

Loan-Based Split Dollar

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. It is designed to be in compliance with the Final Split Dollar Regulations issued in September 2003 (68 FR 54336).

Promissory Notes: The loans associated with the arrangement are evidenced by a series of promissory notes between the employer and the executive, and the life insurance policy is assigned as collateral security for the loans. The loans are term loans, i.e., they are due at the end of a 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 the life of each loan is set at least to the long-term rate in effect at the beginning of the loan under IRC Sections 7872(f)(2)(A) and 1274(d) (often referred to as the "Applicable Federal Rate" or "AFR"). As an additional benefit in some arrangements, the employer will help offset the executive's loan interest payments via a bonus.

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 rate 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 is equal to or exceeds the Applicable Federal Rate, no interest is imputed by the IRS on the transaction. For illustrative purposes, the entire series of premium loans illustrated in the accompanying material reflects a constant 5.21% interest rate, the long-term AFR in effect for the month in which this report is written (August 2004). The loan interest rate for each new loan will likely be different, and each future loan must bear interest equal to or greater than the AFR in effect during the month the new loan is executed. Each new loan should be evidenced by its own promissory note as well.

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

1. If a bonus 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 full or partial offset, as the case may be.
2. Accrue additional loan interest: If the loan interest rate increases, the executive could be allowed to accrue the additional loan interest. Alternatively, the executive may be able to withdraw funds from the policy 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. For a detailed analysis of this strategy, see the report entitled "Renegotiating the Applicable Federal Rate".
4. Consolidate all loans at the inception of the arrangement: In this case, the loaned funds in excess of those needed to pay the policy's initial premium should be reserved by the executive to pay the remaining stream of premiums as they fall due. 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.

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 ways listed below.

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 may forgive the loan. When this occurs, the executive typically borrows against the policy or surrenders a portion of policy values to offset the income tax on the bonus resulting from the forgiveness of the loan.
4. The employer may forgive the loan and bonus an amount to offset all income taxes.

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. The policy cash values are usually accessed via: 1) policy loans or 2) surrender of a portion of policy values.

Death Benefits for the Executive's 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.

Notes

Policy loans reduce cash values and death benefits, and the lapse of a policy with loans could result in significant tax ramifications to the policy owner.

Be sure to consult with your own tax attorney and accountant before entering into this or any other arrangement involving tax, legal, and economic considerations.

Loan-Based Split Dollar

Supplemental Report: Duration of Loans

The accompanying illustrations reflect loans that may remain in effect for many years. Most loans illustrated are assumed to be long-term loans (over 9 years) bearing a loan interest rate equal to or greater than the Applicable Federal Rate of 5.21% for August 2004. Other Applicable Federal Rates in effect for August 2004 are:

Mid-term loans (over 3 years but not over 9): 4.00%;

Short-term loans (3 years or less): 2.37%;

Demand loans: 2.37%.

The demand loan rate changes monthly -- an unhappy condition for a loan expected to remain in effect for many years. A so-called "blended" rate that is stable for one year at a time can be used for demand loans. The 2004 blended rate for demand loans is 1.99%, and the blended rate for 2005 will not be announced until late June 2005.

Stability of loan interest is an important component of any arrangement involving loans. 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. For an example of renegotiating loan interest downward, see the report entitled "Renegotiating the Applicable Federal Rate".

Due to the relative stability of the long-term Applicable Federal Rate coupled with the ability to renegotiate it downward, you may wish to establish your arrangement using long-term loans.

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Illustration of Values of The Policy Funding Loan-Based Split Dollar

Values Page: 1
Date: 08/17/2004

Presented By: [Licensed User's Name Appears Here]

For :Frank Contini
Contini Brothers, Inc.

Male	VUL	Initial	Initial Policy
Age	Interest Rate	Premium	Death Benefit
45	10.00%	100,000	2,500,000

Year	Age	(1) Policy Premium	(2) Pre-Tax Policy Cash Flow	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Death Benefit
1	45	100,000	0	101,714	66,714	2,500,000
2	46	100,000	0	212,346	142,346	2,500,000
3	47	100,000	0	332,215	257,715	2,500,000
4	48	100,000	0	462,138	387,638	2,500,000
5	49	100,000	0	603,023	528,523	2,500,000
6	50	0	0	646,994	576,219	2,500,000
7	51	0	0	694,192	627,887	2,500,000
8	52	0	0	744,896	683,806	2,500,000
9	53	0	0	799,374	744,244	2,500,000
10	54	0	0	857,934	809,509	2,500,000
11	55	0	0	920,944	879,969	2,500,000
12	56	0	0	988,800	956,020	2,500,000
13	57	0	0	1,061,919	1,038,079	2,500,000
14	58	0	0	1,140,815	1,126,660	2,500,000
15	59	0	0	1,226,058	1,226,058	2,500,000
16	60	0	0	1,318,255	1,318,255	2,500,000
17	61	0	0	1,418,159	1,418,159	2,500,000
18	62	0	0	1,526,610	1,526,610	2,500,000
19	63	0	0	1,644,559	1,644,559	2,500,000
20	64	0	0	1,773,121	1,773,121	2,500,000
		500,000	0			

20 Year Summary

*This is an example of an InsMark "supplemental" illustration for variable universal life insurance. In a real presentation, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company and a prospectus.

Cum. Payments	500,000
Cum. Pre-Tax Policy Cash Flow	0
Cash Value	1,773,121
Death Benefit	2,500,000

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Illustration of Values of The Policy Funding Loan-Based Split Dollar

Values Page: 2
Date: 08/17/2004

Presented By: [Licensed User's Name Appears Here]

For: Frank Contini
Contini Brothers, Inc.

Male	VUL	Initial	Initial Policy
Age	Interest Rate	Premium	Death Benefit
45	10.00%	100,000	2,500,000

Year	Age	(1) Policy Premium	(2) Pre-Tax Policy Cash Flow	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Death Benefit
21	65	0	0	1,913,603	1,913,603	2,500,000
22	66	0	0	2,067,528	2,067,528	2,500,000
23	67	0	0	2,236,164	2,236,164	2,638,673
24	68	0	0	2,418,300	2,418,300	2,829,411
25	69	0	0	2,615,007	2,615,007	3,033,409
26	70	0	0	2,827,461	2,827,461	3,251,581
27	71	0	0	3,057,736	3,057,736	3,455,242
28	72	0	0	3,307,592	3,307,592	3,671,427
29	73	0	0	3,579,041	3,579,041	3,901,155
30	74	0	0	3,874,395	3,874,395	4,145,602
31	75	0	0	4,196,334	4,196,333	4,406,151
32	76	0	0	4,544,260	4,544,260	4,771,473
33	77	0	0	4,920,122	4,920,122	5,166,128
34	78	0	0	5,325,987	5,325,987	5,592,287
35	79	0	0	5,764,046	5,764,046	6,052,248
36	80	0	0	6,236,609	6,236,609	6,548,440
37	81	0	0	6,746,095	6,746,095	7,083,400
38	82	0	0	7,295,046	7,295,046	7,659,798
39	83	0	0	7,886,100	7,886,100	8,280,405
40	84	0	0	8,521,998	8,521,998	8,948,098
		500,000	0			

*This is an example of an InsMark "supplemental" illustration for variable universal life insurance. In a real presentation, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company and a prospectus.

40 Year Summary

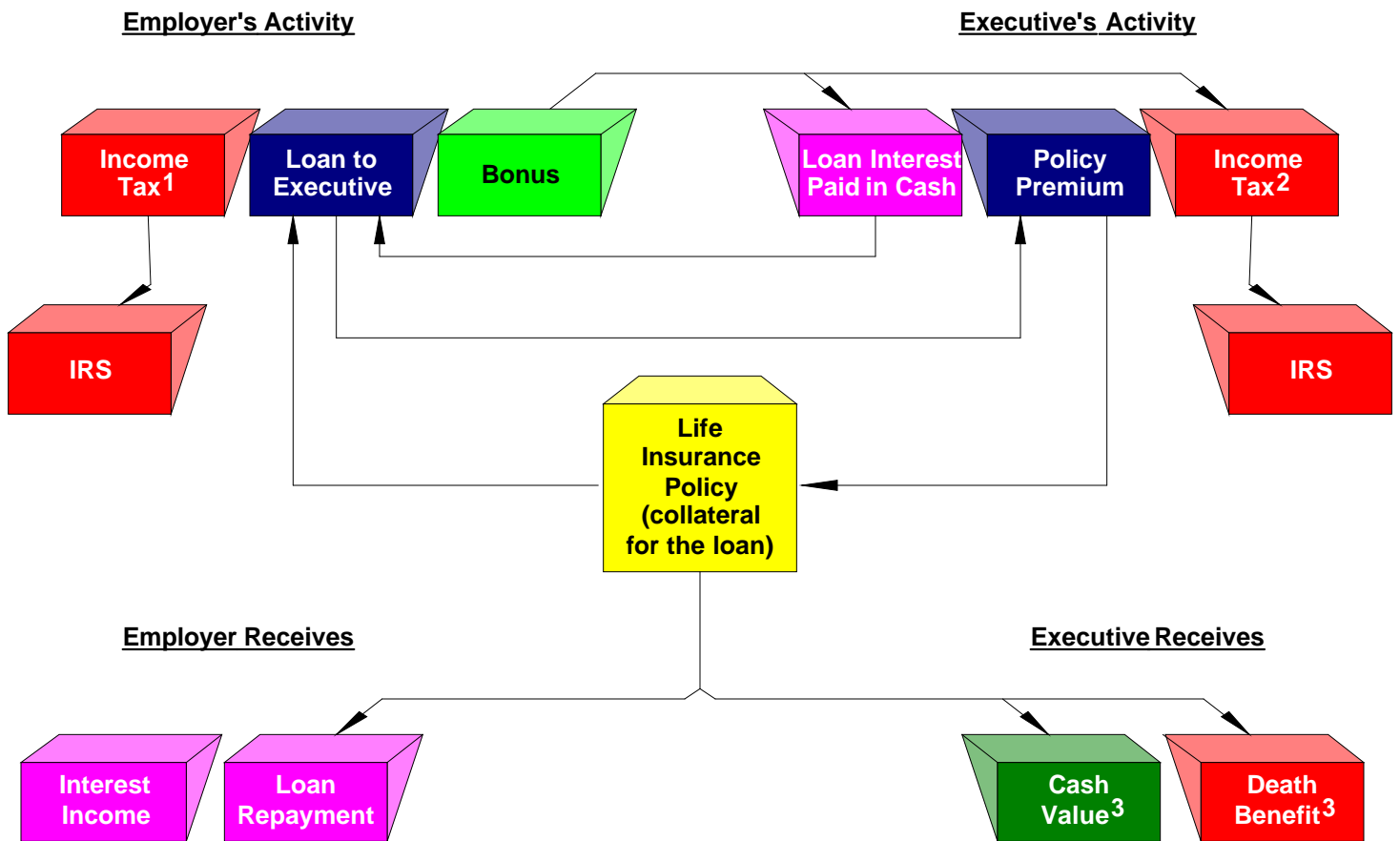
Cum. Payments	500,000
Cum. Pre-Tax Policy Cash Flow	0
Cash Value	8,521,998
Death Benefit	8,948,098

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Presented By: [Licensed User's Name Appears Here]
Date: 08/17/2004

For :Frank Contini
Contini Brothers, Inc.

Flow Chart Analysis



(1) For loan interest received from executive.

(2) For the bonus.

(3) Less cumulative loan due employer.

Summary

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Summary Page: 1
Date: 08/17/2004

Presented By: [Licensed User's Name Appears Here]

For :Frank Contini
Contini Brothers, Inc.

Male Age 45	Employer's Tax Bracket 34.00%	Executive's Tax Bracket 35.00%	VUL Interest Rate 10.00%	Initial Policy Death Benefit 2,500,000	Assumed Long-Term AFR for All Years Illustrated 5.21%
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Year	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*	Loan Collateral		
						(6) Accum Value**	(7) Cash Value**	(8) Death Benefit	
1	45	101,851	101,851	100,000	1,851	0	101,714	66,714	2,500,000
2	46	103,703	205,554	200,000	5,554	0	212,346	142,346	2,500,000
3	47	105,554	311,108	300,000	11,108	0	332,215	257,715	2,500,000
4	48	107,407	418,515	400,000	18,515	0	462,138	387,638	2,500,000
5	49	109,258	527,773	500,000	27,773	0	603,023	528,523	2,500,000
6	50	9,258	537,031	500,000	37,031	0	646,994	576,219	2,500,000
7	51	9,258	546,289	500,000	46,289	0	694,192	627,887	2,500,000
8	52	9,258	555,547	500,000	55,547	0	744,896	683,806	2,500,000
9	53	9,258	564,805	500,000	64,805	0	799,374	744,244	2,500,000
10	54	9,258	574,063	500,000	74,063	0	857,934	809,509	2,500,000
11	55	9,258	583,321	500,000	83,321	0	920,944	879,969	2,500,000
12	56	9,258	592,579	500,000	92,579	0	988,800	956,020	2,500,000
13	57	9,258	601,837	500,000	101,837	0	1,061,919	1,038,079	2,500,000
14	58	9,258	611,095	500,000	111,095	0	1,140,815	1,126,660	2,500,000
15	59	9,258	620,353	500,000	120,353	0	1,226,058	1,226,058	2,500,000
16	60	9,258	629,611	500,000	129,611	0	1,318,255	1,318,255	2,500,000
17	61	9,258	638,869	500,000	138,869	0	1,418,159	1,418,159	2,500,000
18	62	9,258	648,127	500,000	148,127	0	1,526,610	1,526,610	2,500,000
19	63	9,258	657,385	500,000	157,385	0	1,644,559	1,644,559	2,500,000
20	64	9,258	666,643	500,000	166,643	0	1,773,121	1,773,121	2,500,000
		666,643				0			

Executive's 20 Year Summary

*See appropriate Net Payment Analysis for details.

	Living Values†	Death Benefit
**This is an example of an InsMark "supplemental" Variable Universal Life (VUL):	1,773,121	2,500,000
illustration for variable universal life insurance. In a real Less Loan Repayment Due Employer:	500,000	500,000
presentation, this footnote will refer to an accompanying Equals Executive's Net Value:	1,273,121	2,000,000

"basic" illustration from a specific life insurance company and a prospectus.

†Cash value less employer's loans.

Summary

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Summary Page: 2
Date: 08/17/2004

Presented By: [Licensed User's Name Appears Here]

For :Frank Contini
Contini Brothers, Inc.

Male Age 45	Employer's Tax Bracket 34.00%	Executive's Tax Bracket 35.00%	VUL Interest Rate 10.00%	Initial Policy Death Benefit 2,500,000	Assumed Long-Term AFR for All Years Illustrated 5.21%
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Year	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*	Loan Collateral		
						(6) Accum Value**	(7) Cash Value**	(8) Death Benefit	
21	65	9,258	675,901	500,000	175,901	0	1,913,603	1,913,603	2,500,000
22	66	9,258	685,159	500,000	185,159	0	2,067,528	2,067,528	2,500,000
23	67	9,258	694,417	500,000	194,417	0	2,236,164	2,236,164	2,638,673
24	68	9,258	703,675	500,000	203,675	0	2,418,300	2,418,300	2,829,411
25	69	9,258	712,933	500,000	212,933	0	2,615,007	2,615,007	3,033,409
26	70	9,258	722,191	500,000	222,191	0	2,827,461	2,827,461	3,251,581
27	71	9,258	731,449	500,000	231,449	0	3,057,736	3,057,736	3,455,242
28	72	9,258	740,707	500,000	240,707	0	3,307,592	3,307,592	3,671,427
29	73	9,258	749,965	500,000	249,965	0	3,579,041	3,579,041	3,901,155
30	74	9,258	759,223	500,000	259,223	0	3,874,395	3,874,395	4,145,602
31	75	9,258	768,481	500,000	268,481	0	4,196,334	4,196,333	4,406,151
32	76	9,258	777,739	500,000	277,739	0	4,544,260	4,544,260	4,771,473
33	77	9,258	786,997	500,000	286,997	0	4,920,122	4,920,122	5,166,128
34	78	9,258	796,255	500,000	296,255	0	5,325,987	5,325,987	5,592,287
35	79	9,258	805,513	500,000	305,513	0	5,764,046	5,764,046	6,052,248
36	80	9,258	814,771	500,000	314,771	0	6,236,609	6,236,609	6,548,440
37	81	9,258	824,029	500,000	324,029	0	6,746,095	6,746,095	7,083,400
38	82	9,258	833,287	500,000	333,287	0	7,295,046	7,295,046	7,659,798
39	83	9,258	842,545	500,000	342,545	0	7,886,100	7,886,100	8,280,405
40	84	9,258	851,803	500,000	351,803	0	8,521,998	8,521,998	8,948,098
		851,803				0			

Executive's 40 Year Summary

*See appropriate Net Payment Analysis for details.

	Living Values†	Death Benefit
**This is an example of an InsMark "supplemental" Variable Universal Life (VUL):	8,521,998	8,948,098
illustration for variable universal life insurance. In a real Less Loan Repayment Due Employer:	500,000	500,000
presentation, this footnote will refer to an accompanying Equals Executive's Net Value:	8,021,998	8,448,098

"basic" illustration from a specific life insurance company and a prospectus.

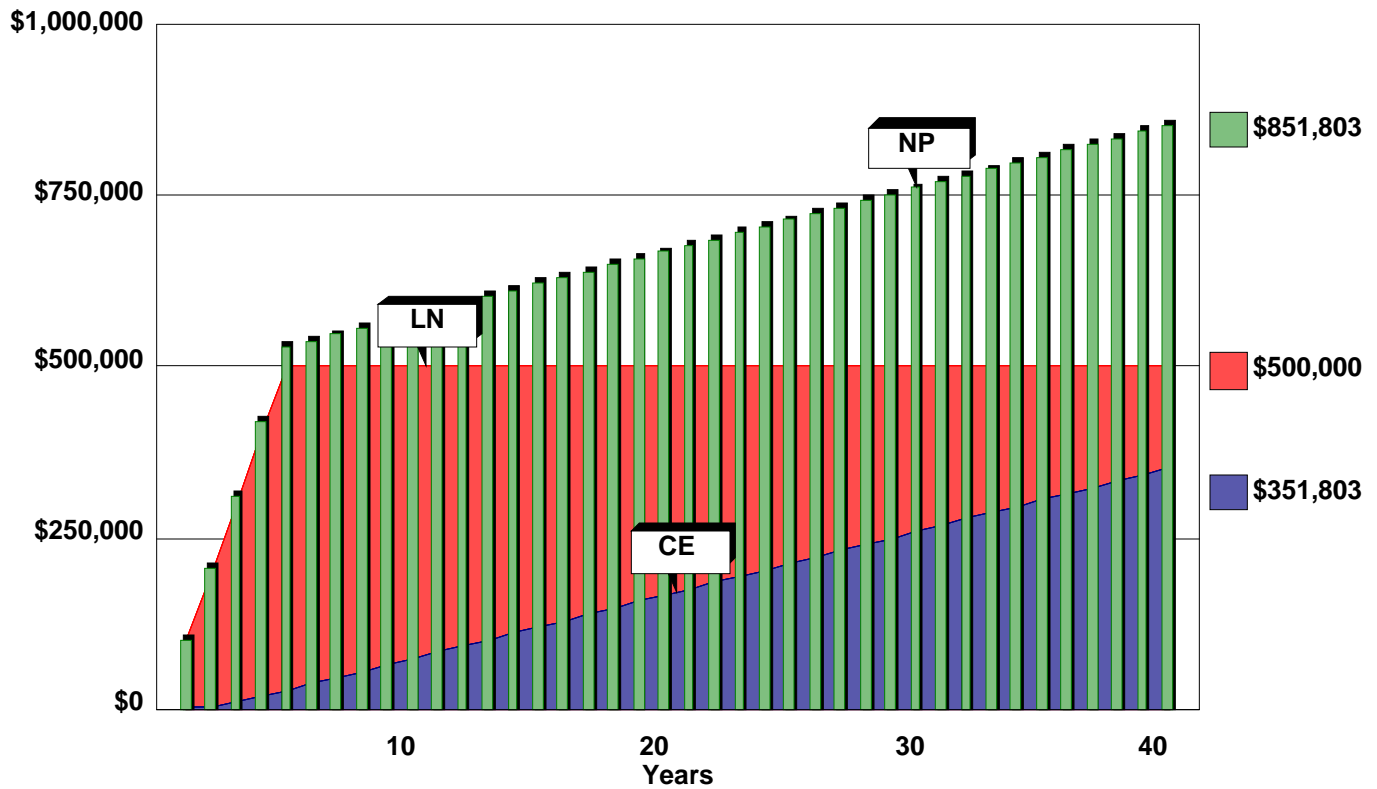
†Cash value less employer's loans.

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Presented By: [Licensed User's Name Appears Here]
Date: 08/17/2004

For: Frank Contini
Contini Brothers, Inc.

Employer's 40 Year Graphic Analysis



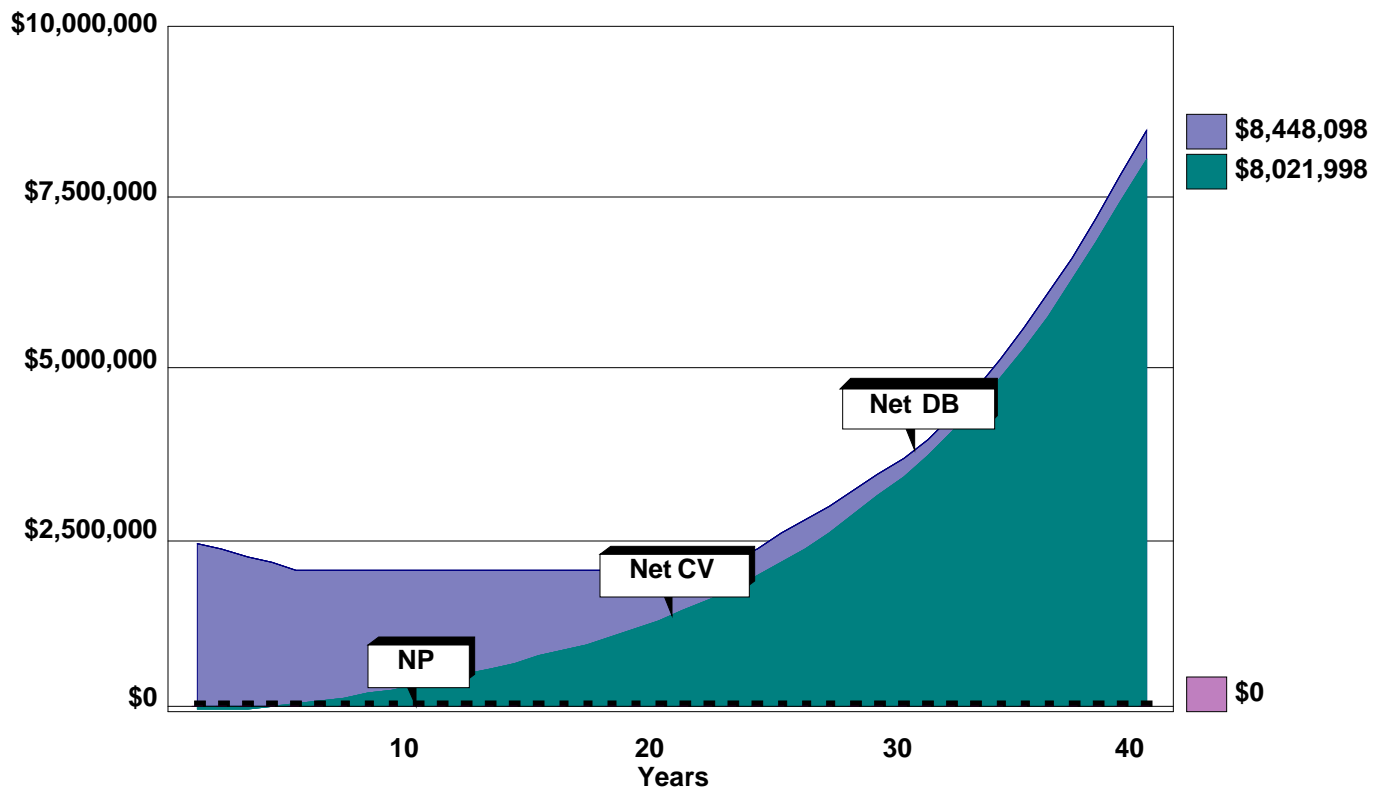
- NP- Employer's Cumulative Net Payments
- CE- Cumulative Charge to Earnings
- LN - Loans Due Employer from Executive

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Presented By: [Licensed User's Name Appears Here]
Date: 08/17/2004

For :Frank Contini
Contini Brothers, Inc.

Executive's 40 Year Graphic Analysis



- NP - Executive's Cumulative Net Payments
- Net CV - Executive's Cash Value Less Cum. Loan Due Employer
- Net DB - Executive's Death Benefit Less Cum. Loan Due Employer

Employer's Net Payment Analysis

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Employer's Page: 1
Date: 08/17/2004

Presented By: [Licensed User's Name Appears Here]

For: Frank Contini
Contini Brothers, Inc.

		Male Age 45	Employer's Tax Bracket 34.00%	Assumed Long-Term AFR for All Years Illustrated 5.21%*	Promissory Note Interest Rate 5.21%					
Year	Age	(1) Beginning of Year Loan to Executive	(2) Cumulative Loan to Executive	(3) Loan Interest Received from Executive	(4) After Tax Loan Interest Received from Executive	(5) Bonus Paid to Executive	(6) After Tax Cost of Bonus Paid to Executive	(7) Employer's Net Payment (1) - (4) + (6)	(8) Employer's Annual Charge to Earnings (6) - (4)	(9) Employer's Cumulative Charge to Earnings
1	45	100,000	100,000	5,210	3,439	8,015	5,290	101,851	1,851	1,851
2	46	100,000	200,000	10,420	6,877	16,031	10,580	103,703	3,703	5,554
3	47	100,000	300,000	15,630	10,316	24,046	15,870	105,554	5,554	11,108
4	48	100,000	400,000	20,840	13,754	32,062	21,161	107,407	7,407	18,515
5	49	100,000	500,000	26,050	17,193	40,077	26,451	109,258	9,258	27,773
6	50	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	37,031
7	51	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	46,289
8	52	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	55,547
9	53	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	64,805
10	54	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	74,063
11	55	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	83,321
12	56	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	92,579
13	57	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	101,837
14	58	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	111,095
15	59	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	120,353
16	60	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	129,611
17	61	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	138,869
18	62	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	148,127
19	63	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	157,385
20	64	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	166,643
		500,000		468,900	309,474	721,386	476,117	666,643	166,643	

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.

The employer's loans must be repaid no later than the date specified in the plan documentation.

Employer's Net Payment Analysis

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Employer's Page: 2
Date: 08/17/2004

Presented By: [Licensed User's Name Appears Here]

For: Frank Contini
Contini Brothers, Inc.

		Male Age 45	Employer's Tax Bracket 34.00%	Assumed Long-Term AFR for All Years Illustrated 5.21%*	Promissory Note Interest Rate 5.21%					
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Year	Age	Beginning of Year Loan to Executive	Cumulative Loan to Executive	Loan Interest Received from Executive	After Tax Loan Interest Received from Executive	Bonus Paid to Executive	After Tax Cost of Bonus Paid to Executive	Employer's Net Payment (1) - (4) + (6)	Employer's Annual Charge to Earnings (6) - (4)	Employer's Cumulative Charge to Earnings
21	65	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	175,901
22	66	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	185,159
23	67	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	194,417
24	68	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	203,675
25	69	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	212,933
26	70	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	222,191
27	71	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	231,449
28	72	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	240,707
29	73	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	249,965
30	74	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	259,223
31	75	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	268,481
32	76	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	277,739
33	77	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	286,997
34	78	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	296,255
35	79	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	305,513
36	80	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	314,771
37	81	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	324,029
38	82	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	333,287
39	83	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	342,545
40	84	0	500,000	26,050	17,193	40,077	26,451	9,258	9,258	351,803
		500,000		989,900	653,334	1,522,926	1,005,137	851,803	351,803	

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.

The employer's loans must be repaid no later than the date specified in the plan documentation.

Executive's Net Payment Analysis

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Executive's Page: 1
Date: 08/17/2004

Presented By: [Licensed User's Name Appears Here]

For: Frank Contini
Contini Brothers, Inc.

		Male Age 45	Executive's Tax Bracket 35.00%	Assumed Long-Term AFR for All Years Illustrated 5.21%*	Promissory Note Interest Rate 5.21%			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	Age	Policy Premium Due by Executive	Beginning of Year Loan from Employer	Cumulative Loan Due Employer	Loan Interest Paid to Employer	Bonus Received from Employer	After Tax Bonus Received from Employer	Executive's Net Payment**
1	45	100,000	100,000	100,000	5,210	8,015	5,210	0
2	46	100,000	100,000	200,000	10,420	16,031	10,420	0
3	47	100,000	100,000	300,000	15,630	24,046	15,630	0
4	48	100,000	100,000	400,000	20,840	32,062	20,840	0
5	49	100,000	100,000	500,000	26,050	40,077	26,050	0
6	50	0	0	500,000	26,050	40,077	26,050	0
7	51	0	0	500,000	26,050	40,077	26,050	0
8	52	0	0	500,000	26,050	40,077	26,050	0
9	53	0	0	500,000	26,050	40,077	26,050	0
10	54	0	0	500,000	26,050	40,077	26,050	0
11	55	0	0	500,000	26,050	40,077	26,050	0
12	56	0	0	500,000	26,050	40,077	26,050	0
13	57	0	0	500,000	26,050	40,077	26,050	0
14	58	0	0	500,000	26,050	40,077	26,050	0
15	59	0	0	500,000	26,050	40,077	26,050	0
16	60	0	0	500,000	26,050	40,077	26,050	0
17	61	0	0	500,000	26,050	40,077	26,050	0
18	62	0	0	500,000	26,050	40,077	26,050	0
19	63	0	0	500,000	26,050	40,077	26,050	0
20	64	0	0	500,000	26,050	40,077	26,050	0
		500,000	500,000		468,900	721,386	468,900	0

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

**Column (7) = Columns (1) - (2) + (4) - (6)

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

The employer's loans must be repaid no later than the date specified in the plan documentation.

Executive's Net Payment Analysis

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Executive's Page: 2
Date: 08/17/2004

Presented By: [Licensed User's Name Appears Here]

For: Frank Contini
Contini Brothers, Inc.

		Male Age 45	Executive's Tax Bracket 35.00%	Assumed Long-Term AFR for All Years Illustrated 5.21%*	Promissory Note Interest Rate 5.21%			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	Age	Policy Premium Due by Executive	Beginning of Year Loan from Employer	Cumulative Loan Due Employer	Loan Interest Paid to Employer	Bonus Received from Employer	After Tax Bonus Received from Employer	Executive's Net Payment**
21	65	0	0	500,000	26,050	40,077	26,050	0
22	66	0	0	500,000	26,050	40,077	26,050	0
23	67	0	0	500,000	26,050	40,077	26,050	0
24	68	0	0	500,000	26,050	40,077	26,050	0
25	69	0	0	500,000	26,050	40,077	26,050	0
26	70	0	0	500,000	26,050	40,077	26,050	0
27	71	0	0	500,000	26,050	40,077	26,050	0
28	72	0	0	500,000	26,050	40,077	26,050	0
29	73	0	0	500,000	26,050	40,077	26,050	0
30	74	0	0	500,000	26,050	40,077	26,050	0
31	75	0	0	500,000	26,050	40,077	26,050	0
32	76	0	0	500,000	26,050	40,077	26,050	0
33	77	0	0	500,000	26,050	40,077	26,050	0
34	78	0	0	500,000	26,050	40,077	26,050	0
35	79	0	0	500,000	26,050	40,077	26,050	0
36	80	0	0	500,000	26,050	40,077	26,050	0
37	81	0	0	500,000	26,050	40,077	26,050	0
38	82	0	0	500,000	26,050	40,077	26,050	0
39	83	0	0	500,000	26,050	40,077	26,050	0
40	84	0	0	500,000	26,050	40,077	26,050	0
		500,000	500,000		989,900	1,522,926	989,900	0

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

**Column (7) = Columns (1) - (2) + (4) - (6)

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

The employer's loans must be repaid no later than the date specified in the plan documentation.

Promissory Note Analysis

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Promissory Note Analysis Page: 1
Date: 08/17/2004

Presented By: [Licensed User's Name Appears Here]

For: Frank Contini
Contini Brothers, Inc.

		Male Age 45	Assumed Long-Term AFR for All Years Illustrated 5.21%**			Promissory Note Interest Rate 5.21%				
Year	Age	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Beginning of Year Loan to Executive	Annual Loan Interest Paid from Non-Policy Values	Annual Loan Interest Paid from Policy Values	Loan Repayments from Non-Policy Values	Loan Repayments from Policy Values	Year End Cumulative Loan to Executive	Year End Policy Accum Value*	Year End Policy Cash Value*	Year End Policy Death Benefit*
1	45	100,000	5,210	0	0	0	100,000	101,714	66,714	2,500,000
2	46	100,000	10,420	0	0	0	200,000	212,346	142,346	2,500,000
3	47	100,000	15,630	0	0	0	300,000	332,215	257,715	2,500,000
4	48	100,000	20,840	0	0	0	400,000	462,138	387,638	2,500,000
5	49	100,000	26,050	0	0	0	500,000	603,023	528,523	2,500,000
6	50	0	26,050	0	0	0	500,000	646,994	576,219	2,500,000
7	51	0	26,050	0	0	0	500,000	694,192	627,887	2,500,000
8	52	0	26,050	0	0	0	500,000	744,896	683,806	2,500,000
9	53	0	26,050	0	0	0	500,000	799,374	744,244	2,500,000
10	54	0	26,050	0	0	0	500,000	857,934	809,509	2,500,000
11	55	0	26,050	0	0	0	500,000	920,944	879,969	2,500,000
12	56	0	26,050	0	0	0	500,000	988,800	956,020	2,500,000
13	57	0	26,050	0	0	0	500,000	1,061,919	1,038,079	2,500,000
14	58	0	26,050	0	0	0	500,000	1,140,815	1,126,660	2,500,000
15	59	0	26,050	0	0	0	500,000	1,226,058	1,226,058	2,500,000
16	60	0	26,050	0	0	0	500,000	1,318,255	1,318,255	2,500,000
17	61	0	26,050	0	0	0	500,000	1,418,159	1,418,159	2,500,000
18	62	0	26,050	0	0	0	500,000	1,526,610	1,526,610	2,500,000
19	63	0	26,050	0	0	0	500,000	1,644,559	1,644,559	2,500,000
20	64	0	26,050	0	0	0	500,000	1,773,121	1,773,121	2,500,000
		500,000	468,900	0	0	0				

*This is an example of an InsMark "supplemental" illustration for variable universal life insurance. In a real presentation, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company and a prospectus.

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

The employer's loans must be repaid no later than the date specified in the plan documentation.

Promissory Note Analysis

Loan-Based Split Dollar Funded With Variable Universal Life (VUL)

Promissory Note Analysis Page: 2
Date: 08/17/2004

Presented By: [Licensed User's Name Appears Here]

For: Frank Contini
Contini Brothers, Inc.

		Male Age 45	Assumed Long-Term AFR for All Years Illustrated 5.21%**	Promissory Note Interest Rate 5.21%						
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) Loan Collateral	(9)
Year	Age	Beginning of Year Loan to Executive	Annual Loan Interest Paid from Non-Policy Values	Annual Loan Interest Paid from Policy Values	Loan Repayments from Non-Policy Values	Loan Repayments from Policy Values	Year End Cumulative Loan to Executive	Year End Policy Accum Value*	Year End Policy Cash Value*	Year End Policy Death Benefit*
21	65	0	26,050	0	0	0	500,000	1,913,603	1,913,603	2,500,000
22	66	0	26,050	0	0	0	500,000	2,067,528	2,067,528	2,500,000
23	67	0	26,050	0	0	0	500,000	2,236,164	2,236,164	2,638,673
24	68	0	26,050	0	0	0	500,000	2,418,300	2,418,300	2,829,411
25	69	0	26,050	0	0	0	500,000	2,615,007	2,615,007	3,033,409
26	70	0	26,050	0	0	0	500,000	2,827,461	2,827,461	3,251,581
27	71	0	26,050	0	0	0	500,000	3,057,736	3,057,736	3,455,242
28	72	0	26,050	0	0	0	500,000	3,307,592	3,307,592	3,671,427
29	73	0	26,050	0	0	0	500,000	3,579,041	3,579,041	3,901,155
30	74	0	26,050	0	0	0	500,000	3,874,395	3,874,395	4,145,602
31	75	0	26,050	0	0	0	500,000	4,196,334	4,196,333	4,406,151
32	76	0	26,050	0	0	0	500,000	4,544,260	4,544,260	4,771,473
33	77	0	26,050	0	0	0	500,000	4,920,122	4,920,122	5,166,128
34	78	0	26,050	0	0	0	500,000	5,325,987	5,325,987	5,592,287
35	79	0	26,050	0	0	0	500,000	5,764,046	5,764,046	6,052,248
36	80	0	26,050	0	0	0	500,000	6,236,609	6,236,609	6,548,440
37	81	0	26,050	0	0	0	500,000	6,746,095	6,746,095	7,083,400
38	82	0	26,050	0	0	0	500,000	7,295,046	7,295,046	7,659,798
39	83	0	26,050	0	0	0	500,000	7,886,100	7,886,100	8,280,405
40	84	0	26,050	0	0	0	500,000	8,521,998	8,521,998	8,948,098
		500,000	989,900	0	0	0				

*This is an example of an InsMark "supplemental" illustration for variable universal life insurance. In a real presentation, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company and a prospectus.

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

The employer's loans must be repaid no later than the date specified in the plan documentation.