100.0%
6.0%	71.9%	99.0%
6.5%	66.2%	98.3%
7.0%	58.4%	87.4%
7.5%	52.5%	74.8%
8.0%	39.9%	51.5%
8.5%	30.7%	19.9%
9.0%	24.0%	2.0%
9.5%	18.3%	0.0%

Source: Penn Mutual Calculations. Historical returns for the 5 year holding period based on 50 years (541 periods) of rolling monthly index segments, with 5 years of S&P 500 return data in each segment. Historical returns for the 25 year holding period based on 50 years (301 periods) of rolling monthly index segments, with 25 years of S&P 500 return data in each segment. First segment start date of August 1962. Last period ending July 2012.

1 Year S&P Global BMI Indexed Account

33. What is the make-up of the S&P Global Broad Market Index (BMI)?

The S&P Global BMI includes companies from developed and emerging markets around the world. The following, although subject to change by S&P, are a few quick facts about the make-up of this index.

- Market capitalization is generally 70% large cap, 15% mid cap and 15% small cap companies.
- Approximately 87% of the stocks included in the index are from developed markets in North America, Europe and Asia Pacific.
  - North American companies make up approximately 46% of the developed markets.
  - European companies make up approximately 25% of the developed markets (about 8% UK).
  - Asia Pacific companies (Japan, South Korea and Australia) make up the balance of the developed markets.
- Approximately 13% of the companies included in the index are from emerging markets in Latin America, Europe, Asia Pacific and Mid-East Africa.
  - Companies from China, Brazil, India and Taiwan represent about 7.5% of the emerging markets.
  - Companies from Europe, Asia Pacific, Latin America and Mid-East Africa make up the balance of the emerging markets.

34. What percentage of European companies included in the index are from economically or socially troubled countries?

Troubled countries make up only about 2.6% of European developed markets with the following approximate breakout:

- Spain 1.2%
- Greece 0.1%
- Italy 1.1%
- Portugal 0.1%
- Ireland 0.1%

35. Why did Penn Mutual choose the S&P Global BMI for diversity?

The S&P Global BMI includes companies with different capitalizations from developed and emerging markets worldwide. Therefore, it is more diversified than an index that focuses solely on Europe, Asia or a combination of the two. Additionally, this index is administered to maintain its mix of developed and emerging markets, country percentages and capitalizations. For example, some companies may drop out of the index or be replaced by other companies if their capitalization drops.

36. How is excess interest calculated and credited for the 1 Year S&P Global BMI Indexed Account?

Interest is calculated in the same way as previously described for the 1 Year S&P 500 Indexed Account with the S&P Global BMI in the place of the S&P 500.

37. What is the current cap for the 1 Year S&P Global BMI Indexed Account?

At product launch, the cap for the 1 Year S&P Global BMI Indexed Account will be 12.5%.

38. Why does this Indexed Account have a lower cap percentage than the 1 Year S&P 500 Indexed Account?

Currently, it costs more to hedge for global and international index options due to market volatility. This may change in the future.

39. What is the minimum cap for the 1 Year S&P Global BMI Indexed Account?

The minimum cap for the 1 Year S&P Global BMI Indexed Account is 3%.

40. What has performance for the S&P Global BMI index looked like since inception?

Assumed Look-Back Periods	10 Years	20 years	22 Years
Interest Rates	7.78%	7.94%	8.02%

These rates of return are based on the daily average of the annual, compounded S&P Global BMI index return rates through 12/31/2011. These historical returns apply to the ABC IUL current participation percentage (100%), current cap percentage (12.50%), and the guaranteed interest rate (1.00%) to the past performance of the index.

5 & 1 Year Blend S&P 500 Indexed Account

41. What is the 5 & 1 Year Blend S&P 500 Indexed Account?

This account has a 5 year segment term that earns indexed interest, up to a competitive cap, based on the change in the value of the S&P 500 between two points in time five years apart. There is also a determination of index interest for each of the 1 year segments within the 5 year segment term. Crediting for the 1 year segments, up a competitive cap, is also based on the performance of the S&P 500 (excluding dividends). Both the 5 year segment and the 1 year segments within it, use the same point-to-point method of crediting interest that has been standard for Penn Mutual's IUL products.

42. How does the 5 & 1 Year Blend S&P 500 Indexed Account work?

If the positive change in the S&P 500 performance over the 5 year segment period is more than the compounded annual interest of the 1 year segments, a true-up of interest is credited to the account. When this happens the client could see a significant earnings boost.

If the positive change over the 5 year segment is less than the result of the five 1 year segments or the change is negative, the policy will earn the compounded return of the five 1 year segments (acts like a non-guaranteed floor). In effect, the policy always earns the higher performance, the "best of" the two results.

While the annual interest cap for the 5 & 1 Year Blend is lower than the caps for the other 1 year indexed accounts – and additional interest at the end of the 5 year segment is not guaranteed – the long-term growth potential is greater.

43. Are the interest caps for the 5 & 1 Year Blend S&P 500 Indexed Account the same as those for the 1 Year S&P 500 Indexed Account?

No. At launch, the caps for the 5 & 1 Year Blend S&P 500 Indexed Account will be:

- 6.5% for the first 1 year segment
- 80% for the 5 year segment

44. What is the minimum cap for the 5 & 1 Year Blend S&P 500 Indexed Account?

The minimum caps for the 1 Year S&P 500 Indexed Account are:

- 3% for the 1 year segments
- 15% for the 5 year segment

Note: Cap percentages on 1 year segments can change at the beginning of each new 1 year segment.

45. When are the caps set for each segment?

The interest cap for the 5 year segment is set when funds are allocated to the account. The interest caps for the 1 year segments are set at the beginning of each 1 year period.

New 5 year segments created by new premiums, rollovers or transfers to this option will be subject to the 1 year and 5 year caps in effect at that time.

46. How does the 5 & 1 Year Blend S &P 500 Indexed Account differ from other 5 year Index Accounts in the market?

ABC IUL is the only 5 year indexed account in the market today that credits indexed interest annually. With other products, the client has to wait until the end of the 5 year segment to earn interest. Penn Mutual's 5 & 1 Year Blend Indexed Account credits the guaranteed floor monthly, and each year possibly credits indexed interest on the 1 year segment up to the 1 year cap.

47. How is interest credited for the 5 & 1 Year Blend S &P 500 Indexed Account?

The interest for the 1 year segments are calculated in the same manner as previously described for the 1 Year S&P 500 Indexed Account.

- Point 1 is the 1 year segment start date (A), Point 2 is the 1 year segment maturity date (B)
- (B - A) ÷A = 1 year Segment interest percentage

However, with this account there is the potential for additional interest crediting at the end of the 5 year segment. At the end of each 5 year segment, there is a point-to-point measurement of the change in the value of the S&P 500 over 5 years.

- Point 1 is the 5 year segment start date (A), Point 2 is the 5 year segment maturity date (C)
- (C - A) ÷A = 5 Year Segment interest percentage

If the amount of change in value of the S&P over 5 years is greater than the compounded annual returns previously credited to the 1 year segments (guaranteed interest and indexed interest up to each of the annual cap amounts), there is a true-up of indexed interest for that segment, up to the 5 year cap percentage.

Index Credit Example:

The 1 Year Indexed Account Performance is used to calculate the Index Credit at the maturity of the 1 Year segment. The 1 Year indexed Credit equals the amount of guaranteed interest credited to the Segment, multiplied by the ratio of the 1 Year Indexed Account Performance over the 5&1 Year Blend S&P 500 Indexed Account's guaranteed interest rate, subtracting 1 from the ratio.

For example, if you credited a total amount $100 of guaranteed interest for each 1 Year Segment and the index performance equaled the hypothetical numbers below, your index credits over the 5 Year Segment would have been:

Year 1	$100 x [6.50% ÷ 1.00% - 1]	=	$550.00
Year 2	$100 x [6.50% ÷ 1.00% - 1]	=	$550.00
Year 3	$100 x [3.00% ÷ 1.00% - 1]	=	$200.10
Year 4	$100 x [6.50% ÷ 1.00% - 1]	=	$550.00
Year 5	$100 x [3.53% ÷ 1.00% - 1]	=	$252.96
Total Guaranteed Interest + 1 Year Interest Credited		=	$2,603.06
Compounded 1 Year Interest		=	28.81%

This calculation assumes a 6.5% cap applies in all five 1 year segments.

The 5 Year Indexed Account Performance is used to calculate the Index Credit at the maturity of the 5 Year Segment. The 5 Year Indexed Credit equals the amount of interest credited over the 5 Year Indexed Account Performance over the compounded 1 Year Indexed Account Performance subtracting 1 from the ratio. Assuming a hypothetical 5 Year Indexed Account Performance of 66.89%, the index credit at the end of year 5 would have been:

Year 5 $2,603.06 x [66.89% ÷ 28.81% - 1] = $3,440.60

48. Is there any risk of losing the interest credited for the 1 year segments?

The interest credited during the 1 year segments within the 5 year segment term cannot be lost due to market conditions that can occur over a 5 year period. While the true up at the end of 5 years could be 0%, it can never be negative.

49. How are the values in the 5 & 1 Year Blend S &P 500 Indexed Account impacted if the S&P 500 Index increases during the 5 year segment and then declines again prior to the end of the segment?

With a point-to-point design, all that matters are the index values at the segment start and end dates. As such, even if the index increases as much as 80% or more during a 5 year segment, the true-up could be much less if the S&P Index declines significantly prior to the 5 year segment end date. For this reason, clients should be encouraged to consider using the Dollar Cost Averaging feature to help reduce market timing risk.

50. Is there more risk with the 5 & 1 Year Blend S&P 500 Indexed Account?

Yes. The market timing risk and interest rate risk is higher for this account, even if the client uses DCA. Also, value in a 5 year segment cannot be transferred to another account until the 5 year segment maturity date has been reached. However, along with increased risk, this account offers more accumulation potential.

51. Can Penn Mutual provide examples of how interest crediting might work for this account?

The following examples assume that the annual point-to-point cap is 6.5% with a 1% floor guarantee and the 5 year cap |is 80%. Here is how interest for a 5 year segment would be determined:

Example 1: Better Return on 5 year Segment

Period	S&P 500 Value	1 Year S&P 500 Return	Capped/ Floored 1 Yr	Annual PTP Compounded	Capped 5 PTP Year Return	Additonal interest credited at end of 5 year segment
12/31/2002	879.82					
12/31/2003	1,111.92	26.38%	6.50%			
12/31/2004	1,211.92	8.99%	6.50%			
12/31/2005	1,248.29	3.00%	3.00%			
12/31/2006	1,418.30	13.62%	6.50%			
12/31/2007	1,468.36	3.53%	3.53%	28.81%	66.89%	38.08%

In this example, a client would have earned 28.81% at the end of the 5 year segment from the annual point-to-point indexing. Since the 5 year return of the S&P 500 Index was over 66%, clients would have earned an additional 38% at the end of the 5 year segment.

Example 2: Better Return on 1 year Segments

Period	S&P500	1 Year S&P 500 Return	Capped/ Floored 1 Yr	Annual PTP Compounded	Capped 5 PTP Year Return	Additonal interest credited at end of 5 year segment
12/31/2003	1,111.92					
12/31/2004	1,211.92	8.99%	6.50%			
12/31/2005	1,248.29	3.00%	3.00%			
12/31/2006	1,418.30	13.62%	6.50%			
12/31/2007	1,468.36	3.53%	3.53%			
12/31/2008	903.25	-38.49%	1.00%	22.16%	-18.77%	0.00%

This example shows a negative 5 year return from the S&P 500 Index. This client would have earned 22.16% at the end of the 5 year segment from the annual point-to-point indexing. However, since the 5 year return on the S&P 500 Index was negative, no additional interest is credited at the end of 5 years.

Example 3: Home run on 5 Year Segment

Period	S&P500	1 Year S&P 500 Return	Capped/ Floored 1 Yr	Annual PTP Compounded	Capped 5 PTP Year Return	Additonal interest credited at end of 5-year segment
9/30/2002	815.28					
9/30/2003	995.97	22.16%	6.50%			
9/30/2004	1,114.58	11.91%	6.50%			
9/30/2005	1,228.81	10.25%	6.50%			
9/30/2006	1,335.85	8.71%	6.50%			
9/30/2007	1,526.75	14.29%	6.50%	37.01%	80.00%	42.99%

This example shows a 5 year S&P 500 Index return over the 80% cap. This client would have earned 37.01% at the end of the 5 year segment from the annual point-to-point indexing. Since the 5 year return of the S&P 500 Index was over 87%, the 5 year return would have been capped at 80%. This client would have earned an additional 42.99% at the end of the 5 year segment.

52. How would the 5 & 1 Year Blend S&P 500 Indexed Account perform using historical S&P values?

Using the historical S&P 500 values for the periods shown below and the current cap of 6.5% for the 1 year segments and 80% for the 5 year segments, 74.8% of the time, the average annual returns for the 5 & 1 Year Blend S&P 500 Indexed Account would have averaged 7.5% or higher for any 25 year period, compared to 45.3% for any 5 year period. While there is more volatility in the historical returns for any 5 year period, longer time periods show increased frequency of higher returns for this account.

50 year Historical Returns:

	5 & 1 Blend S&P 500	
>%	5-yr Periods	25-yr Periods
4.5%	60.4%	100.0%
5.0%	58.0%	100.0%
5.5%	52.5%	100.0%
6.0%	50.5%	98.0%
6.5%	49.5%	96.3%
7.0%	47.0%	85.7%
7.5%	45.3%	74.8%
8.0%	43.3%	60.8%
8.5%	41.2%	45.2%
9.0%	38.3%	33.2%
9.5%	35.5%	24.3%

Source: Penn Mutual Calculations. Historical returns for the 5 year holding period based on 50 years (541 periods) of rolling monthly index segments, with 5 years of S&P 500 return data in each segment. Historical returns for the 25 year holding period based on 50 years (301 periods) of rolling monthly index segments, with 25 years of S&P 500 return data in each segment. First segment start date of August 1962. Last period ending July 2012.

53. Should I use the same illustrated rate of return for the 5&1 Year Blend S&P 500 Indexed Account and the 1 Year S&P 500 Indexed Account

See question 91

54. Where can I find performance information for the indices?

Performance information for inforce policyholders for all of the indexed accounts can be found in the Index Performance Report. There will be a link to the report in Account Access Center and Client Service Center.

The daily values for the S&P 500 Index and the S&P Global BMI Index (both excluding dividends) can also be found on Standards and Poors website (http://www.standardandpoors.com/indices/main/en/us) and a number of web sites provide daily closing values for the S&P 500 Composite Stock Price Index.

Note: Some internet sites allow the user to chart total return performance over a number of years. Because the total returns shown on these web sites often include dividends and are not capped and floored, the performance will not be the same as that which would be obtained in an Indexed Account.

55. Are any of the Indexed Accounts considered securities?

No. Since negative market performance in each of the Indexed Accounts will not occur because of the interest floor guarantee, and the policy is not directly invested in the market, the accounts are not securities. While the net premiums and earnings are subject to insurance related charges, they are not subject to market risk.

56. With the addition of new Indexed Accounts, will there be multiple Holding Accounts?

Yes, there will be multiple Holding Accounts, but all will have the same interest guarantee and current interest crediting rate. Funds in the Holding Accounts will be automatically transferred to the designated Indexed Accounts on the next monthly anniversary date or policy anniversary date.

Optional Benefits and Riders

Overview of Riders

57. What riders are available with ABC IUL?

Available riders include:

- Overloan Protection Benefit Rider
- Chronic Illness Accelerated Benefit Rider
- Accelerated Death Benefit Rider
- Supplemental Term Insurance Rider
- Children's Term Insurance Rider
- Accidental Death Benefit Rider
- Disability Completion Benefit Rider
- Disability Waiver of Monthly Deductions Rider
- Additional Insured Term Insurance Rider
- Guaranteed Increase Option Rider
- Return of Premium Term Insurance Rider
- Supplemental Exchange Rider
- Waiver of Surrender Charges Rider
- Surrender Benefit Enhancement Rider

58. Are there any differences between the riders available on ABIUL II and the new ABC IUL product?

Yes. The Accelerated Death Benefit Rider that was previously included as part of the base policy is now a rider to the policy, but is still included automatically at issue.

Additionally, two riders available with ABIUL II have been replaced for ABC IUL. The replacements are as follows:

Available on ABIUL II	Replacement for ABC IUL
Business Accounting Rider	Waiver of Surrender Charges Rider
Cash Value Enhancement Rider	Surrender Benefit Enhancement Rider

New Riders

59. What is the Waiver of Surrender Charges Rider?

This rider will waive surrender charges during the nine year surrender charge period for both the initial coverage and any increases for premium financing sales or business-owned/business-sponsored sales. There is a charge for this rider.

60. Does the Waiver of Surrender Charge Rider boost surrender values during the early policy years?

The Waiver of Surrender Charge Rider does not boost surrender values to match the premium paid during the early policy years. This rider will serve the needs of business owners who want the security of knowing surrender charges would be waived during the early years of the policy, but do not need the guaranteed early year higher surrender value, such as that provided by the new Surrender Benefit Enhancement Rider.

61. When is Waiver of Surrender Charge Rider most useful?

This rider may be useful for deferred compensation arrangements, key-man insurance and other employee benefit sales. It may also be useful in certain premium financing arrangements if collateral outside of the policy is being used to secure the loan.

62. Will the Waiver of Surrender Charge Rider have a minimum covered lives requirement?

There will not be a three-covered-lives requirement to use this rider; however, the rider cannot be used for individual market sales.

63. What is the new Surrender Benefit Enhancement Rider

The Surrender Benefit Enhancement Rider guarantees a cash surrender value, equal to the premium paid less partial withdrawals in the first 3 years, for premium financing sales or business-owned/business- sponsored sales—as long there are no loans. It also waives surrender charges in years four through nine. Because this rider is richer in the early policy years than the Waiver of Surrender Charges Rider, there are higher charges associated with this rider.

64. How does the Surrender Benefit Enhancement Rider work when there are outstanding loans?

If there are outstanding loans during the first three policy years, the rider provides a waiver of surrender charges but not a return of premium.

65. How does the performance of the Surrender Benefit Enhancement Rider compare with the Cash Value Enhancement Rider available with ABIUL II?

The long-term cash value accumulation of policies with the Surrender Benefit Enhancement Rider should be superior to that of its predecessor.

66. Are there any other situations under which the Surrender Benefit Enhancement Rider or Waiver of Surrender Charges Rider would not boost surrender value?

If the surrender is a result of an IRS Code Section 1035 Exchange to another company, the riders will not boost surrender values.

67. When are the Waiver of Surrender Charges Rider and Surrender Benefit Enhancement Rider most useful, and with what sales concepts are these riders available?

The riders may be useful for non-qualified deferred compensation arrangements, key-man insurance and other employee benefit sales if the policy is business-owned or business- sponsored. They may also be useful in certain premium financing arrangements if collateral outside of the policy is being used to secure the loan.

These riders cannot be used for policies in a qualified plan.

68. With what sales concepts are these new riders available?

These riders may be used to support the following advanced market sales—even if the policy is employee-owned or trust owned:

- Executive Bonus (single or double bonus)
- Premier Bonus (executive bonus concept sale)
- Split Dollar (collateral or endorsement)
- Buy Sell Agreements (cross-purchase, entity or other)
- Key Employee
- PASS and PASS Plus
- Deferred Compensation and SERP
- 401(k) Overlay (form of deferred compensation)
- Premium Financing

69. What is the definition of "business-sponsored"?

Business-sponsored means the company is either directly or indirectly using company funds to pay the premium. An example of an "indirect premium payment" would be an employee paying the premium with a bonus or double bonus paid by the employer for the purpose of paying a life insurance policy.

70. What are the commission structures for the Waiver of Surrender Charge Rider and Surrender Benefit Enhancement Rider?

Standard commission structures apply for the Waiver of Surrender Charge Rider.

For the Surrender Benefit Enhancement Rider, first year commission rates up to target premium will be levelized over a 5 year period: 14% plus Expense Reimbursement Allowance each year premium is paid, for 5 years. If premium is not paid, there is no commission paid to the producer.

71. Are there chargebacks for the Waiver of Surrender Charges Rider or Surrender Benefit Enhancement Rider if the policy lapses or is surrendered in the early years?

For both the Waiver of Surrender Charges Rider and Surrender Benefit Enhancement Rider, the following chargeback schedule will apply if the policy lapses or is surrendered in the first three policy years:

Year 1 - 100%   Year 2 - 90%   Year 3 - 80%

These percentages apply to all commissions and expense allowances paid since policy issue to the date of lapse or surrender.

Loans and Withdrawals

72. Will Indexed Loans continue to have a guaranteed fixed loan charge?

Yes. A 6% fixed indexed loan charge rate is guaranteed in policy years one through ten and a 5.5% fixed loan rate is guaranteed in policy years 11+.

73. When an indexed loan is requested, what account(s) is it taken from?

Indexed loans continue to be part of the Indexed Accounts and earn interest based on the performance of the Accounts. If more than one indexed account has value, then the loan will be pro rata from the open accounts. If there are funds needed from the Fixed Account to cover the loan, the amount needed will be transferred temporarily to the Holding Account until it can be applied to Indexed Account(s) on the next monthly anniversary date.

74. Are Indexed Loans available in New York?

Yes.

75. Are there any changes to Traditional (Fixed) Loan rates?

Yes. There will be an adjustable loan rate for Traditional Loans. We will announce the new rate, based on Moody's Corporate Bond Yield Average, each year. The declared rate for 2012 will be 4.60%.

76. What are the costs for Traditional Loans?

The loan cost during the first 10 years of the policy will be one percent. In policy years 11+, the policy will be eligible for a preferred loan cost of 0% (guaranteed at 0.25% (0% in NY))

77. Can a policy owner switch between loan types?

Yes, but they can only switch loan types on the policy anniversary. Loan types cannot be switched during the policy year.

78. Can policy owners have more than one type of loan?

While more than one loan can be requested at different times, no more than one type of loan can exist at one time.

79. Can Traditional Loan repayments be allocated to any account?

No. Repayment of Traditional Loans will be allocated to the Fixed Account. The funds in the Fixed Account can be transferred at the policy owner's request to other accounts within 30 days after the policy anniversary (refer back to the transfers section of this FAQ).

80. Will Penn Mutual still credit proportional indexed earnings on a Traditional Loan or a partial withdrawal if taken from any of the Indexed Accounts?

Yes, the Traditional Loan or partial withdrawal amount can potentially receive indexed interest for the amount of time it was part of the un-loaned net policy value (a partial indexed interest credit). Penn Mutual is the only company that we know of that credits partial indexed interest.

81. If there is a partial withdrawal, a reduction in the specified amount or a death benefit option switch, will a surrender charge be imposed?

During the first five policy years a surrender charge will apply if there is a requested decrease in the specified amount.

There is a $25 charge (or 2% of the policy value if less) for partial withdrawal administration.

There is no surrender charge imposed for death benefit option switches or partial withdrawals during the surrender charge period.

82. What are the surrender charge periods following issue or an increase in the specified amount?

Surrender charges will apply nine years from issue and nine years after an increase in face amount?

83. Will withdrawals or loans impact the No-Lapse Guarantee

Depending on the level of premiums paid, partial withdrawals may be taken without impacting the duration of the No-Lapse Guarantee. Premiums paid less the partial withdrawals must exceed the required premiums.

Any outstanding loan will nullify the No-Lapse Guarantee; however, repayment of the outstanding loan amount can restore the No-Lapse Guarantee during the no-lapse period.

84. What illustration changes will be implemented with the new product?

The new Life Solutions illustrator will use a 25 year look-back period of historical index values using the current caps to calculate the maximum illustration rates for all indexed life products. We believe a 25 year look back will become the industry standard in the near future.

Additionally, we will change IUL illustration interest rates annually or if there is a cap percentage change. Fixed account crediting rates can and will change more frequently than indexed account interest maximum rates.

85. What are the maximum illustrated rates for the Indexed Accounts?

The maximum illustrated rates are as follows:

- 1 year S&P 500 Indexed Account
    - ***8.05%*** max illustrated rate (25 year look back period)
- 1 year S&P Global BMI Indexed Account
    - ***8.02%*** max illustrated rate (22 year look back period - since data available)
- 5&1 Year Blend S&P 500 Indexed Account
    - ***8.26%*** max illustrated rate (25 year look back period)
- This is the 5 year annualized rate

The maximum illustrated rates set each calendar year or when caps change.

86. Will the maximum illustration rates of return be different for each of the account options?

Yes, each has its own historical data and current cap percentage and will have a different maximum interest rate. We will not blend the rate, for example, if the allocations are to all of the options.

87. How often will the maximum illustration rates for the accounts change?

Unless a cap percentage changes, maximum illustration rates will only change once per year.

88. What if premium is allocated to more than one Indexed Account?

If premium is allocated to more than one indexed account option, the maximum illustration rate will reflect the allocation percentage for each option and will not be a blended illustration rate.

89. How should a producer input an assumed interest rate into the illustration system?

A producer will input one interest rate for each indexed account for an assumed rate of return. For the 5 & 1 Year Blend S&P 500 Indexed Account, the entered rate will be the annualized return for each 5 year segment. The illustration system will set the relationship between the 5 and 1 year rates using a historical relationship.

90. Since there is more potential with the 5 & 1 Year Blend S&P 500 Indexed Account, will this option have a higher illustrative maximum rate of return?

Yes. The 5 & 1 Year Blend S&P 500 option has a higher maximum illustrative rate of return based on historical performance.

91. If I'm comfortable illustrating a 7% or 7.5% rate of return for the 1 Year Indexed Accounts, should the same or different rate of return be used to illustrate the 5&1 Year Blend S&P 500 Indexed Account?

The rate you illustrate should be based on you and your client's view of the different indexed accounts. If the client is comfortable with the higher risk of the 5 & 1 Year Blend and believes in the higher potential of the account over time, we recommend that you not use the same rate for the 1 Year Accounts and the 5 & 1 Year Blend Indexed Account.

While the historical frequency over the 25 year look back period of a 7% return for the 5 & 1 Year Blend Indexed Account (85.7%) is actually only slightly less than the historical frequency of the 1 Year Accounts (87.4%), clients who allocate premium to the 5 & 1 Year Blend are acknowledging they are comfortable taking more risk for the potential for a greater return. This higher potential cannot be illustrated at the same illustration rate for the 5 & 1 Year Blend because of the timing of crediting the actual interest rate illustrated.

The historical frequency chart also demonstrates that there is a much higher frequency of a return of 8% or more over the 25 year look back period for the 5 & 1 Year Blend. Illustrating this Indexed Account at a .50% higher rate, for example, than the rate illustrated for the 1 Year Accounts should be within the clients expectation for potential upside assuming they understand the risk that the 1 Year Accounts may perform more consistently. Note that a .50% higher rate cannot be illustrated if a maximum illustration rate is used for the 1 year Indexed Accounts.

92. Does historical frequency show a probability of achieving a rate of return in the future?

No, historical frequency is not indicative of future results.

93. Should a producer recommend allocations for ABC IUL?

Recommendations can always be problematic. We encourage producers to explain the objectives, benefits and risks associated with each option to their clients. Remember, the Indexed Accounts do not participate in the market. The policy earns interest based on the performance of these Indexed Account options over time.

Applications/Policy Issue

94. Are the maximum issue ages for ABC IUL the same as for ABIUL II?

Yes, the policy can be issued between ages 0 and age 85 (except in NY where the minimum is age 20).

95. How do I complete the application if premium is to be split among the options?

Premium can be allocated to the Fixed Account, Dollar Cost Averaging Account and/or to any of the Indexed Accounts. Below are the entries requested in the premium allocation section of the updated application (application page 5). Premium allocations are selected in #7 and DCA allocations (from DCA to the Indexed Accounts) are selected in #8.

7. Premium allocation for Accumulation Builder Choice IUL

I elect to have my premium allocated directly to the accounts as indicated below.

_______% 1 Year S&P 500 Indexed Account

_______% 1 Year S&P Global BMI Indexed Account

_______% 5&1 Year Blend S&P 500 Indexed Account

_______% Fixed Account

_______% DCA Account

8. DCA allocation for Accumulation Builder Choice IUL

I elect to have my premium allocated from the DCA Account to the accounts as indicated below.

_______% 1 Year S&P 500 Indexed Account

_______% 1 Year S&P Global BMI Indexed Account

_______% 5&1 Year Blend S&P 500 Indexed Account

96. How can future premium allocation percentages be changed?

A Policy Change Request Form must be completed and submitted to change premium allocation elections.

97. What practices will be implemented with the introduction of this product?

Additional premium payments that will cause the policy to exceed the death benefit corridor for the guideline premium test or the cash value accumulation test are subject to underwriting. The owner will be notified that he/she may either submit the required underwriting requirements on the insured for the increase in the death benefit, or elect to have the excess premium refunded.

For new business, the Life Solutions Illustrator will now note the point at which excess premium will cause the policy to exceed the corridor and cause a death benefit increase.

98. Will annual statements be improved?

Yes. Improvements to the overall look and readability of the annual statements have been implemented for ABC IUL.

PennMutual

Accumulation Builder Choice IUL

Annual Statement for Policy #8888888
For Policy Period 6/22/2011 through 6/22/2012
Policy Start Date: 6/22/2003 | Policy Maturity Date: 6/22/2054

PETER J SMITH
SMITH STUDIOS
123 MAIN STREET
APARTMENT #4
SPRINGFIELD, OH 45501

For additional information or questions, contact:

SUSAN MILLER, CFP, CLU, ChFC, RFC
MILLER & MILLER FINANCIAL PARTNERS
123 BROAD STREET

Insured: ROBERT SMITH
Primary Beneficiary: LILLIAN SMITH

	Policy
	End of Policy Ye
Total Net Death Benefit *	$120,
Total Specified Amount †	$120,
Total Policy Value	$120,
Total Net Cash Surrender Value *	$120,
Loan Balance	$120,

† Includes $20,000 from Supplemental Term Rider | * The outstanding loan I

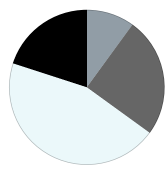
PennMutual

Accumulation Builder Choice IUL

For Policy Period 6/22/2011 through 6/22/2012

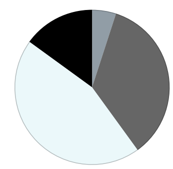
Premium and Policy Value Allocations

Premium Allocations



Accounts	Prem %	Policy Value %	Policy Value
Fixed Account	10	5.94	$6,003.03
1 Year S&P 500	30	34.06	$42,202.22
1 Year S&P Global BMI	45	44.23	$54,292.22
5&1 Year Blend S&P 500	--	--	--
DCA Account	15	15.77	$18,003.30
1 Year S&P 500 (50%)			
1 Year S&P Global (50%)			

Policy Value Allocations



Summary of Accounts

Account	Beginning Policy Value (6/22/11)	Incoming Premiums , Transfers, and Loan Repayments	Expense Charges, Cost of Insurance, and Loan Interest	Partial Withdrawals and Traditional Loans	Total Interest Credited	Outgoing Transfers	Ending Policy Value (6/22/12)
Fixed Account	120,000.00	+ 10,000.00	– 1,000.00	– 120,000.00	+ 1,120.00	– 120,000.00	120,000.00
1Yr S&P 500	120,000.00	+ 10,000.00	– 1,000.00	– 120,000.00	+ 1,000.00	– 120,000.00	120,000.00
1Yr S&P Global BMI	120,000.00	+ 120,000.00	– 1,000.00	– 120,000.00	+ 1,000.00	– 120,000.00	120,000.00
DCA Account	120,000.00	+ 10,000.00	– 1,000.00	– 20,000.00	+ 1,000.00	– 20,000.00	120,000.00
Loan Account	120,000.00	– 120,000.00	– 1,000.00	– 120,000.00	n/a	– 120,000.00	120,000.00
TOTALS	**120,000.00**	**120,000.00**	**120,000.00**	**120,000.00**	**120,000.00**	**120,000.00**	**120,000.00**

99. Will policy performance be included in annual statements?

Statements are being totally redesigned and will show much more policy information in both a summary form and in a detailed manner. The summary will show the change in values from the prior policy year to the current policy anniversary, but will not provide specific policy performance.

100. Why won't specific policy performance be included on the annual statements?

Beyond the challenges of showing this level of information for multiple open and closed segments, including this level of performance information, particularly for the 5 & 1 Year Blend S&P 500 Indexed Account, would result in an overly lengthy annual statement.

We will, however, provide Indexed Account performance information for producers and clients through the Account Access Center and Client Services Center, respectively. Information will be updated on every monthly anniversary, so producers and clients need not wait for annual statements to look at indexed account performance. This major enhancement has been a priority with our field offices and we are pleased to make it available.

Target Premiums and Compensation

101. Are target premiums higher than they were for ABUIL II?

The difference in target premiums generally varies by issue age as noted below:

- Ages 25-60 about a 10% increase
- Above age 60 there may be decreases
- Under Age 25 minimal changes

102. Are there changes to the asset based compensation option?

Yes. In addition to the 1% offset of renewal premium commission for asset based compensation (1.5% instead of 2.5%), there will also be a 1% offset of any excess-of-target commission in year one. The excess of target commission rate in year one will be 1.5% instead of 2.5%.

Asset based compensation can still be selected on a case by case basis and will be paid as follows:

- Years 2 to 10: 0.10% of net policy value
- Years 11 and beyond: 0.25% of net policy value

103. What is the advantage of asset based compensation for this product?

Asset based compensation makes sense for high levels of funding because of the higher potential cash value accumulation.

104. Are there commission charge backs for policy lapses and surrenders?

There is a chargeback to the producer if a policy lapses or is surrendered in year one. The amount of the chargeback depends on the month in which the surrender occurred:

- 100%: 1-3 months
- 75%: 4-6 months
- 50%: 7-9 months
- 25%: 10-12 months

There are also chargebacks associated with the Waiver of Surrender Charges Rider and the Surrender Benefit Enhancement Rider. These riders charge back commissions based on when surrenders or lapses occur during the first 3 policy years. These riders can only be used for business related cases and premium finance submissions.

105. Will issuing policies in all states through Penn Mutual Life Insurance Company have any impact on the new product?

Because PML does business in New York, all policies must comply with New York's compensation regulations. Therefore, this product will not have a two year rolling target premium.

To help compensate for this change, ABC IUL will generally have higher target premiums. Since most of our current business is sold with a premium at or in excess of the target premium, the impact of no longer providing a two year rolling target premium should be minimal.

For additional information, product questions or assistance with Accumulation Builder Choice Indexed Universal Life Illustrations, please contact the Penn Mutual Life Sales Desk at: 800 818-8184, option 4.

PennMutual®

Our Noble Purpose

Since 1847, Penn Mutual has been driven by our noble purpose — to create a world of possibilities, one individual, one family and one small business at a time. As an original pioneer of mutual life insurance in America, we believe that life insurance is the most protective, responsible and rewarding action a person can take to build a solid foundation today and create a brighter future for generations to come.

For Producer Use Only.

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