

THE DEPOSITORY TRUST COMPANY

IMPORTANT

B#: 10001

DATE: May 9, 2000

TO: ALL PARTICIPANTS

FROM: DTC PROXY DEPARTMENT

ATTENTION: PROXY/REORGANIZATION MANAGER

SUBJECT: PENNCORP FINANCIAL GROUP, INC.

SECURITIES

Penncorp Financial Group, Inc. \$3.375 Pfd
Penncorp Financial Group, Inc. Ser. II Pfd

CUSIP #'S

708094 20 6
708094 70 1

Penncorp Financial Group, Inc., is soliciting acceptances of its Plan of Reorganization, dated April 25, 2000 (the "Plan"). Holders of Penncorp Financial Group, Inc. Securities listed above and of record on April 25, 2000 (the "Securities"), are eligible to vote by ballot to accept or reject the Plan.

Accompanying the Disclosure Statement dated April 25, 2000 and other materials for voting on the Plan is the attached Order, which refers to a hearing on confirmation of the Plan, which is scheduled to be held on June 5, 2000. DTC also received the attached Ballots. Participants may obtain copies of the materials for voting on the Plan by contacting:

Innisfree - Attention Frank Lentine
Phone: 212-750-7946

DTC will provide Penncorp Financial Group, Inc., with a listing of the Participants which had the Securities on deposit with DTC at the close of business on April 25, 2000, so that so that the Participants may vote on the Plan.

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Participants are referred to the Disclosure Statement dated April 25, 2000 for a statement of the terms of the Plan.

Participants are advised that acceptances or rejections of the Plan must be received by the Balloting Agent no later than May 31, 2000. Executed ballots should be returned to:

Innisfree
501 Madison Avenue
20th Floor
New York, NY 10022

The Securities will remain eligible at DTC during the solicitation.

Participants are referred to RIPS Envelope 93 and LENP for details of the Plan.

Karl Baker

Manager

Attachments

10001.PXY

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

-----X
In re : Chapter 11 Case No.
PENNCORP FINANCIAL GROUP, INC., : 00-888 (PJW)
Debtor. :
-----X

**NOTICE OF ENTRY OF ORDER SCHEDULING HEARING TO
CONSIDER CONFIRMATION OF PROPOSED PLAN OF REORGANIZATION**

NOTICE IS HEREBY GIVEN as follows:

1. On April 25, 2000, PennCorp Financial Group, Inc. (the "Debtor") and the Unofficial Committee of Preferred Shareholders jointly filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") a proposed plan of reorganization (the "Plan") and a proposed disclosure statement (the "Disclosure Statement") pursuant to section 1125 of title 11, United States Code (the "Bankruptcy Code"). By order dated April 25, 2000 (the "Disclosure Statement Order"), the Court approved the Debtor's Disclosure Statement, forms of ballots with instructions and procedures for the solicitation and tabulation of votes on the Plan, and subscriptions under the rights offering to purchase new common stock of the reorganized Debtor if the Plan is confirmed (the "Rights Offering").
2. Pursuant to the Plan, only holders of the Debtor's preferred stock, as of April 25, 2000 (the "Eligible Voters/Subscribers") may vote on the Plan and subscribe under the Rights Offering. The deadline for voting on the Plan and subscribing under the Rights Offering is 5:00 p.m. on May 31, 2000. Instructions for voting and subscribing are included in the ballot and in the Disclosure Statement. In accordance with the Disclosure Statement Order, the Debtor shall provide to all Eligible Voters/Subscribers a copy of the Disclosure Statement (including the Plan attached thereto as Exhibit "A") and a ballot for voting on the Plan and subscribing under the Rights Offering and shall provide to all other parties in interest copies of the Disclosure Statement (including the Plan attached thereto as Exhibit "A").
3. Pursuant to the Disclosure Statement Order, a hearing to consider confirmation of the Plan and any objections or proposed amendments or modifications thereto will be held before the Honorable Peter J. Walsh, United States Bankruptcy Judge of the United States Bankruptcy Court, 824 Market Street - Sixth Floor, Wilmington, Delaware 19801 on June 5, 2000 at 4:00 p.m. Eastern Time, or as soon thereafter as counsel may be heard (the "Confirmation Hearing"). The Confirmation Hearing may be adjourned from time to time without further notice other than an announcement of the adjourned date or dates at the Confirmation Hearing or at an adjourned Confirmation Hearing.
4. Any objections to confirmation of the Plan shall be in writing, shall set forth the name of the objectant, the nature and amount of any claims or interests held by the objectant against the Debtor, and the basis for the objection and the specific grounds therefor and shall be filed with the Bankruptcy Court at the address specified in paragraph 3 of this Notice, together with proof of service thereof, and served upon the following persons so as to be received on or before May 30, 2000 at 4:00 p.m. Eastern Time: (i) Weil, Gotshal & Manges LLP, Attorneys for Debtor, 767 Fifth Avenue, New York, New York 10153, Attn: Jeffrey L. Tanenbaum, Esq.; (ii) Weil, Gotshal & Manges LLP, Attorneys for Debtor, 100 Crescent Court, Suite 1300, Dallas, Texas 75201-6950, Attn: Martin A. Sosland, Esq.; (iii) Richards, Layton & Finger, P.A., Attorneys for Debtor, One Rodney Square, Post Office Box 551, Wilmington, Delaware 19899, Attn: Thomas L. Ambro, Esq. and Mark D. Collins, Esq.; (iv) Akin, Gump, Strauss, Hauer & Feld, LLP, Attorneys for the Statutory Committee of Unsecured Creditors, 590 Madison Avenue, New York, New York 10022, Attn: Lisa G. Beckerman, Esq.; (v) Young, Conaway, Stargatt & Taylor, Attorneys for the Statutory Committee of Unsecured Creditors, Rodney Square North, Post Office Box 391, Wilmington, Delaware 19899, Attn: David Sasson Peress, Esq.; (vi) Kirkland & Ellis, Attorneys for Inverness/Phoenix Capital, LLC, lead member of the Unofficial Committee of Preferred Shareholders, 200 East Randolph Drive, Chicago, Illinois 60601, Attn: James L. Learner, P.C., Esq.; (vii) Kirkland & Ellis, Attorneys for Inverness/Phoenix Capital, LLC, lead member of the Unofficial Committee of Preferred Shareholders, 153 East 53rd Street, New York, New York 10022, Attn: Lena Mandel, Esq.; (viii) Pachulski, Stang, Ziehl, Young & Jones, PC, Attorneys for Inverness/Phoenix Capital, LLC, lead member of the Unofficial Committee of Preferred Shareholders, 919 North Market Street, Suite 1600, Wilmington, Delaware 19801, Attn: Laura Davis Jones, Esq.; (ix) Winthrop, Stimson, Putnam & Roberts, Attorneys for the Debtor's Secured Lenders, One Battery Park Plaza, New York, New York 10004, Attn: Charles H. Vejvoda, Esq.; (x) Pepper Hamilton LLP, Attorneys for the Debtor's Secured Lenders, 1201 Market Street, Suite 1600, Post Office Box 1709, Wilmington, Delaware 19899, Attn: David B. Stratton, Esq. and David M. Fournier, Esq.; (xi) Office of the United States Trustee, 60 Walnut Street, Curtis Center, Suite 950 West, Philadelphia, Pennsylvania 19106, Attn: Frank Perch, Esq.; and (xii) PennCorp Financial Group, Inc. c/o Southwestern Financial Services Corp., 717 North Harwood Street, Dallas, Texas 75201, Attn: Scott D. Silverman, Esq.

Dated: New York, New York
April 25, 2000

WEIL, GOTSHAL & MANGES LLP
Attorneys for Debtor and Debtor in Possession
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re PENNCORP FINANCIAL GROUP, INC.,
Debtor.

Chapter 11 Case No.
00-888 (PJW)

**BALLOT FOR (i) ACCEPTING OR REJECTING
PLAN OF REORGANIZATION FOR PENNCORP FINANCIAL GROUP, INC.,
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE AND (ii) SUBSCRIBING
UNDER RIGHTS OFFERING TO PURCHASE SHARES OF NEW COMMON STOCK**

**(Class 7: Interest Holders of \$3.375 Convertible Preferred, Cusip: 708094206 and
\$3.50 Series II Convertible Preferred, Cusip: 708094701)**

If you are a beneficial owner as of April 25, 2000, of \$3.375 Convertible Preferred or \$3.50 Series II Convertible Preferred Stock (collectively, the "Preferred Stock") issued by PennCorp Financial Group, Inc. (the "Debtor"), please use this Ballot (i) to cast your vote to accept or reject the chapter 11 plan of reorganization (the "Plan") which is being proposed jointly by the Debtor and the Unofficial Committee of Preferred Shareholders and (ii) to subscribe to purchase shares of new common stock to be issued by the reorganized Debtor (the "New Common Stock") if the Plan is confirmed by the Bankruptcy Court. The Plan is Exhibit "A" to the disclosure statement, dated April 25, 2000 (the "Disclosure Statement"), which accompanies this Ballot. The Plan can be confirmed by the Bankruptcy Court and thereby made binding upon you if it is accepted by the holders of two-thirds in amount of equity security interests in each class that vote on the Plan, and if it otherwise satisfies the requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court may nonetheless confirm the Plan if it finds that the Plan provides fair and equitable treatment to, and does not discriminate unfairly against, the class or classes rejecting it, and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

IMPORTANT

VOTING DEADLINE: 5:00 P.M., EASTERN TIME ON MAY 31, 2000.

RIGHTS OFFERING SUBSCRIPTION DEADLINE: 5:00 P.M., EASTERN TIME ON MAY 31, 2000.

YOU MAY VOTE ON THE PLAN WITHOUT SUBSCRIBING TO THE RIGHTS OFFERING.

**HOWEVER IF YOU DO NOT VOTE ON THE PLAN BUT YOU SUBSCRIBE TO THE RIGHTS OFFERING,
YOU WILL BE DEEMED TO HAVE ACCEPTED THE PLAN.**

REVIEW THE ACCOMPANYING DISCLOSURE STATEMENT FOR THE PLAN.

BALLOTS WILL NOT BE ACCEPTED BY FACSIMILE TRANSMISSION.

DO NOT RETURN ANY SECURITIES WITH THIS BALLOT. The Balloting Agent, Innisfree M&A Incorporated, will not accept delivery of any such certificates.

HOW TO VOTE

1. TURN TO SECTION "A" OF THIS BALLOT.
2. COMPLETE ITEM A-1 AND ITEM A-2. YOU MUST VOTE *ALL YOUR PREFERRED STOCK* TO ACCEPT OR TO REJECT THE PLAN AND MAY NOT SPLIT YOUR VOTE.
3. TURN TO SECTION "C" OF THIS BALLOT.
4. REVIEW THE CERTIFICATIONS CONTAINED IN SECTION "C."
5. SIGN THE BALLOT in Section "C."
6. RETURN THE BALLOT IN THE PRE-ADDRESSED POSTAGE-PAID ENVELOPE for it to be received on or before the Voting/Rights Offering Subscription Deadline. THIS BALLOT MUST BE RECEIVED ON OR BEFORE THE VOTING/RIGHTS OFFERING SUBSCRIPTION DEADLINE, OR YOUR VOTE WILL NOT BE COUNTED.

HOW TO SUBSCRIBE TO THE RIGHTS OFFERING

1. TURN TO SECTION "B" OF THIS BALLOT.
2. COMPLETE ITEM B-1 AND ITEM B-2.
3. TURN TO SECTION "C" OF THIS BALLOT.
4. Review the certifications contained in Section "C."
5. **SIGN THE BALLOT** in Section "C."
6. RETURN THE BALLOT in the pre-addressed postage-paid envelope and (i) **INCLUDE PAYMENT IN FULL** (\$12.50 for each share of New Common Stock subscribed for) by certified check, cashier's check, or postal, telegraphic, or express money order, payable to "PennCorp Financial Group, Inc." or (ii) simultaneously wire transfer **PAYMENT IN FULL** (\$12.50 for each share of New Common Stock subscribed for) in accordance with wire transfer instructions you may obtain by calling the Balloting Agent at (877) 750-2689 (toll free). If you are mailing your Ballot and enclosing payment, you are urged to use registered mail, properly insured, with return receipt requested or an overnight courier service (rather than the enclosed postage-paid envelope). **THIS BALLOT AND PAYMENT IN FULL MUST BE RECEIVED ON OR BEFORE THE VOTING/RIGHTS OFFERING SUBSCRIPTION DEADLINE OR YOUR VOTE AND SUBSCRIPTION WILL NOT BE VALID.**
7. You may contact the Balloting Agent to confirm whether your Ballot and payment have been received, by calling (877) 750-2689 (toll free).

SECTION "A" – VOTING ON THE PLAN:

Item A-1. Number of Shares of Preferred Stock Voted. The undersigned certifies that as of April 25, 2000 the undersigned was the beneficial owner of the following aggregate number of shares of Preferred Stock (insert number of shares in the box below).

insert number of shares

Item A-2. Vote. The beneficial owner of the Preferred Stock identified in Item A-1 votes as follows (check one box only—if you check both boxes you will be deemed to have accepted the Plan):

to Accept the Plan. to Reject the Plan.

SECTION "B" – RIGHTS OFFERING SUBSCRIPTION:

Item B-1. Number of Shares of Preferred Stock Held. The undersigned certifies that as of April 25, 2000 the undersigned was the beneficial owner of the following aggregate number of shares of Preferred Stock (insert number of shares in the box below). This number should be the same as the number inserted in Item A-1.

insert number of shares

Item B-2. Exercise of Rights to Purchase New Common Stock. Each share of Preferred Stock identified in Item B-1 equals one non-transferable right to purchase 0.3787 share of New Common Stock for \$12.50 per share (a "Right"). (For example, 100 shares of Preferred Stock equals 100 Rights that entitle the holder to purchase up to 37 shares of New Common Stock for \$462.50) The beneficial owner of the Preferred Stock identified in Item B-1 irrevocably elects to exercise Rights to purchase shares of New Common Stock, as follows (complete the table below):

	x 0.3787 =		x \$12.50 per Share =	\$
No. of Rights Exercised (you may exercise any whole number of Rights (no fractions) that is equal to or less than the number of shares identified in Item B-1)		No. of Shares of New Common Stock to be Purchased (YOU MUST ROUND FRACTIONS DOWN TO NEXT WHOLE NUMBER)		Your Total Subscription Price

MAKE PAYMENT OF YOUR TOTAL SUBSCRIPTION PRICE either (i) by certified check, cashier's check, or postal, telegraphic or express money order, payable to "PennCorp Financial Group, Inc." accompanying your return of this Ballot or (ii) by wire transfer of immediately available U.S. funds pursuant to instructions obtained by calling the Balloting Agent at (877) 750-2689 (toll free).

PLEASE NOTE: NO SUBSCRIPTION WILL BE VALID UNLESS THIS PROPERLY COMPLETED SIGNED BALLOT AND PAYMENT OF YOUR TOTAL SUBSCRIPTION PRICE ARE RECEIVED ON OR BEFORE 5:00 P.M. EASTERN TIME ON MAY 31, 2000. Payment of an amount insufficient to cover the stated subscription or failure to specify the number of shares of New Common Stock to be purchased will be treated as subscriptions to purchase the number of shares to the extent of the payment made (excluding fractional shares). Overpayment of amounts will be treated as subscriptions to purchase the lesser of (a) the number of shares that may be purchased based on the number of Rights held by you and (b) the number of shares (excluding fractional shares) which may be purchased with the payment tendered. Overpayment of \$50 or more will be refunded, without interest. IF THE PLAN IS NOT CONFIRMED, PAYMENTS WILL BE REFUNDED, WITHOUT INTEREST.

SECTION "C" - VOTING/SUBSCRIPTION AUTHORIZATION:

By returning this signed Ballot with Item A-2 and/or Item B-2 completed, the beneficial owner of the Preferred Stock identified in Item A-1 and/or B-1 certifies that (a) it has full power and authority to vote to accept or reject the Plan with respect to the Preferred Stock listed in Item A-1 and/or B-1, (b) it was the beneficial owner of the Preferred Stock described in Item A-1 and/or B-1 on April 25, 2000, (c) all Ballots to vote Preferred Stock submitted by the beneficial owner indicate the same vote to accept or reject the Plan that the beneficial owner has indicated in this Ballot, and (d) it has received a copy of the Disclosure Statement (including the exhibits thereto), and understands that the solicitation of votes on the Plan is subject to all the terms and conditions set forth in the Disclosure Statement and that the Rights Offering is subject to all the terms and conditions set forth in the Plan and Disclosure Statement. Additionally, by returning this signed Ballot with Item B-2 completed, the beneficial owner of the Preferred Stock identified in Item B-1 certifies that it has full power and authority to exercise Rights with respect to the Preferred Stock listed in Item B-1.

Name: _____

(Print or Type)

Social Security or Federal Tax I.D. No.:

(Optional)

Signature: _____

By: _____

(If Appropriate)

Title: _____

(If Appropriate)

Street Address: _____

City, State, Zip Code: _____

Telephone Number: () _____

Date Completed: _____

THIS BALLOT MUST BE FORWARDED (AND IF YOU ARE SUBSCRIBING TO THE RIGHTS OFFERING, PAYMENT OF YOUR TOTAL SUBSCRIPTION PRICE MUST BE MADE) IN AMPLE TIME TO BE RECEIVED BY THE BALLOTING AGENT, INNISFREE M&A INCORPORATED, BY 5:00 P.M., EASTERN TIME, ON MAY 31, 2000, OR YOUR VOTE AND/OR SUBSCRIPTION, AS THE CASE MAY BE, WILL NOT BE VALID. THE METHOD OF DELIVERY OF BALLOTS AND PAYMENT OF THE RIGHTS OFFERING SUBSCRIPTION PRICE WILL BE AT THE RISK OF THE RIGHTS HOLDER. A PRE-ADDRESSED POSTAGE-PAID ENVELOPE WAS PROVIDED FOR YOUR CONVENIENCE, BUT IF YOU ARE ENCLOSING PAYMENT FOR RIGHTS SUBSCRIBED TO, IT IS RECOMMENDED THAT YOU USE REGISTERED MAIL, PROPERLY INSURED, WITH A RETURN RECEIPT REQUESTED, OR AN OVERNIGHT COURIER SERVICE.

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT, THE VOTING PROCEDURES, THE RIGHTS OFFERING SUBSCRIPTION PROCEDURES, OR WISH TO CONFIRM RECEIPT OF YOUR PAYMENT, OR IF YOU NEED WIRE TRANSFER INSTRUCTIONS, A BALLOT OR ADDITIONAL COPIES OF THE DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, PLEASE CALL INNISFREE M&A INCORPORATED, AT (877) 750-2689 (TOLL FREE).