

OFFICE OF THRIFT SUPERVISION
Approval of Application for Holding Company Acquisition
and Related Applications

Order No. 98-113

Date: November 9, 1998

Prudential Corporation, plc, London, England, Jackson National Life Insurance Company, Lansing, Michigan ("Jackson National"), and the various entities listed in Exhibit A (collectively, the "Applicants") have applied to the Office of Thrift Supervision ("OTS"), pursuant to § 10(e) of the Home Owners' Loan Act ("HOLA"), § 18(c) of the Federal Deposit Insurance Act ("FDIA"), and 12 C.F.R. §§ 552.2-1, 563.22 and 574.3 to acquire First Federal Savings and Loan Association of San Bernardino, San Bernardino, California ("First"), through the merger of First with an interim federal savings bank established by Jackson National. In addition, the OTS has received a request to relocate First's home office from San Bernardino, California, to a to-be-established facility located in Lansing, Michigan. The foregoing are referred to as the "Application" or "proposed transaction". After consummation of the proposed transaction, First will change its name to Jackson Federal Savings Bank ("Jackson FSB").

The OTS has considered the Application, as supplemented by representations by Jackson National and its attorneys. In addition, the OTS has considered comments in opposition to the transaction filed by the California Reinvestment Committee, the San Diego City-County Reinvestment Task Force and Inner City Press/Community on the Move and the Applicants' response to the comments. The OTS has evaluated the Application under the standards set forth under §§ 5(r) and 10(e) of the HOLA, § 18(c) of the FDIA, and 12 C.F.R. §§ 545.92, 545.95 552.2-1, 556.5, 563.22 and 574.7(c), and under the Community Reinvestment Act, 12 U.S.C. Section 2901 et. seq., and the OTS regulations thereunder, 12 C. F. R. Part 563e. In addition, the OTS has considered a digest from the West Regional Office, an analysis prepared by Corporate Activities and a legal opinion from the Business Transactions Division (collectively, the "Staff Memoranda").

For the reasons set forth in the Staff Memoranda, the OTS finds that the Application satisfies the applicable approval standards, provided that the conditions set forth below are satisfied in a manner satisfactory to the West Regional Director or his designee ("Regional Director"). Accordingly, the Application is hereby approved, subject to the following conditions:

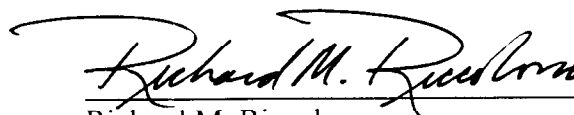
1. The proposed transaction shall be consummated no later than 120 calendar days after the date of this approval order, unless an extension is granted for good cause by the Regional Director;
2. Prior to consummation of the proposed transaction, the chief financial officers of Jackson National and First shall certify to the Regional Director, in writing, that no material adverse events or changes have occurred with respect to their financial condition or operations since the date of the financial statements submitted with the Applications;

3. Jackson National and First shall obtain all required regulatory and shareholder approvals prior to consummation, will act to satisfy all requirements and conditions imposed by the OTS, and will comply with all applicable laws, rules and regulations;
4. No later than 10 calendar days from the date of consummation of the proposed transaction, Jackson FSB shall file with the Regional Director a certification by legal counsel stating the effective date of the acquisition and that the acquisition has been consummated in accordance with the provisions of all applicable laws and regulations, the Application, this Order and the representations by Jackson National and its attorneys;
5. Within 90 days from the date of this order, Jackson FSB must take the necessary steps to ensure that: (a) at least 40 percent of Jackson FSB's board of directors are made up of individuals who are not officers or employees of any of the Applicants or their affiliates; (b) at least 50 percent of the membership of its audit and investment committees are made up of Savings Bank directors who are not officers or employees of any of the Applicants or their affiliates or of the Savings Bank or its subsidiaries; (c) at least one of Jackson FSB's directors is an individual who is not an officer or employee of Jackson FSB, and is not an officer, director, or employee of any of the Applicants, or any affiliate thereof; and (d) a majority of Jackson FSB's board of directors are not comprised of individuals who are officers, directors or employees of any affiliated securities brokerage entity;
6. Within 30 days from the date of this order, Jackson FSB must submit, to the satisfaction of the Regional Director, an updated business plan that reflects all material changes made to the plan between the date of its submission (July 21, 1998) and the date of this Order;
7. Jackson FSB must operate within the parameters of its July 21, 1998 business plan as amended and approved by the Regional Director. The Savings Bank (and, in the case of changes resulting from decisions made by one or more of the Applicants, the relevant Applicant(s)) must submit any proposed major deviations or material changes from the plan, including: (a) the cross-marketing of deposit and non-deposit products; or (b) the marketing or delivery of credit products outside of California or Michigan, for the prior, written non-objection of the Regional Director or his designee. The request for change must be submitted to the OTS a minimum of 60 calendar days before the proposed implementation date of the change, unless a shorter period of time is necessary to maintain the safe and sound operation of Jackson FSB. Further, during the first three years following the consummation of the proposed transaction, the OTS may require public notice, consider public comments, and arrange meetings with commenters in connection with its review of any such request, and may impose conditions on Jackson FSB as part of an OTS approval of the changed business operations;
8. Within 60 days of consummating the proposed transaction, Jackson FSB must develop a comprehensive compliance management program, acceptable to the OTS West Region's Assistant Regional Director ("Assistant Regional Director"), that includes, at a minimum: (a) the assignment of specific compliance responsibilities to experienced staff; (b) training for affected staff; (c) routine self-evaluations; (d) periodic compliance audits; and

- (e) appropriate written policies and procedures.
9. No later than 30 days after the end of each calendar quarter, Jackson FSB must submit a status report, in a form acceptable to the Assistant Regional Director, that details the implementation of its compliance management program and the results of its compliance monitoring efforts as required by the compliance management program.
 10. Prior to its Lansing, Michigan facility becoming operational, Jackson FSB must submit a revised CRA plan for review and approval of the Assistant Regional Director. At a minimum, the revised CRA plan must: (a) identify the Lansing-East Lansing, Michigan MSA as a separate assessment area; and (b) establish distinct goals and objectives for this area under each of the relevant rating criteria, as well as the time frames for achieving these items;
 11. No later than 30 days after the end of each calendar quarter, Jackson FSB must submit a status report, in a form acceptable to the Assistant Regional Director, detailing: (a) the results of its various lending programs and initiatives; and (b) its levels of lending to low- and moderate-income individuals and communities;
 12. Jackson FSB's CRA plan shall be subject to any future changes in requirements contained in regulatory policies or regulations that the OTS, on its own, or acting in concert with other financial institution regulatory agencies, determines are appropriate for depository institutions;
 13. Any of Jackson FSB's affiliates that engage in securities brokerage activities ("Broker Dealer affiliate") must be operated as separate legal entities so that: (a) their respective accounts and records are not intermingled, (b) each observes the procedural formalities of separate legal titles, (c) each is held out to the public as a separate enterprise, and (d) no one entity dominates another to the extent that one is treated as a mere department of the other;
 14. With respect to transactions between Jackson FSB and any Broker Dealer affiliate, Jackson FSB and the Broker Dealer affiliate must take measures necessary to ensure that their officers and directors adhere to the principles set forth in OTS regulations on conflicts of interest, 12 C.F.R. Section 563.200; corporate opportunity, 12 C.F.R. Section 563.201; and any other additional or successor statements of policy or regulations addressing these subjects. The officers and directors of Jackson FSB and the Broker Dealer affiliate are prohibited from using their influence to: (a) take advantage of a business opportunity for the Broker Dealer affiliate's benefit when the opportunity is of present or potential advantage to Jackson FSB; or (b) place the Broker Dealer affiliate in a position that leads to, or could create the appearance of a potential conflict of interest;
 15. Jackson FSB and any Broker Dealer affiliate are prohibited from sharing common officers unless prior written approval is obtained from the Assistant Regional Director;

16. Jackson FSB and any Broker Dealer affiliate are subject to the provisions of 12 C.F.R. Section 563.76, Offers and Sales of Securities at an Office of a Savings Association, and related policy established in OTS Thrift Bulletins 23-2, InterAgency Statement on Retail Sales of Nondeposit Investment Products (the "InterAgency Statement"), and 23a, Sales of Securities, and any additional or successor statements of policy or regulations addressing these subjects. Jackson National and any of its subsidiaries that market or offer for sale, deposit products of Jackson FSB shall comply with, at a minimum, the General Guidelines in Disclosures and Advertising set forth in the InterAgency Statement and Jackson FSB shall ensure such compliance;
17. The Applicants and Jackson FSB must comply with the anti-tying restrictions of 12 U.S.C. §§ 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must disclose any proposed bundling arrangements and must be submitted for the prior review and non-objection of the Regional Director;
18. Within 10 calendar days after the effective date of the proposed transaction, the Applicants must submit signed Foreign Holding Company Agreements in the manner of the draft agreements submitted with the holding company application;
19. The Savings Bank's Year 2000 Project Management Program must adhere to the terms, deadlines, requirements and conditions contained in the Year 2000 guidance issued by the OTS and/or the Federal Financial Institutions Examination Council ("FFIEC") including the May 5, 1997 *FFIEC Year 2000 Project Management Awareness* statement, the December 17, 1997 *FFIEC Safety and Soundness Guidelines Concerning the Year 2000 Business Risk*, the March 17, 1998 *FFIEC Guidance Concerning Institution Due Diligence in Connection with Service Provider and Software Vendor Year 2000 Readiness*, the March 17, 1998 *FFIEC Guidance Concerning the year 2000 Impact on Customers*, the April 10, 1998 *Guidance Concerning Testing for Year 2000 Readiness*, the May 13, 1998 *Guidance Concerning Contingency Planning in Connection with Year 2000 Readiness*, the May 13, 1998 *Guidance on Year 2000 Customer Awareness Programs*, the September 2, 1998 *Guidance Concerning Fiduciary Services and Year 2000 Readiness*, the October 15 interim interagency *Guidelines Establishing Year 2000 Standards for Safety and Soundness* and companion interim rule, *Safety and Soundness Standards* and any subsequent OTS or FFIEC Year 2000 guidance, regulations or other requirements.

Any time period specified herein may be extended by the Regional Director, for good cause, for up to 120 calendar days. By Order of the Director of the Office of Thrift Supervision, or her designee, effective *NOVEMBER 9th, 1998*.



Richard M. Riccobono
Deputy Director

Exhibit A

JNL Thrift Holdings Inc., Lansing, Michigan

Jackson National Life Insurance Company, Lansing, Michigan

Brooke Life Insurance Company, Lansing, Michigan

Brooke Holdings, Inc., Wilmington, Delaware

Holborn Delaware Partnership, Wilmington, Delaware

Prudential One Limited, London, England

Prudential Two Limited, London, England

Prudential Three Limited, London, England

Prudential Corporation Holdings Limited, London, England

Prudential Corporation, plc, London, England