Plan of Operations

General Description of the Company, Business and Business Plan

Hartford Life Inc. is a holding company incorporated in Delaware with operating subsidiaries that make up the run-off life and annuity business line of The Hartford Financial Services Group (the “Company”). The Company’s principal operating insurance company subsidiaries are Hartford Life Insurance Company (“HLIC”) and Hartford Life and Annuity Company (“HLAIC”), both domiciled in Connecticut. The Hartford formed its run-off life and annuity group in 2012, placing the business into run-off, and since then has focused on managing down the risk of the in-force blocks of business and releasing capital.

The Company’s business can be separated into four product lines:

- Individual Variable Annuities: Separate account products sold to individuals with both Guaranteed Minimum Death Benefit (“GMDB”) and Guaranteed Minimum Withdrawal Benefit (“GMWB”) riders.
- Fixed and Payout Annuities: The retail fixed annuity business is primarily recurring fixed term deferred annuities, some with market value adjustments. The payout annuity business is primarily the annuitized contracts of individual variable and fixed deferred annuities.
- Institutional Fixed Business: Includes structured settlement contracts, terminal funding agreements and Guaranteed Investment Contracts.
- Private Placement Life Insurance: Primarily separate account life insurance products sold to banks and companies as investment products.

The Business Plan for the Company is guided by the core principle of continuing the Company’s prudent management of its responsibilities to its 725,000+ policyholders and is organized around the following key themes:

1. Run-off Strategy, Capital Management and Long Term Growth Initiatives: Continue the Company’s primary strategy to release excess capital as the business runs off over time. Longer term, assess select strategic growth initiatives that complement the Company’s managerial and operating strengths.
2. Risk Management, Liquidity and VA Hedging: Maintain the Company’s Enterprise Risk Management and VA hedging programs to protect the Company’s capital and solvency in market stress scenarios.
3. Separation from The Hartford: Ensure the smooth and successful transition to a standalone private insurance company.
4. Investment Management: Continue to leverage investment management by HIMCO with a continued focus on prudent asset-liability management (“ALM”) and principal preservation.
5. Employees, Management and Operations: The Company’s current ~420 employees and management team will transition with the Company and there will be no change to

policyholder administration. The Company will keep the Company's Connecticut domiciliary status and has no plans to move operations out of Connecticut. Employment levels in Connecticut will be maintained commensurate with the Company's operations.

6. Governance: Active governance at both the Company and Board of Directors level; focused on risk management, operations, compensation and audit.

1. Run-off Strategy, Capital Management and Other Initiatives

The primary strategy of the Company is to continue to run off the existing business, consistent with the management of the business in recent years. The business is expected to run off ~17% over the next five years, from ~$102.3 billion total assets[1] in 2017 to ~$84.7 billion total assets in 2022. As this occurs, required RBC capital will decrease and profits will accrue, thereby generating additional excess capital. The Company plans to return excess capital to shareholders over time in a prudent manner.

The Company's capital will be managed to ensure fulfillment of its obligations and commitments to all stakeholders, including policyholders, regulators, rating agencies and creditors. The capital plan will maintain strong capitalization of the insurance operations and sufficient financial flexibility in both base case and market stress scenarios.

Consistent with this philosophy, the Company will ensure capital exceeds 200% CAL RBC in the market stress scenario (see Section 2 Risk Management, Liquidity and VA Hedging).

Consistent with Section 38a(i)(2) of the Connecticut General Statutes, any dividends in the first two years after the closing will be extraordinary and subject to specific regulatory approval. Following the initial statutory period, the base case dividend plan assumes dividends of $700 million per year, comprising both ordinary and extraordinary dividends. In all cases, dividends will only be made to the extent Company management demonstrates that, giving effect to such dividends, the Company would be able to maintain at minimum a 200% CAL RBC in the market stress scenario. The Company's Board of Directors will regularly assess dividend capacity and the Company may request regulatory approval for additional dividends if appropriate.

Long Term Growth Initiatives: Longer term, the Company and its Board of Directors is prepared to assess select strategic growth initiatives that complement the Company's managerial and operating strengths. Examples of organic growth initiatives include leveraging the standalone IT and operating infrastructure to provide third-party administrative services to other books of business. Furthermore, at the appropriate time and for appropriate opportunities, the Company may consider acquiring additional run-off books of business that would fit the management skills and knowledge of the Company's team. Any such transaction would require supermajority approval by the Board of Directors.

Reinsurance: The Company has outbound reinsurance agreements with a number of highly-rated third-party reinsurers (CIGNA, AXA and ACE on VA rider reinsurance, and Prudential and Mass Mutual on divested blocks). No changes to these reinsurance agreements are

[1] *Asset figure excludes assets associated with blocks divested via reinsurance, including Prudential and MassMutual and the contemplated reinsurance to Commonwealth*

contemplated as a result of the transaction (including continued priority of protecting the Company's AM Best rating that otherwise could lead to a termination of the CIGNA treaty). In conjunction with closing, the Company will enter into a new quota share coinsurance agreement with Commonwealth Annuity and Life Insurance Company (Mass.) ("Commonwealth") (A.M. Best "A-"), a subsidiary of Global Atlantic Financial Group, covering $9.6 billion in reserves (as of 12/31/16) of fixed deferred annuities, payout annuities, period certain and standard life contingent structured settlements.

Promptly after closing (or potentially pre-closing as contemplated by The Hartford and Company management), the Company will seek approval with the CT DOI to reinsure / novate certain non-NY policies from HLIC to HLAIC via a wholly-owned assignment company.

Going forward, the Company may look at additional outbound third-party reinsurance to further improve its risk and capital profile, such as reinsuring its substandard structured settlements block. There is no planned use of reinsurance to either captives or affiliated companies.

Divisions: After closing, the Company intends to submit a Division application to the Connecticut Department of Insurance for a legacy block of long term group disability insurance associated with the group benefits business that is being retained by The Hartford. The Company will also pursue divisions related to two legacy blocks of business previously divested by the Company through 100% quota share reinsurance (Prudential, MassMutual). The Company will cooperate with Prudential and MassMutual on the Division plans. Successfully executing the Divisions will improve the Company's pro-forma capital and risk position.

2. Risk Management , Liquidity and VA Hedging

In order to protect and safeguard the Company's capital and solvency, the Company will maintain its approach to the Enterprise Risk Management function and its VA hedging programs. The Company has successfully utilized two primary strategies to manage risk on the variable annuity GMDB and GMWB guarantees: reinsurance and hedging. Key VA reinsurance counterparties include CIGNA, AXA, ACE, Transamerica, and Swiss Re; there are no planned changes to inforce reinsurance. Key hedging counterparties include JP Morgan[2], Morgan Stanley[2], Deutsche Bank, Barclays Bank and Goldman Sachs; while there are no planned changes to these hedging relationships, the Company will work expeditiously to amend or revise ISDA/CSAs as needed to maintain continuity of hedging upon (or in anticipation of) change in control and separation from The Hartford.

The Company's hedging strategy statement, referred to as "US VA Hedge Strategy and Limits," outlines the policy for two hedge programs: 1) US VA GMWB FAS Dynamic Hedge Program, which covers Delta, Vega and Rho risk on the GMWB block, and 2) US VA Macro Hedge Program, which covers remaining VA risks and market exposures not specifically addressed by the Dynamic program. The policy includes the objective of each hedge program,

[2] JP Morgan and Morgan Stanley are also counterparties to three long dated hedging transactions entered in 2007-2008 known as "Gemini." Transactions are customized 50 year swaps that transfer capital markets risk associated with certain GMWB liabilities to the hedge counterparty. JP Morgan is counterparty to two swaps totaling ~$2.5bn notional and Morgan Stanley is counterparty to one swap with ~$2.5bn notional as of YE 2017

hedge targets, strategy limits, remediation of limit breaches, and reporting requirements. There are also risk limits encompassing both the Dynamic and Macro programs set in the aggregate. Key limits as described in the 2017 strategy statement are as follows:

US VA GMWB FAS Dynamic Hedge Program: Percentage limits based on the coverage ratio (asset over FAS 157 liability Greeks)

		Limit (% coverage ratio)	
		Minimum	Maximum
Equity Delta	Total (All Indices)	90%	110%
	SPX	90%	110%
	NDX	80%	120%
	MXEA	80%	120%
Equity Vega	Total	30%	120%
Rho	Total	80%	120%

Aggregate VA Total Exposure: Limits are applied to the market risk exposures (Greeks). Exposures are calculated as the net of all liabilities, hedges, and reinsurance.

		Limit ($ net exposure in millions)	
		Minimum	Maximum
Equity Delta	Total (All Indices)	0.0	40.0
Equity Vega	Total	-95.0	20.0
Rho	Total	-0.5	6.0

As of 3Q17, the Company's aggregate net VA exposure to Delta, Vega and Rho was $12.7, $(22.6) and $3.8 million respectively. The Company's management and Board of Directors will routinely assess the Company's hedge program based on market and other conditions.

As part of the Company's Macro program, the Company will prioritize protecting its statutory capital position. At closing, the anticipated excess capital above 200% CAL RBC in the market stress scenario is ~$2bn. Given the dividend strategy of the Company, the hedge program is designed to protect such statutory capital before (and after) distributions are made. The objective of the hedge program will be to mitigate claims costs and offset changes in reserve and capital requirements in order to minimize the impact on excess capital levels due to market changes.

Changes to the hedge program will be subject to internal approval procedures, which will include Board of Directors review and approval of any material changes.

The Company will continue to manage the business using the Company's current stress scenarios, including both market stress and liquidity stress scenarios.

Market Stress Scenario: The Company will manage risk to maintain at minimum a 200% CAL RBC in a severe market stress scenario, which is currently defined as the S&P 500 down 40% with 4% growth thereafter, and the 10yr UST down 75bp and following the forward curve thereafter.

Liquidity Stresses: The general account portfolio will be managed to ensure sufficient liquidity to meet obligations in the severe liquidity stress scenario. The Company runs two types of liquidity stresses; one is focused on derivative collateral, and the other is focused on overall asset/liability cash flow needs.

The derivative stress is currently defined as the S&P 500 up 20%, 10yr UST up 300bp, CDX HY down 260bp, and 10yr implied vol down 4.5 points. The Company will maintain cash and short term investments on hand to cover any incremental hedge collateral that needs to be posted in this stress scenario.

The asset/liability stress represents a severe cash flow stress caused by a downgrade, adverse business disruption and/or unanticipated cash flows. Risk limits include a Baseline Limit (maximum cumulative net cash flow shortfall within one year / Tier 1 assets < 20%), Stress Limit 1 (Tier 3 Asset Sales / Total Asset Sales < 35%) and Stress Limit 2 (Estimated Loss on Asset Sales / Statutory Surplus < 15%). Additional detail on framework, stress assumptions and testing is referenced in the Company's Liquidity Risk Analysis documentation.

Counterparty Risk: The Company will continually monitor its policies and procedures to measure and manage counterparty risk (building off of the Company's existing Derivative Use Plan filed with the Connecticut Insurance Department). These procedures will ensure that the Company monitors the concentration of hedges with individual counterparties, their ability to pay, collateral levels and liquidity requirements. The Company will also continue to strictly adhere to ISDA/CSAs and actively engage counterparties in the event amendments are needed.

3. Separation from The Hartford

The Company is focused and committed to ensuring a smooth separation from The Hartford, with no disruption to policyholders. The separation process will be managed by an Operations Committee with ongoing oversight from the Board of Directors (see Section 6 Governance).

The successful separation of the Company will begin in the sign-to-close period, during which a separation plan will be developed working with Company management and following completion of detailed review of all shared services, provided by both The Hartford and third parties. This review will result in the population of the service schedules in the Transition Services Agreement ("TSA") with The Hartford, which will address transition services as well as agreements on the transfer of Company-owned systems in a fully operational state.

The majority of the Company's core administration and valuation systems are owned and internally developed. After transaction closing, during the TSA period, these systems will be transferred onto a new IT infrastructure. The Company will transition other shared business functions, such as Finance, HR and Banking through limited hiring, systems acquisitions and outsourcing. Key separation work streams include stand-up of an independent IT network, HR / payroll system, general ledger, treasury and financial database.

Third-party support has been engaged from Performance Improvement Partners ("PIP") and KPMG to work with Company management and operations to develop the separation plan and manage execution of the separation after closing. The work of the Company, The Hartford, PIP, and KPMG will be in close collaboration with a carve-out task force representing the investors. PIP has extensive experience in the IT aspects of separation and stand-up transactions.

The Company plans to complete the separation from The Hartford and move off all transition services provided by The Hartford within 12-18 months after closing. Additionally, during the TSA period, as the Company determines individual transition services are no longer needed, they will be discontinued in accordance with the terms of the TSA. In the event the Company is unable to complete the transition within the TSA's 12 month initial term, the TSA allows for one 8 month extension at 103% of cost, and a subsequent 4 month extension at 106% of cost. The Operations Committee will provide quarterly updates on the separation to the Board of Directors and any such extension of transition services will need to be approved by the Board of Directors.

4. Investment Management

The Company will continue to leverage Hartford Investment Management Company ("HIMCO") as the investment manager for the Company's general account portfolio in accordance with an Investment Management Agreement ("IMA") and the investment strategy documents described below. HIMCO will manage 100% of the Company's general account assets.

The HIMCO IMA will have a 5 year term, subject to certain early termination provisions. The Company and its Board of Directors will evaluate HIMCO's performance periodically.

The Company will continue to manage its general account investment portfolio consistent with its current strategy and focus on prudent ALM and principal preservation. The Company maintains an investment management policy (with allocation targets and risk limits) that governs the portfolio as a whole, as well as investment strategy statements for each discrete portfolio within the general account, based on the characteristics of the liability underlying each portfolio.

Portfolio	Strategy Document
Overall General Account	Investment Policy Statement
Derivatives	Derivatives Use Plan
CRC Fixed Annuities	CRC Group, FM2 and FM7 Investment Strategy Statement
VA Fixed Account	Fixed Accounts Investment Strategy Statement
Payout Annuity / Structured Settlements	IIP Investment Strategy Statement
COLI/BOLI Fixed Account	HLIC-COLI Investment Strategy Statement
HLIC Surplus	HLIC Surplus Investment Strategy Statement
HLAIC Payout Annuities	HLANN-PPA + Other Investment Strategy Statement
HLAIC Japan Annuities	HLANN-3Wins Investment Strategy Statement
HLAIC Surplus	HLANN Surplus Investment Strategy Statement

While there are no plans to make material changes to the Company's investment portfolio, the portfolio allocations may be adjusted to improve the ALM profile, cash flow testing

results, and risk-adjusted returns of the portfolio. The allocations may also be adjusted to reduce or optimize required C-1 risk-based capital charges. Any changes to the investment management policy and portfolio strategy statements will require ALCO approval.

The projections assume that after closing, the Company will have an anticipated ~6% allocation to below investment grade assets (as a % of total investment assets) and ~6% / ~34% allocation to equity/alternatives/LPs (as a % of total investment assets / statutory surplus). The Company and HIMCO will continually monitor the asset composition and will make changes to the above allocations as prudent or advisable.

The Company will not enter into any new commitments to fund equity/alternatives/LPs without prior ALCO approval.

5. Employees, Management and Operations

The Company has a highly experienced senior management team already in place, with 20 years of average tenure, who will continue to run the standalone business. The management team will be responsible for the day-to-day operations of the business, including account administration and servicing, and execution of the Company's ongoing risk management strategy, including hedging, investment management and asset-liability management. Key members of the management team will be retained through employment agreements and long-term incentives that are aligned with a successful separation from The Hartford, continued excellence in service to policyholders, and long term value creation for the Company and its shareholders.

The Company will keep its Connecticut domiciliary status and operations. The Company's ~420 employees will be retained following transaction close. The Company will remain in the current Windsor, CT office through a lease from The Hartford and will also retain the lease for the Woodbury, MN office.

Much of the Company's current operating model will remain in place. For example, all front-end policyholder servicing and administration will continue to be performed by the in-house Company team that has been servicing the business since inception. The Company will also continue to leverage third-parties (such as Cognizant and RR Donnelley) for back-end contract administration processing, print and mail activities and IT production support and development.

Given the planned continuity of the Company's operating model, staff levels are expected to remain at around current levels following the close of the transaction.

6. Governance

Governance at the Company Level: After closing, the Company will maintain similar management committees as are currently in place. The principal committees include the Asset Liability Committee ("ALCO"), Operations Committee and Finance Committee.

ALCO and its subcommittees will continue its existing oversight and responsibility for the various Enterprise Risk Management functions of the Company, including supervising performance of VA hedging, asset liability management and investment risk management. ALCO will also perform such other related tasks as it may consider necessary or may be assigned to by the Board of Directors / ALCO from time to time.

The Operations Committee will oversee the separation from The Hartford and report on progress to the Board of Directors. Its members will include Company management.

The Finance Committee will evaluate key financial matters impacting the financial operations of the Company. Primary duties include i) establishment of financial policies, procedures and operating guidelines, ii) approval of accounting policies, and iii) review and tracking the annual budget.

Governance at the Board Level: The Board of Directors will have a total of eleven members, including seven directors from the investor consortium, one director from The Hartford, one management director and two independent directors. The Board will have the customary committees of a life insurance company with a primary focus on financial controls and risk management.

In addition, the Board will establish a subcommittee that can be convened on an ad hoc basis to replace the current Asset Liability Committee at The Hartford. The new committee will continue to establish the risk parameters for ALCO and review any proposals by ALCO to amend risk parameters, hedge strategy or investment portfolio strategy.

The Company intends to implement audit procedures at the Board and management level that are generally consistent with a public company standard.

Financial Projection Assumptions

- **Financial projections assume the following transaction-related assumptions**
  - Third-party reinsurance to Commonwealth Annuity & Life Insurance Company:
    - 85% quota share of fixed annuity, payout annuity, and structured settlement period certain business and 75% quota share of standard life contingent business
    - $357 million ceding commission
  - Internal reinsurance of selected structured settlement business from HLIC to ILA
  - $300 million dividend at closing to The Hartford
  - Continuation of current management hedging program
  - Voluntary reserve of $200 million established in 2018 in order to address C-3 Phase I requirements
- **Capital management**
  - Dividend of $700 million in 2020, two years after closing
  - Buyer understands that any dividends in the first two years will be extraordinary and subject to specific regulatory approval
- **Capital Markets**
  - 4% SPX / Separate Account equity growth per annum
  - Interest rates follow forward curve as of September 30, 2017
- **Other**
  - Transfer of The Hartford's pension assets from a HLIC separate account to a third party trustee/custodian

Pro Forma Income Statement

($ in millions)

	HLIC Consolidated			ILA			HLIC		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Income Statement									
Premiums & Deposits	$152	$135	$123	$93	$83	$77	$60	$52	$47
Fees	1,187	1,108	1,039	483	427	378	704	681	661
Net Investment Income	593	588	580	188	186	182	410	407	403
Total Revenues	**$1,932**	**$1,831**	**$1,743**	**$764**	**$696**	**$637**	**$1,173**	**$1,139**	**$1,110**
Benefits and Change in Reserves	$1,353	$1,242	$1,198	$469	$355	$289	$884	$887	$909
Realized Capital (Gains)/Losses - Variable Annuity Hedge	134	133	138	90	93	97	44	40	41
Expenses	298	267	242	205	185	166	94	82	76
Total Expenses	**$1,786**	**$1,642**	**$1,578**	**$763**	**$633**	**$552**	**$1,022**	**$1,009**	**$1,026**
Pre-Tax Profits	**$146**	**$189**	**$165**	**$0**	**$63**	**$85**	**$151**	**$130**	**$84**
Federal Income Tax Benefit/(Expense) [1]	(14)	(48)	(37)	6	(15)	(17)	(21)	(34)	(21)
Net Income	**$133**	**$141**	**$128**	**$6**	**$48**	**$68**	**$131**	**$97**	**$63**
Dividends	**($300)**	**--**	**($700)**	**($150)**	**--**	**--**	**($150)**	**--**	**($700)**
Change in Admitted Deferred Tax Asset [1]	**($167)**	**$4**	**($3)**	**($26)**	**$2**	**($2)**	**($140)**	**$2**	**($2)**
COLI Deferred Gain [2]	**$91**	**--**	**--**	**--**	**--**	**--**	**$91**	**--**	**--**

(1) Does not reflect any potential impact due to tax reform.
(2) Recognition of deferred COLI gain of $91 million in 2018.

Pro Forma Balance Sheet

($ in millions)

	ILA				HLIC			
	12/31/17	12/31/18	12/31/19	12/31/20	12/31/17	12/31/18	12/31/19	12/31/20
Balance Sheet								
Invested Assets	$7,832	$7,349	$7,044	$6,995	$12,181	$11,811	$11,689	$10,959
Admitted Deferred Tax Asset [1]	91	65	66	65	495	328	332	329
Other Assets	351	351	351	351	648	648	648	648
Total Assets without Separate Accounts	**$8,274**	**$7,765**	**$7,462**	**$7,410**	**$13,324**	**$12,788**	**$12,669**	**$11,936**
Separate Account Assets	30,284	27,469	24,950	22,750	81,621	80,530	79,812	79,329
Total Assets	**$38,558**	**$35,234**	**$32,412**	**$30,160**	**$94,945**	**$93,318**	**$92,482**	**$91,265**
General Account Reserves	$6,309	$5,967	$5,603	$5,476	$7,553	$7,374	$7,221	$7,058
Other Liabilities	938	941	952	961	2,223	2,109	1,998	2,004
Total Liabilities without Separate Accounts	**$7,247**	**$6,908**	**$6,555**	**$6,437**	**$9,776**	**$9,483**	**$9,219**	**$9,061**
Separate Account Liabilities	30,284	27,469	24,950	22,750	81,621	80,530	79,812	79,329
Total Liabilities	**$37,531**	**$34,377**	**$31,505**	**$29,186**	**$91,397**	**$90,013**	**$89,032**	**$88,390**
Capital and Surplus [1]	**$1,027**	**$857**	**$907**	**$973**	**$3,548**	**$3,305**	**$3,450**	**$2,875**
Capital and Surplus and Liabilities	**$38,558**	**$35,234**	**$32,412**	**$30,160**	**$94,945**	**$93,318**	**$92,482**	**$91,265**
Risk Based Capital								
Asset Valuation Reserve (Admitted in TAC)	$24	$36	$46	$54	$333	$222	$226	$232
Total Adjusted Capital	$1,051	$893	$953	$1,028	$3,881	$3,527	$3,676	$3,107
Risk Based Capital (Company Action Level)	$318	$209	$194	$181	$756	$579	$543	$501
Risk Based Capital Ratio (Company Action Level)	331%	427%	491%	568%	513%	609%	677%	620%

Note: HLIC balance sheet presented gross of business reinsured to MassMutual and Prudential (the "Transacted Business").

(1) Does not reflect any potential impact due to tax reform.