

Change Is In the Air

Premium Changes for Ages 70 and up

Recent changes in the economic environment, including the reinsurance market and AG 38, have led to considerable changes in the UL market over the past nine months. Some companies have been forced to exit the guarantee UL market while others have dramatically increased premiums, especially at the older issue ages. Lincoln Benefit Life is not immune from the factors driving this change. Effective June 1, 2006, we are announcing minor adjustments to the Legacy Choice UL and Legacy Secure UL, that will allow us to remain competitive in the market while creating a more sustainable position. The product changes include:

Increases to guarantee premiums and current COIs on Legacy Secure UL and Legacy Choice UL for ages 70 and up

- These increases will typically result in a premium increase of between 1% and 3% but will NOT affect premiums or COIs for ages 69 and below

Increases to guarantee premiums on Legacy Choice UL single pay of 1% for all ages

- This allows us to continue to offer Legacy Choice for heavily funded life insurance cases
- 1% increase is in addition to Age 70 and up changes mentioned above

The new COI factors take effect for existing and future customers issue age 70 and over in June 2006. The new guarantee premiums will apply to new business only, for applications dated 6/1/06 and later. All applications dated prior to 6/1/06 must be received in the Home Office by 6/16/06, if received

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AN ALLSTATE COMPANY

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after 6/16/06, they will be returned for an application using the new guarantee premiums.

Premiums above age 70 in both products remain highly competitive, especially when recognizing our Age Last Birthday advantage. Legacy Choice still stands in a unique position in the market, offering market-leading performance for larger premium cases regardless of issue age. Our commitment to this market remains strong. We believe these changes, along with the recent introduction of the Legacy Secure SL, put us in a sustainable position from which we can continue to grow our relationships with our distribution partners.

One Month Payment Window

Another important issue that has emerged with producers over the past year is the sensitivity of these products to the timing of premium payments. LBL has dealt proactively with this issue in recent years by creating clear disclosures in the sales illustrations and enhancing our annual statement communication for these products to ensure clients always know where they stand in regard to their guarantees. We are now responding with one more feature to help customers manage these valuable guarantees. Effective with policy months beginning in June, a new *One Month Payment Window* will be introduced:

- Payments made at any time during the policy month will be treated as if they were made on the 1st of the policy month for purposes of the guarantee calculations in the Coverage Protection Account
- Applies to existing and future Legacy Secure UL and Legacy Choice UL policies
- The payment window has no impact on actual cash value

For further questions, please contact your Marketing Organization or Lincoln Benefit Life at 888-525-7355.