

Loan-Based Split Dollar

For: Alan Westbrook



Presented By: _____

[Licensed user's name appears here]

Preface

This executive fringe benefit involves a series of employer-sponsored loans to a valued executive for the purpose of purchasing a cash value life insurance policy.

Promissory Notes: The loans that are associated with this form of split dollar are evidenced by a series of promissory notes between the employer and the executive, and the life insurance policy is assigned as security for the loans. The loans are typically term loans, i.e., they are due at the end of specific period of years; however, the promissory note calls for the acceleration of repayment should the executive die prior to the date of scheduled loan repayments.

Loan Interest: The interest rate for each loan must bear interest equal to or greater than the Applicable Federal Rate (“AFR”) established under IRC Sections 7872(f)(2)(A) and 1274(d) at the inception of the loan. As an additional benefit, the employer may choose to offset the executive’s loan interest payments by way of a second bonus¹.

If no interest or an inadequate rate of interest is charged on a loan, the IRS recharacterizes the loan into an “arms-length” transaction and imputes an interest rate that is deemed to have been received by the lender and paid by the borrower.

The AFR is published monthly and is determined by the length of the loan transaction, i.e., either the short-term rate (3 years or less), the mid-term rate (over 3 years but not over 9 years), or the long-term rate (over 9 years).

So long as the loan interest rate paid is equal to or exceeds the Applicable Federal Rate, no interest is imputed by the IRS on the transaction.

The loan interest rate for each new loan will likely be different, and each such loan must bear interest equal to or greater than the selected AFR in effect during the month the new loan is executed. Each new loan should be evidenced by its own promissory note.

There are four ways to deal with unknown future loan interest rates:

1. If a bonus¹ is paid to the executive to offset the loan interest, accept the risk: Changing interest rates may increase or decrease the amount of the bonus; however, the loan interest paid to the employer by the executive should provide a significant offset.
2. If the loan interest rate increases, the executive can be allowed to accrue the additional interest. Alternatively, the executive could also withdraw funds from his or her share of the policy values to make up the difference in the loan interest due.
3. Renegotiate the loans: Wait until a time when AFR dips and recast the series of promissory notes into a new note at the reduced rate.
4. Consolidate all loans at the inception of the plan: In this case, the loaned funds in excess of the amount needed to pay the policy’s initial premium should be reserved by the executive to pay the remaining stream of premiums. The employer may wish to consider requiring some form of custodianship for the reserved funds to be certain they are used for the intended purpose.

AFRs in effect for March 2017

Long-term loans (over 9 years): 2.78%

Mid-term loans (over 3 years; not over 9): 2.05%

Short-term loans (3 years or less): 1.01%

¹ If a bonus is used to assist with loan interest payments (or repayment of the employer's loans), care must be taken so as not to have the employer directly or indirectly make the loan interest payments (or loan repayments) on behalf of the executive. The purpose of this is to comply with the prohibition against the employer making such payments as provided in the split dollar final regulations issued in 2003 (TD 9092, 9/11/03 and Rev. Rul. 2003-105).

Preface (continued)

Repayment of Loans from the Employer

In the event of the executive's death, the employer's loans are repaid from the life insurance policy's death benefit; otherwise, loan repayment is handled in one of the following ways. A check mark indicates the method illustrated in the accompanying material.

- 1. The executive uses personal funds to repay the loans from the employer.
- 2. The executive borrows against the policy or surrenders a portion of policy values to repay the loans from the employer.
- 3. The employer bonuses an amount to the executive to offset the repayment of the loans.
- 4. The employer grosses up bonuses to the executive to offset both the repayment of the loans and the tax on the bonus.

Living Benefits for the Executive

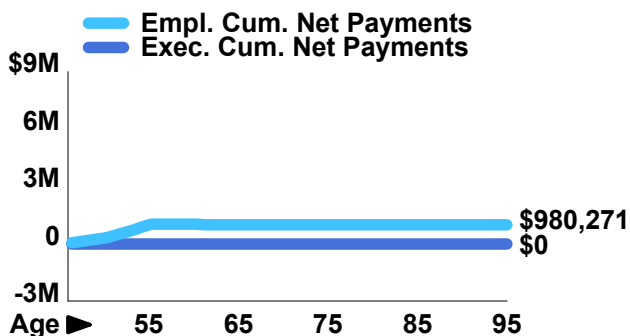
The executive may, if the parties agree, have direct access to policy cash values in excess of the amount required to collateralize the loans from the employer.

If the loans have been repaid, the executive has free access to the cash values. The cash values can be accessed via: 1) policy loans or 2) policy withdrawals or 3) a combination of loans and withdrawals.

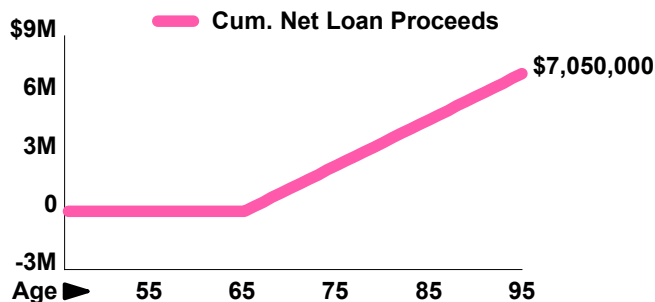
Death Benefits for Beneficiaries

Income tax free death benefits from the executive's share of the life insurance policy's death benefit can produce income streams for the executive's family or liquidity to help offset wealth transfer taxes.

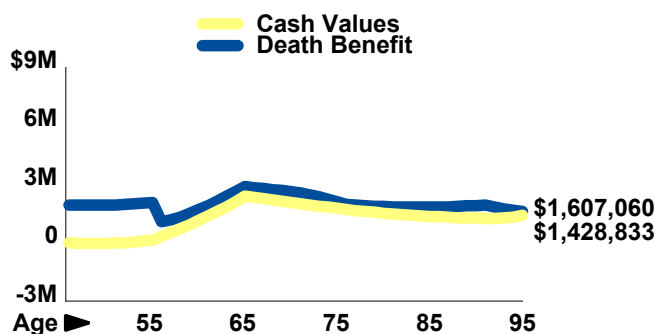
Plan Payments



Executive's Cash Flow



Executive's Values



Preface (continued)

Important Notes

A dramatic rise in loan interest rates at the maturity of a demand, short-term or mid-term loan may result in less-than-acceptable loan interest rates when the loan is renewed. When you are dealing with a financial arrangement of many years, long-term loans produce more stable interest rates that can be renegotiated downward should rates decline, but are capped at rates that are known as each loan is made. Due to this you may want to establish your arrangement using long-term loans.

IRC Section 409A should not apply to this form of split dollar unless the employer is bound by the agreement between the parties to forgive the loan, waive payments, etc.

Policy loans reduce cash values and death benefits, and the lapse of a policy with loans could result in negative tax consequences. Be sure to consult with your own legal and tax advisers if you have any questions about this issue.

You should also consult with these advisers before entering into this or any other arrangement involving tax, legal, and economic considerations.

Care must be exercised if a hospital and a doctor employed by that hospital use this form of split dollar due to the Medicare-Medicaid Anti-Kickback Rule and the Stark II Rules. A plan should be able to be designed that complies with these rules; however, if this applies to you, be certain to consult with your legal and tax advisers on these issues.

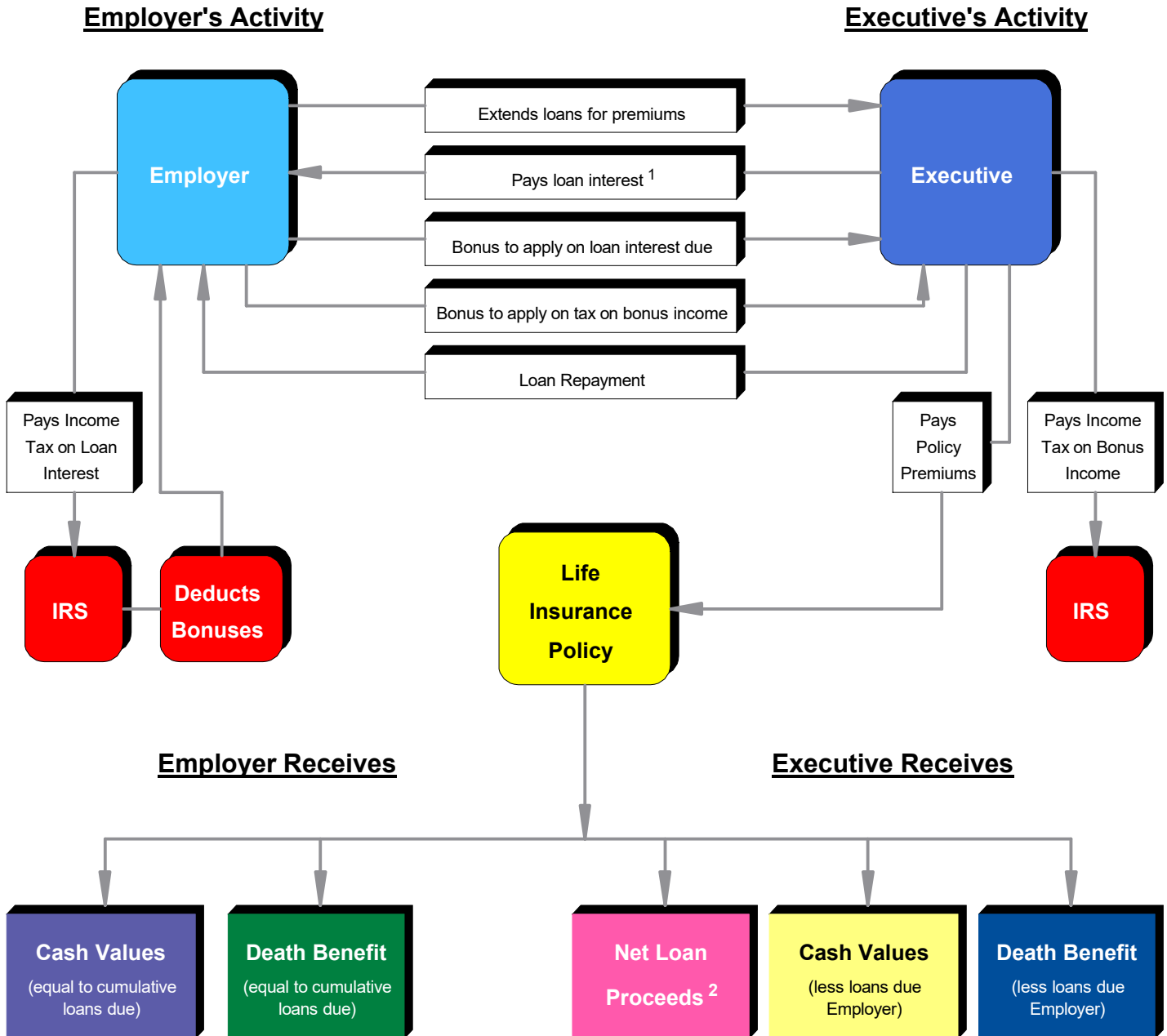
Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Midland Oil Supply, Inc.

Flow Chart



¹ If the loan interest paid on each loan is equal to or greater than the Applicable Federal Rate established under IRC Sections 7872(f)(2)(A) and 1274(d), then no additional loan interest will be imputed to the Executive.

² For retirement income for the executive.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Midland Oil Supply, Inc.

Illustration of Policy Values Funding the Plan

| | | Indexed UL Interest Rate 7.00% | Initial Premium 65,000 | Initial Policy Death Benefit 1,947,400 | | |
|------|-------------|--------------------------------------|---------------------------------------|----------------------------------------------|-----------------------------------|-------------------------|
| Year | Male Age | (1) Policy Premium | (2) Net Policy Loan Proceeds | (3) Cash Value* Increase | (4) Year End Cash Value* | (5) Death Benefit |
| 1 | 45 | 65,000 | 0 | 52,894 | 52,894 | 2,000,294 |
| 2 | 46 | 65,000 | 0 | 56,618 | 109,512 | 2,056,912 |
| 3 | 47 | 65,000 | 0 | 60,685 | 170,197 | 2,117,597 |
| 4 | 48 | 65,000 | 0 | 65,103 | 235,300 | 2,182,700 |
| 5 | 49 | 65,000 | 0 | 69,818 | 305,118 | 2,252,518 |
| 6 | 50 | 130,000 | 0 | 140,239 | 445,357 | 2,392,757 |
| 7 | 51 | 130,000 | 0 | 150,226 | 595,583 | 2,542,983 |
| 8 | 52 | 130,000 | 0 | 160,950 | 756,533 | 2,703,933 |
| 9 | 53 | 130,000 | 0 | 172,467 | 929,000 | 2,876,400 |
| 10 | 54 | 130,000 | 0 | 184,714 | 1,113,714 | 3,061,114 |
| 11 | 55 | 0 | 0 | 87,788 | 1,201,502 | 1,947,400 |
| 12 | 56 | 0 | 0 | 94,788 | 1,296,290 | 1,947,400 |
| 13 | 57 | 0 | 0 | 102,384 | 1,398,674 | 1,986,118 |
| 14 | 58 | 0 | 0 | 110,640 | 1,509,314 | 2,082,853 |
| 15 | 59 | 0 | 0 | 119,439 | 1,628,753 | 2,182,529 |
| 16 | 60 | 0 | 0 | 128,889 | 1,757,642 | 2,284,935 |
| 17 | 61 | 0 | 0 | 139,017 | 1,896,659 | 2,427,723 |
| 18 | 62 | 0 | 0 | 149,903 | 2,046,562 | 2,578,669 |
| 19 | 63 | 0 | 0 | 161,640 | 2,208,202 | 2,738,171 |
| 20 | 64 | 0 | 0 | 174,306 | 2,382,508 | 2,906,660 |
| 21 | 65 | 0 | 235,000 | -61,253 | 2,321,255 | 2,834,856 |
| 22 | 66 | 0 | 235,000 | -61,778 | 2,259,477 | 2,784,887 |
| 23 | 67 | 0 | 235,000 | -62,162 | 2,197,315 | 2,732,850 |
| 24 | 68 | 0 | 235,000 | -62,500 | 2,134,815 | 2,678,532 |
| 25 | 69 | 0 | 235,000 | -62,887 | 2,071,928 | 2,621,588 |
| 26 | 70 | 0 | 235,000 | -63,110 | 2,008,818 | 2,561,896 |
| 27 | 71 | 0 | 235,000 | -62,663 | 1,946,155 | 2,460,331 |
| 28 | 72 | 0 | 235,000 | -61,735 | 1,884,420 | 2,350,893 |
| 29 | 73 | 0 | 235,000 | -60,213 | 1,824,207 | 2,233,258 |
| 30 | 74 | 0 | 235,000 | -57,950 | 1,766,257 | 2,107,146 |
| | | 975,000 | 2,350,000 | | | |

30 Year Summary

| | |
|-------------------------------|-----------|
| Cum. Payments | 975,000 |
| Cum. Net Policy Loan Proceeds | 2,350,000 |
| Cash Value | 1,766,257 |
| Death Benefit | 2,107,146 |

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Midland Oil Supply, Inc.

Illustration of Policy Values Funding the Plan

Indexed UL Interest Rate 7.00%
 Initial Premium 65,000
 Initial Policy Death Benefit 1,947,400

| Year | Male Age | (1) Policy Premium | (2) Net Policy Loan Proceeds | (3) Cash Value* Increase | (4) Year End Cash Value* | (5) Death Benefit |
|------|----------|-----------------------|---------------------------------|-----------------------------|-----------------------------|----------------------|
| 31 | 75 | 0 | 235,000 | -54,787 | 1,711,470 | 1,972,319 |
| 32 | 76 | 0 | 235,000 | -52,681 | 1,658,789 | 1,938,106 |
| 33 | 77 | 0 | 235,000 | -50,199 | 1,608,590 | 1,907,553 |
| 34 | 78 | 0 | 235,000 | -47,325 | 1,561,265 | 1,881,126 |
| 35 | 79 | 0 | 235,000 | -44,030 | 1,517,235 | 1,859,322 |
| 36 | 80 | 0 | 235,000 | -40,318 | 1,476,917 | 1,842,637 |
| 37 | 81 | 0 | 235,000 | -36,721 | 1,440,196 | 1,831,012 |
| 38 | 82 | 0 | 235,000 | -32,938 | 1,407,258 | 1,824,704 |
| 39 | 83 | 0 | 235,000 | -29,045 | 1,378,213 | 1,823,899 |
| 40 | 84 | 0 | 235,000 | -25,290 | 1,352,923 | 1,828,520 |
| 41 | 85 | 0 | 235,000 | -22,107 | 1,330,816 | 1,838,044 |
| 42 | 86 | 0 | 235,000 | -18,851 | 1,311,965 | 1,852,621 |
| 43 | 87 | 0 | 235,000 | -16,342 | 1,295,623 | 1,871,552 |
| 44 | 88 | 0 | 235,000 | -15,016 | 1,280,607 | 1,893,681 |
| 45 | 89 | 0 | 235,000 | -15,159 | 1,265,448 | 1,917,553 |
| 46 | 90 | 0 | 235,000 | -17,424 | 1,248,024 | 1,941,037 |
| 47 | 91 | 0 | 235,000 | -1,365 | 1,246,659 | 1,836,110 |
| 48 | 92 | 0 | 235,000 | 22,267 | 1,268,926 | 1,739,318 |
| 49 | 93 | 0 | 235,000 | 56,201 | 1,325,127 | 1,659,193 |
| 50 | 94 | 0 | 235,000 | 103,706 | 1,428,833 | 1,607,060 |

975,000 7,050,000

50 Year Summary

| | |
|-------------------------------|-----------|
| Cum. Payments | 975,000 |
| Cum. Net Policy Loan Proceeds | 7,050,000 |
| Cash Value | 1,428,833 |
| Death Benefit | 1,607,060 |

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Midland Oil Supply, Inc.

Summary

Employer's Tax Bracket 40.00% Executive's Tax Bracket 35.00% Indexed UL Interest Rate 7.00% Initial Policy Death Benefit 1,947,400 Assumed Long-Term AFR for All Years Illustrated 2.78% Promissory Note Interest Rate 2.78%

| Year | Male Age | Employer | | | | Executive | | | |
|------|----------|---------------------|--------------------------------|-----------------------------------------------------|------------------------------------------------|---------------------|-----------------------------------------------------------------|------------------------------------------|-------------------------------------------|
| | | (1) Net Payment* | (2) Cumulative Net Payments | (3) Portion of Col. (2) Due as a Loan Receivable | (4) Cumulative Charge to Earnings (2) - (3) | (5) Net Payment* | (6) Net Policy Loan Proceeds Available for Retirement Income | (7) Executive's Share of Cash Value** | (8) Executive's Share of Death Benefit |
| 1 | 45 | 65,584 | 65,584 | 65,000 | 584 | 0 | 0 | -12,106 | 1,935,294 |
| 2 | 46 | 66,168 | 131,752 | 130,000 | 1,752 | 0 | 0 | -20,488 | 1,926,912 |
| 3 | 47 | 66,751 | 198,503 | 195,000 | 3,503 | 0 | 0 | -24,803 | 1,922,597 |
| 4 | 48 | 67,335 | 265,838 | 260,000 | 5,838 | 0 | 0 | -24,700 | 1,922,700 |
| 5 | 49 | 67,919 | 333,757 | 325,000 | 8,757 | 0 | 0 | -19,882 | 1,927,518 |
| 6 | 50 | 134,087 | 467,844 | 455,000 | 12,844 | 0 | 0 | -9,643 | 1,937,757 |
| 7 | 51 | 135,254 | 603,098 | 585,000 | 18,098 | 0 | 0 | 10,583 | 1,957,983 |
| 8 | 52 | 136,422 | 739,520 | 715,000 | 24,520 | 0 | 0 | 41,533 | 1,988,933 |
| 9 | 53 | 137,589 | 877,109 | 845,000 | 32,109 | 0 | 0 | 84,000 | 2,031,400 |
| 10 | 54 | 138,757 | 1,015,866 | 975,000 | 40,866 | 0 | 0 | 138,714 | 2,086,114 |
| 11 | 55 | 381 | 1,016,247 | 877,500 | 138,747 | 0 | 0 | 324,002 | 1,069,900 |
| 12 | 56 | -494 | 1,015,753 | 780,000 | 235,753 | 0 | 0 | 516,290 | 1,167,400 |
| 13 | 57 | -1,370 | 1,014,383 | 682,500 | 331,883 | 0 | 0 | 716,174 | 1,303,618 |
| 14 | 58 | -2,246 | 1,012,137 | 585,000 | 427,137 | 0 | 0 | 924,314 | 1,497,853 |
| 15 | 59 | -3,122 | 1,009,015 | 487,500 | 521,515 | 0 | 0 | 1,141,253 | 1,695,029 |
| 16 | 60 | -3,997 | 1,005,018 | 390,000 | 615,018 | 0 | 0 | 1,367,642 | 1,894,935 |
| 17 | 61 | -4,873 | 1,000,145 | 292,500 | 707,645 | 0 | 0 | 1,604,159 | 2,135,223 |
| 18 | 62 | -5,749 | 994,396 | 195,000 | 799,396 | 0 | 0 | 1,851,562 | 2,383,669 |
| 19 | 63 | -6,625 | 987,771 | 97,500 | 890,271 | 0 | 0 | 2,110,702 | 2,640,671 |
| 20 | 64 | -7,500 | 980,271 | 0 | 980,271 | 0 | 0 | 2,382,508 | 2,906,660 |
| 21 | 65 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 2,321,255 | 2,834,856 |
| 22 | 66 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 2,259,477 | 2,784,887 |
| 23 | 67 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 2,197,315 | 2,732,850 |
| 24 | 68 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 2,134,815 | 2,678,532 |
| 25 | 69 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 2,071,928 | 2,621,588 |
| 26 | 70 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 2,008,818 | 2,561,896 |
| 27 | 71 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,946,155 | 2,460,331 |
| 28 | 72 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,884,420 | 2,350,893 |
| 29 | 73 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,824,207 | 2,233,258 |
| 30 | 74 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,766,257 | 2,107,146 |
| | | 980,271 | | | | 0 | 2,350,000 | | |

Executive's 30 Year Summary

| | Living Values [†] | Death Benefit |
|--------------------------------------|----------------------------|---------------|
| Indexed Universal Life: | 1,766,257 | 2,107,146 |
| Less Loan Repayment Due Employer: | 0 | 0 |
| Equals Executive's Net Value: | 1,766,257 | 2,107,146 |
| Plus Cumulative After Tax Cash Flow: | 2,350,000 | 2,350,000 |
| Equals Executive's Total Net Value: | 4,116,257 | 4,457,146 |

†Cash value less employer's loans plus cum. net policy loans.

*See appropriate Net Payment Analysis for details.

**This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Midland Oil Supply, Inc.

Summary

| | | | | | |
|----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------------|----------------------------------------------------------|----------------------------------------|
| Employer's Tax Bracket 40.00% | Executive's Tax Bracket 35.00% | Indexed UL Interest Rate 7.00% | Initial Policy Death Benefit 1,947,400 | Assumed Long-Term AFR for All Years Illustrated 2.78% | Promissory Note Interest Rate 2.78% |
|----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------------|----------------------------------------------------------|----------------------------------------|

| Year | Male Age | Employer | | | | Executive | | | |
|------|----------|---------------------|--------------------------------|-----------------------------------------------------|------------------------------------------------|---------------------|-----------------------------------------------------------------|------------------------------------------|-------------------------------------------|
| | | (1) Net Payment* | (2) Cumulative Net Payments | (3) Portion of Col. (2) Due as a Loan Receivable | (4) Cumulative Charge to Earnings (2) - (3) | (5) Net Payment* | (6) Net Policy Loan Proceeds Available for Retirement Income | (7) Executive's Share of Cash Value** | (8) Executive's Share of Death Benefit |
| 31 | 75 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,711,470 | 1,972,319 |
| 32 | 76 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,658,789 | 1,938,106 |
| 33 | 77 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,608,590 | 1,907,553 |
| 34 | 78 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,561,265 | 1,881,126 |
| 35 | 79 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,517,235 | 1,859,322 |
| 36 | 80 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,476,917 | 1,842,637 |
| 37 | 81 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,440,196 | 1,831,012 |
| 38 | 82 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,407,258 | 1,824,704 |
| 39 | 83 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,378,213 | 1,823,899 |
| 40 | 84 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,352,923 | 1,828,520 |
| 41 | 85 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,330,816 | 1,838,044 |
| 42 | 86 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,311,965 | 1,852,621 |
| 43 | 87 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,295,623 | 1,871,552 |
| 44 | 88 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,280,607 | 1,893,681 |
| 45 | 89 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,265,448 | 1,917,553 |
| 46 | 90 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,248,024 | 1,941,037 |
| 47 | 91 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,246,659 | 1,836,110 |
| 48 | 92 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,268,926 | 1,739,318 |
| 49 | 93 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,325,127 | 1,659,193 |
| 50 | 94 | 0 | 980,271 | 0 | 980,271 | 0 | 235,000 | 1,428,833 | 1,607,060 |

980,271

0 7,050,000

Executive's 50 Year Summary

| | Living Values [†] | Death Benefit |
|--------------------------------------|----------------------------|---------------|
| Indexed Universal Life: | 1,428,833 | 1,607,060 |
| Less Loan Repayment Due Employer: | 0 | 0 |
| Equals Executive's Net Value: | 1,428,833 | 1,607,060 |
| Plus Cumulative After Tax Cash Flow: | 7,050,000 | 7,050,000 |
| Equals Executive's Total Net Value: | 8,478,833 | 8,657,060 |

†Cash value less employer's loans plus cum. net policy loans.

*See appropriate Net Payment Analysis for details.

**This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Midland Oil Supply, Inc.

Promissory Note Analysis

Assumed Long-Term AFR
for All Years Illustrated
2.78%**

Promissory Note
Interest Rate
2.78%

| Year | Male Age | Loan Collateral | | | | | | | |
|------|----------|--------------------------------------------|---------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------|-------------------------------------------|----------------------------------------------|------------------------------------|---------------------------------------|
| | | (1) Beginning of Year Loan to Executive | (2) Annual Loan Interest Paid from Non-Policy Values | (3) Annual Loan Interest Paid from Policy Values | (4) Loan Repayments from Non-Policy Values | (5) Loan Repayments from Policy Values | (6) Year End Cumulative Loan to Executive | (7) Year End Policy Cash Value* | (8) Year End Policy Death Benefit* |
| 1 | 45 | 65,000 | 1,807 | 0 | 0 | 0 | 65,000 | 52,894 | 2,000,294 |
| 2 | 46 | 65,000 | 3,614 | 0 | 0 | 0 | 130,000 | 109,512 | 2,056,912 |
| 3 | 47 | 65,000 | 5,421 | 0 | 0 | 0 | 195,000 | 170,197 | 2,117,597 |
| 4 | 48 | 65,000 | 7,228 | 0 | 0 | 0 | 260,000 | 235,300 | 2,182,700 |
| 5 | 49 | 65,000 | 9,035 | 0 | 0 | 0 | 325,000 | 305,118 | 2,252,518 |
| 6 | 50 | 130,000 | 12,649 | 0 | 0 | 0 | 455,000 | 445,357 | 2,392,757 |
| 7 | 51 | 130,000 | 16,263 | 0 | 0 | 0 | 585,000 | 595,583 | 2,542,983 |
| 8 | 52 | 130,000 | 19,877 | 0 | 0 | 0 | 715,000 | 756,533 | 2,703,933 |
| 9 | 53 | 130,000 | 23,491 | 0 | 0 | 0 | 845,000 | 929,000 | 2,876,400 |
| 10 | 54 | 130,000 | 27,105 | 0 | 0 | 0 | 975,000 | 1,113,714 | 3,061,114 |
| 11 | 55 | 0 | 24,395 | 0 | 97,500 | 0 | 877,500 | 1,201,502 | 1,947,400 |
| 12 | 56 | 0 | 21,684 | 0 | 97,500 | 0 | 780,000 | 1,296,290 | 1,947,400 |
| 13 | 57 | 0 | 18,974 | 0 | 97,500 | 0 | 682,500 | 1,398,674 | 1,986,118 |
| 14 | 58 | 0 | 16,263 | 0 | 97,500 | 0 | 585,000 | 1,509,314 | 2,082,853 |
| 15 | 59 | 0 | 13,553 | 0 | 97,500 | 0 | 487,500 | 1,628,753 | 2,182,529 |
| 16 | 60 | 0 | 10,842 | 0 | 97,500 | 0 | 390,000 | 1,757,642 | 2,284,935 |
| 17 | 61 | 0 | 8,132 | 0 | 97,500 | 0 | 292,500 | 1,896,659 | 2,427,723 |
| 18 | 62 | 0 | 5,421 | 0 | 97,500 | 0 | 195,000 | 2,046,562 | 2,578,669 |
| 19 | 63 | 0 | 2,711 | 0 | 97,500 | 0 | 97,500 | 2,208,202 | 2,738,171 |
| 20 | 64 | 0 | 0 | 0 | 97,500 | 0 | 0 | 2,382,508 | 2,906,660 |
| 21 | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 2,321,255 | 2,834,856 |
| 22 | 66 | 0 | 0 | 0 | 0 | 0 | 0 | 2,259,477 | 2,784,887 |
| 23 | 67 | 0 | 0 | 0 | 0 | 0 | 0 | 2,197,315 | 2,732,850 |
| 24 | 68 | 0 | 0 | 0 | 0 | 0 | 0 | 2,134,815 | 2,678,532 |
| 25 | 69 | 0 | 0 | 0 | 0 | 0 | 0 | 2,071,928 | 2,621,588 |
| 26 | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 2,008,818 | 2,561,896 |
| 27 | 71 | 0 | 0 | 0 | 0 | 0 | 0 | 1,946,155 | 2,460,331 |
| 28 | 72 | 0 | 0 | 0 | 0 | 0 | 0 | 1,884,420 | 2,350,893 |
| 29 | 73 | 0 | 0 | 0 | 0 | 0 | 0 | 1,824,207 | 2,233,258 |
| 30 | 74 | 0 | 0 | 0 | 0 | 0 | 0 | 1,766,257 | 2,107,146 |
| | | 975,000 | 248,465 | 0 | 975,000 | 0 | | | |

**See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Midland Oil Supply, Inc.

Promissory Note Analysis

Assumed Long-Term AFR
for All Years Illustrated
2.78%**

Promissory Note
Interest Rate
2.78%

| Year | Male Age | Loan Collateral | | | | | | | |
|------|----------|--------------------------------------------|---------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------|-------------------------------------------|----------------------------------------------|------------------------------------|---------------------------------------|
| | | (1) Beginning of Year Loan to Executive | (2) Annual Loan Interest Paid from Non-Policy Values | (3) Annual Loan Interest Paid from Policy Values | (4) Loan Repayments from Non-Policy Values | (5) Loan Repayments from Policy Values | (6) Year End Cumulative Loan to Executive | (7) Year End Policy Cash Value* | (8) Year End Policy Death Benefit* |
| 31 | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 1,711,470 | 1,972,319 |
| 32 | 76 | 0 | 0 | 0 | 0 | 0 | 0 | 1,658,789 | 1,938,106 |
| 33 | 77 | 0 | 0 | 0 | 0 | 0 | 0 | 1,608,590 | 1,907,553 |
| 34 | 78 | 0 | 0 | 0 | 0 | 0 | 0 | 1,561,265 | 1,881,126 |
| 35 | 79 | 0 | 0 | 0 | 0 | 0 | 0 | 1,517,235 | 1,859,322 |
| 36 | 80 | 0 | 0 | 0 | 0 | 0 | 0 | 1,476,917 | 1,842,637 |
| 37 | 81 | 0 | 0 | 0 | 0 | 0 | 0 | 1,440,196 | 1,831,012 |
| 38 | 82 | 0 | 0 | 0 | 0 | 0 | 0 | 1,407,258 | 1,824,704 |
| 39 | 83 | 0 | 0 | 0 | 0 | 0 | 0 | 1,378,213 | 1,823,899 |
| 40 | 84 | 0 | 0 | 0 | 0 | 0 | 0 | 1,352,923 | 1,828,520 |
| 41 | 85 | 0 | 0 | 0 | 0 | 0 | 0 | 1,330,816 | 1,838,044 |
| 42 | 86 | 0 | 0 | 0 | 0 | 0 | 0 | 1,311,965 | 1,852,621 |
| 43 | 87 | 0 | 0 | 0 | 0 | 0 | 0 | 1,295,623 | 1,871,552 |
| 44 | 88 | 0 | 0 | 0 | 0 | 0 | 0 | 1,280,607 | 1,893,681 |
| 45 | 89 | 0 | 0 | 0 | 0 | 0 | 0 | 1,265,448 | 1,917,553 |
| 46 | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 1,248,024 | 1,941,037 |
| 47 | 91 | 0 | 0 | 0 | 0 | 0 | 0 | 1,246,659 | 1,836,110 |
| 48 | 92 | 0 | 0 | 0 | 0 | 0 | 0 | 1,268,926 | 1,739,318 |
| 49 | 93 | 0 | 0 | 0 | 0 | 0 | 0 | 1,325,127 | 1,659,193 |
| 50 | 94 | 0 | 0 | 0 | 0 | 0 | 0 | 1,428,833 | 1,607,060 |
| | | 975,000 | 248,465 | 0 | 975,000 | 0 | | | |

**See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

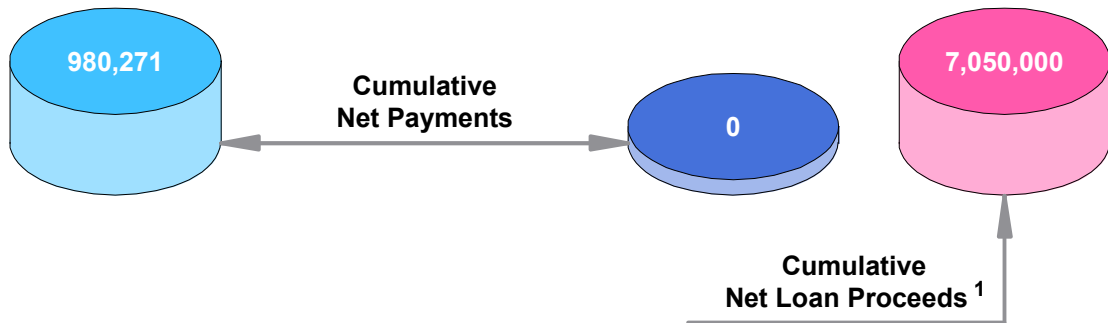
Insured: Alan Westbrook

Midland Oil Supply, Inc.

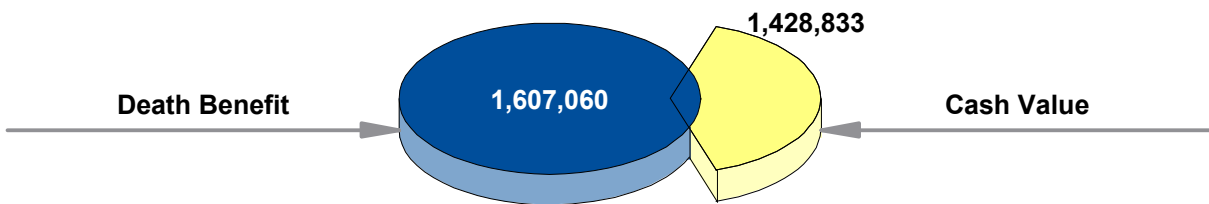
A Look at Year 50

Employer

Executive



Executive



¹For retirement income.

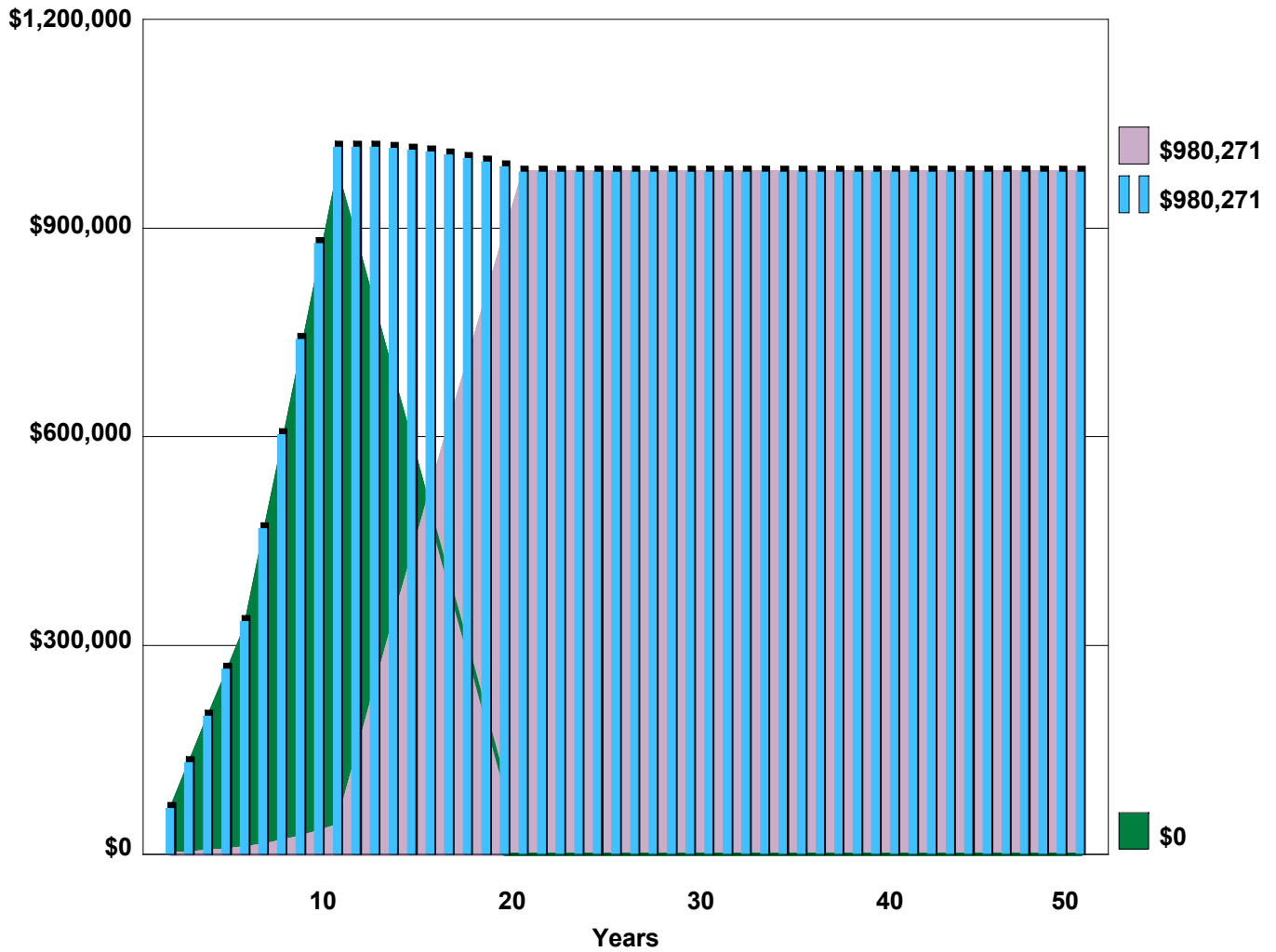
Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Employer's 50 Year Analysis

Midland Oil Supply, Inc.



At Year 50

| | |
|------------------------------------|-----------|
| Employer's Cumulative Net Payments | \$980,271 |
| Cumulative Charge to Earnings | \$980,271 |
| Loans Due Employer from Executive | \$0 |

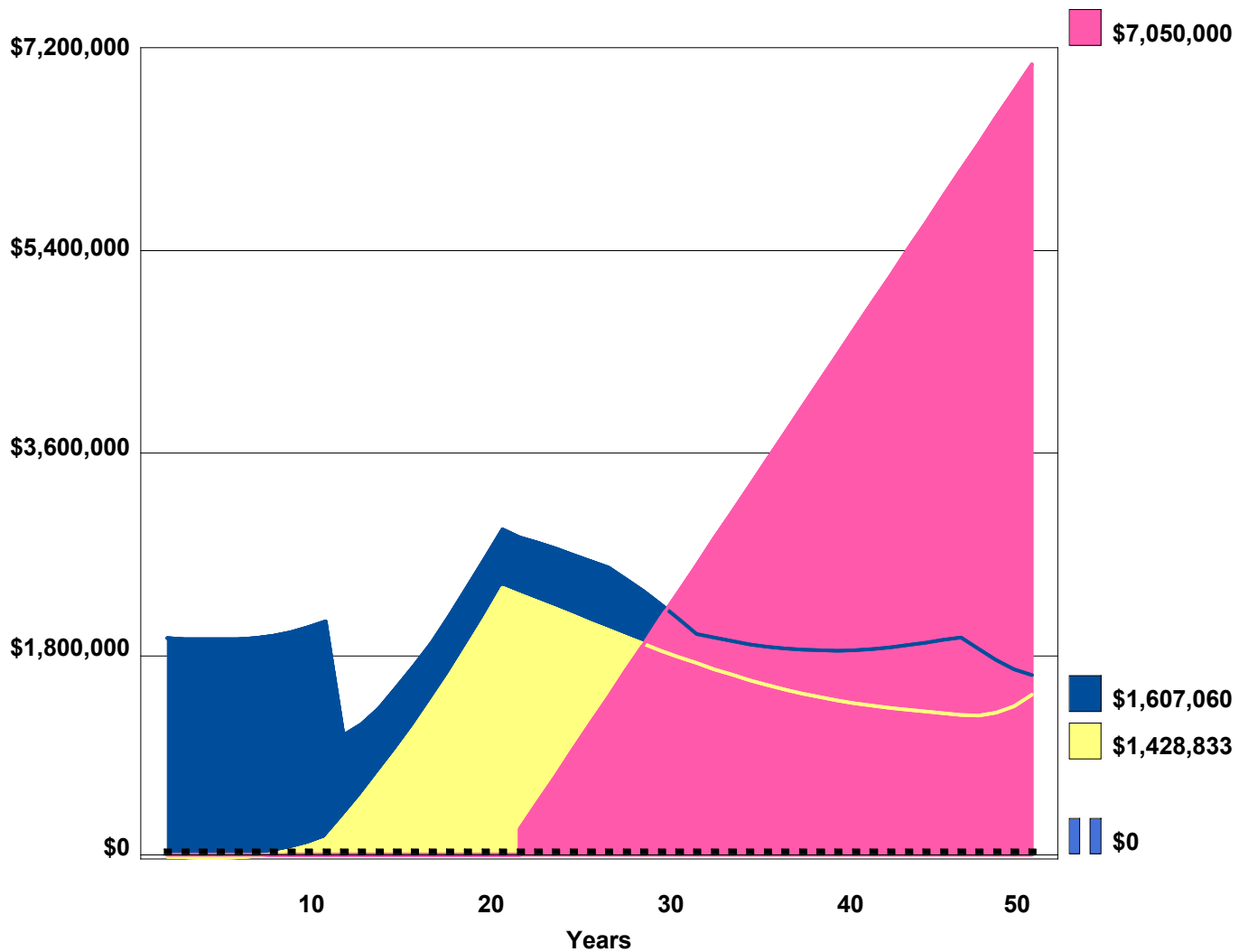
Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Executive's 50 Year Analysis

Midland Oil Supply, Inc.



| | At Year 50 |
|-------------------------------------------------------|-------------|
| Executive's Cumulative Net Payments | \$0 |
| Executive's Cumulative Net Loan Proceeds ¹ | \$7,050,000 |
| Executive's Cash Value Less Cum. Loan Due Employer | \$1,428,833 |
| Executive's Death Benefit Less Cum. Loan Due Employer | \$1,607,060 |

¹For retirement income.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Midland Oil Supply, Inc.

Employer's Net Payment Analysis

| | | Employer's Tax Bracket 40.00% | Assumed Long-Term AFR for All Years Illustrated 2.78%* | Promissory Note Interest Rate 2.78% | | | | | | | |
|------|-------------|-----------------------------------------------------|--------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------|
| Year | Male Age | (1) Beginning of Year Loan to Executive | (2) Loan Repayment from Executive | (3) Cumulative Loan to Executive | (4) Loan Interest Received from Executive | (5) After Tax Loan Interest Received from Executive | (6) Bonus Paid to Executive | (7) After Tax Cost of Bonus Paid to Executive | (8) Employer's Net Payment (1)-(2)-(5)+(7) | (9) Employer's Annual Charge to Earnings (7) - (5) | (10) Employer's Cumulative Charge to Earnings |
| 1 | 45 | 65,000 | 0 | 65,000 | 1,807 | 1,084 | 2,780 | 1,668 | 65,584 | 584 | 584 |
| 2 | 46 | 65,000 | 0 | 130,000 | 3,614 | 2,168 | 5,560 | 3,336 | 66,168 | 1,168 | 1,752 |
| 3 | 47 | 65,000 | 0 | 195,000 | 5,421 | 3,253 | 8,340 | 5,004 | 66,751 | 1,751 | 3,503 |
| 4 | 48 | 65,000 | 0 | 260,000 | 7,228 | 4,337 | 11,120 | 6,672 | 67,335 | 2,335 | 5,838 |
| 5 | 49 | 65,000 | 0 | 325,000 | 9,035 | 5,421 | 13,900 | 8,340 | 67,919 | 2,919 | 8,757 |
| 6 | 50 | 130,000 | 0 | 455,000 | 12,649 | 7,589 | 19,460 | 11,676 | 134,087 | 4,087 | 12,844 |
| 7 | 51 | 130,000 | 0 | 585,000 | 16,263 | 9,758 | 25,020 | 15,012 | 135,254 | 5,254 | 18,098 |
| 8 | 52 | 130,000 | 0 | 715,000 | 19,877 | 11,926 | 30,580 | 18,348 | 136,422 | 6,422 | 24,520 |
| 9 | 53 | 130,000 | 0 | 845,000 | 23,491 | 14,095 | 36,140 | 21,684 | 137,589 | 7,589 | 32,109 |
| 10 | 54 | 130,000 | 0 | 975,000 | 27,105 | 16,263 | 41,700 | 25,020 | 138,757 | 8,757 | 40,866 |
| 11 | 55 | 0 | 97,500 | 877,500 | 24,395 | 14,637 | 187,531 | 112,518 | 381 | 97,881 | 138,747 |
| 12 | 56 | 0 | 97,500 | 780,000 | 21,684 | 13,010 | 183,360 | 110,016 | -494 | 97,006 | 235,753 |
| 13 | 57 | 0 | 97,500 | 682,500 | 18,974 | 11,384 | 179,191 | 107,514 | -1,370 | 96,130 | 331,883 |
| 14 | 58 | 0 | 97,500 | 585,000 | 16,263 | 9,758 | 175,020 | 105,012 | -2,246 | 95,254 | 427,137 |
| 15 | 59 | 0 | 97,500 | 487,500 | 13,553 | 8,132 | 170,851 | 102,510 | -3,122 | 94,378 | 521,515 |
| 16 | 60 | 0 | 97,500 | 390,000 | 10,842 | 6,505 | 166,680 | 100,008 | -3,997 | 93,503 | 615,018 |
| 17 | 61 | 0 | 97,500 | 292,500 | 8,132 | 4,879 | 162,511 | 97,506 | -4,873 | 92,627 | 707,645 |
| 18 | 62 | 0 | 97,500 | 195,000 | 5,421 | 3,253 | 158,340 | 95,004 | -5,749 | 91,751 | 799,396 |
| 19 | 63 | 0 | 97,500 | 97,500 | 2,711 | 1,627 | 154,171 | 92,502 | -6,625 | 90,875 | 890,271 |
| 20 | 64 | 0 | 97,500 | 0 | 0 | 0 | 150,000 | 90,000 | -7,500 | 90,000 | 980,271 |
| 21 | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 22 | 66 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 23 | 67 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 24 | 68 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 25 | 69 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 26 | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 27 | 71 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 28 | 72 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 29 | 73 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 30 | 74 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| | | 975,000 | 975,000 | | 248,465 | 149,079 | 1,882,255 | 1,129,350 | 980,271 | 980,271 | |

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Midland Oil Supply, Inc.

Employer's Net Payment Analysis

| | | Employer's Tax Bracket 40.00% | | Assumed Long-Term AFR for All Years Illustrated 2.78%* | | Promissory Note Interest Rate 2.78% | | | | | |
|------|----------|--------------------------------------------|--------------------------------------|--------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------|--------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|--------------------------------------------------|
| Year | Male Age | (1) Beginning of Year Loan to Executive | (2) Loan Repayment from Executive | (3) Cumulative Loan to Executive | (4) Loan Interest Received from Executive | (5) After Tax Loan Interest Received from Executive | (6) Bonus Paid to Executive | (7) After Tax Cost of Bonus Paid to Executive | (8) Employer's Net Payment (1)-(2)-(5)+(7) | (9) Employer's Annual Charge to Earnings (7) - (5) | (10) Employer's Cumulative Charge to Earnings |
| 31 | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 32 | 76 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 33 | 77 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 34 | 78 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 35 | 79 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 36 | 80 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 37 | 81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 38 | 82 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 39 | 83 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 40 | 84 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 41 | 85 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 42 | 86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 43 | 87 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 44 | 88 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 45 | 89 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 46 | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 47 | 91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 48 | 92 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 49 | 93 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| 50 | 94 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980,271 |
| | | 975,000 | 975,000 | | 248,465 | 149,079 | 1,882,255 | 1,129,350 | 980,271 | 980,271 | |

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Midland Oil Supply, Inc.

Executive's Net Payment Analysis

| | | Executive's Tax Bracket 35.00% | Assumed Long-Term AFR for All Years Illustrated 2.78%* | Promissory Note Interest Rate 2.78% | | | | | | |
|------|-------------|-------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------|------------------------------------------------|----------------------------------------------|-----------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------|
| Year | Male Age | (1) Policy Premium Due by Executive | (2) Beginning of Year Loan from Employer | (3) Loan Repayment from Personal Funds | (4) Cumulative Loan Due Employer | (5) Loan Interest Paid to Employer | (6) Bonus Received from Employer | (7) After Tax Bonus Received from Employer | (8) Executive's Net Payment** | (9) Net Policy Loan Proceeds Available for Retirement Income |
| 1 | 45 | 65,000 | 65,000 | 0 | 65,000 | 1,807 | 2,780 | 1,807 | 0 | 0 |
| 2 | 46 | 65,000 | 65,000 | 0 | 130,000 | 3,614 | 5,560 | 3,614 | 0 | 0 |
| 3 | 47 | 65,000 | 65,000 | 0 | 195,000 | 5,421 | 8,340 | 5,421 | 0 | 0 |
| 4 | 48 | 65,000 | 65,000 | 0 | 260,000 | 7,228 | 11,120 | 7,228 | 0 | 0 |
| 5 | 49 | 65,000 | 65,000 | 0 | 325,000 | 9,035 | 13,900 | 9,035 | 0 | 0 |
| 6 | 50 | 130,000 | 130,000 | 0 | 455,000 | 12,649 | 19,460 | 12,649 | 0 | 0 |
| 7 | 51 | 130,000 | 130,000 | 0 | 585,000 | 16,263 | 25,020 | 16,263 | 0 | 0 |
| 8 | 52 | 130,000 | 130,000 | 0 | 715,000 | 19,877 | 30,580 | 19,877 | 0 | 0 |
| 9 | 53 | 130,000 | 130,000 | 0 | 845,000 | 23,491 | 36,140 | 23,491 | 0 | 0 |
| 10 | 54 | 130,000 | 130,000 | 0 | 975,000 | 27,105 | 41,700 | 27,105 | 0 | 0 |
| 11 | 55 | 0 | 0 | 97,500 | 877,500 | 24,395 | 187,531 | 121,895 | 0 | 0 |
| 12 | 56 | 0 | 0 | 97,500 | 780,000 | 21,684 | 183,360 | 119,184 | 0 | 0 |
| 13 | 57 | 0 | 0 | 97,500 | 682,500 | 18,974 | 179,191 | 116,474 | 0 | 0 |
| 14 | 58 | 0 | 0 | 97,500 | 585,000 | 16,263 | 175,020 | 113,763 | 0 | 0 |
| 15 | 59 | 0 | 0 | 97,500 | 487,500 | 13,553 | 170,851 | 111,053 | 0 | 0 |
| 16 | 60 | 0 | 0 | 97,500 | 390,000 | 10,842 | 166,680 | 108,342 | 0 | 0 |
| 17 | 61 | 0 | 0 | 97,500 | 292,500 | 8,132 | 162,511 | 105,632 | 0 | 0 |
| 18 | 62 | 0 | 0 | 97,500 | 195,000 | 5,421 | 158,340 | 102,921 | 0 | 0 |
| 19 | 63 | 0 | 0 | 97,500 | 97,500 | 2,711 | 154,171 | 100,211 | 0 | 0 |
| 20 | 64 | 0 | 0 | 97,500 | 0 | 0 | 150,000 | 97,500 | 0 | 0 |
| 21 | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 |
| 22 | 66 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 |
| 23 | 67 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 |
| 24 | 68 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 |
| 25 | 69 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 |
| 26 | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 |
| 27 | 71 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 |
| 28 | 72 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 |
| 29 | 73 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 |
| 30 | 74 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 |
| | | 975,000 | 975,000 | 975,000 | | 248,465 | 1,882,255 | 1,223,465 | 0 | 2,350,000 |

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

**Column (8) = Columns (1) - (2) + (3) + (5) - (7)

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Alan Westbrook

Midland Oil Supply, Inc.

Executive's Net Payment Analysis

| | | Executive's Tax Bracket 35.00% | | Assumed Long-Term AFR for All Years Illustrated 2.78%* | | Promissory Note Interest Rate 2.78% | | | | | |
|------|----------|----------------------------------------|---------------------------------------------|--------------------------------------------------------------|-------------------------------------|-------------------------------------------|-------------------------------------|-----------------------------------------------|----------------------------------|-----------------------------------------------------------------|--|
| Year | Male Age | (1) Policy Premium Due by Executive | (2) Beginning of Year Loan from Employer | (3) Loan Repayment from Personal Funds | (4) Cumulative Loan Due Employer | (5) Loan Interest Paid to Employer | (6) Bonus Received from Employer | (7) After Tax Bonus Received from Employer | (8) Executive's Net Payment** | (9) Net Policy Loan Proceeds Available for Retirement Income | |
| 31 | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 32 | 76 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 33 | 77 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 34 | 78 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 35 | 79 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 36 | 80 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 37 | 81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 38 | 82 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 39 | 83 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 40 | 84 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 41 | 85 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 42 | 86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 43 | 87 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 44 | 88 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 45 | 89 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 46 | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 47 | 91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 48 | 92 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 49 | 93 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| 50 | 94 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | |
| | | 975,000 | 975,000 | 975,000 | | 248,465 | 1,882,255 | 1,223,465 | 0 | 7,050,000 | |

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

**Column (8) = Columns (1) - (2) + (3) + (5) - (7)