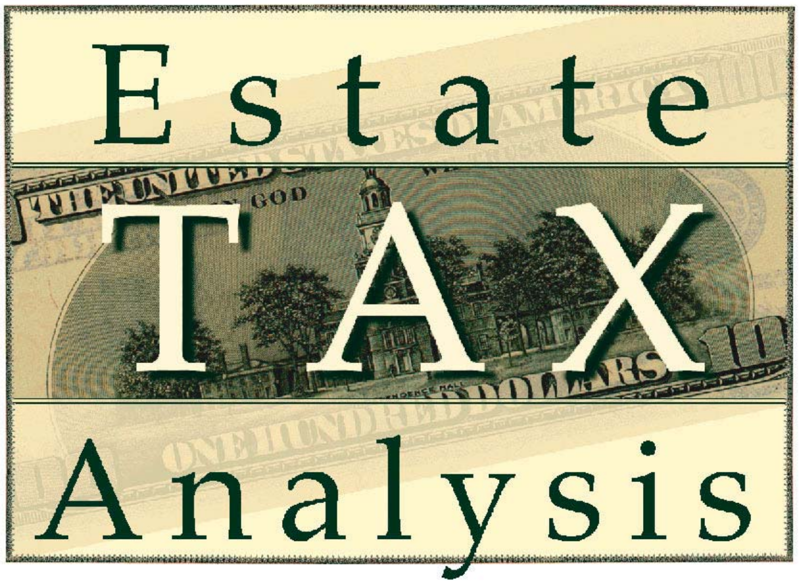

For

Mr. Valued Client

and

Mrs. Valued Client

Presented by:
Kenneth Sapon, President
Champion Agency, Inc.
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PACIFIC LIFE INSURANCE COMPANY

PACIFIC LIFE & ANNUITY COMPANY

AD-617
ADNY-617

Important Notes

This material is not intended or written by Pacific Life and/or Pacific Life & Annuity (hereinafter collectively referred to as Pacific Life) to be used, nor can it be used by any taxpayer, for the purpose of avoiding U.S. federal, state or local tax penalties. This material is written to support the promotion or marketing of the transaction(s) or matter(s) addressed by this material. Pacific Life and Pacific Life & Annuity, their distributors and their respective representatives do not provide tax, accounting or legal advice, Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

1. Important Information regarding computations. This analysis contains very specific computations concerning the value of the estate today, the value of the estate in the future, and the taxes which may be assessed against the estate at any given point in time. These computations are based on assumptions provided by you concerning the value of assets today, the rate at which the assets will appreciate and the rates for federal estate and income taxation. These assumptions must be carefully reviewed for their reasonableness. These assumptions are only a "best guess." The actual values, rates of growth and tax rates may be significantly different from those illustrated. The actual taxes due may be significantly greater or smaller than those illustrated. No guarantee can be made or given regarding values and taxes when actual appreciation rates and tax rates cannot be known at this time.

ESTATE TAX ANALYSIS demonstrates a wide variety of estate planning tools utilized by planners when dealing with estates potentially subject to the federal estate tax. There are a number of estate planning techniques which are beyond the scope of this proposal. These include self canceling installment notes, charitable lead trusts, private annuities and installment sales, among others. One or more of these techniques, if appropriate, and if used in conjunction with the techniques explored herein, might reduce estate taxes below those illustrated by this program. Moreover, any given report may or may not illustrate all planning techniques available through the software.

2. Important Information regarding the role of the attorney and the financial services professional in estate planning. The software used to produce this report has been distributed to life insurance producers, stock brokers and financial planners. These individuals are referred to herein collectively as "financial services professionals." Estate planning involves an analysis of financial and legal issues. The role of the financial services professional is to help the client meet current and future insurance needs and financial objectives through the use of life insurance and other financial products. In order to determine these insurance needs and/or financial objectives, the financial services professional must discuss with the client, in a general way, certain legal concepts. These discussions must be viewed as mere suggestions of topics to be discussed with an attorney. It is not the role of the financial services professional to assess the appropriateness of any particular planning technique for the clients' particular situation. Only an attorney can make such determinations and prepare documentation for the implementation of any recommendations. Any individual receiving a copy of this analysis should share it with his or her own attorney. Pacific Life Insurance and Annuity Company is not engaged in the practice of law, nor is it licensed to do so. Communications with Pacific Life employees are not intended as legal or tax advice, nor may they be construed nor relied upon as such. Pacific Life Insurance Company and Pacific Life & Annuity Company is not engaged in the practice of law, nor is it licensed to do so. Communications with Pacific Life employees are not intended as legal or tax advice, nor may they be construed nor relied upon as such.

Important Notes

Pacific Life Insurance Company is licensed to issue individual life insurance and annuity products in all states except New York. Product availability and features vary by state. Individual life insurance and annuity products are available in New York through Pacific Life & Annuity Company. Each company is solely responsible for the financial obligations accruing under the policies it issues, and its product and rider guarantees are backed by that company's financial strength and claims-paying ability.

3. Important Information regarding discussion of "Discounted Dollars." This analysis includes a discussion of using "discounted dollars" to pay estate taxes. What this means is that an amount less than one dollar can be invested today so that this amount and its earnings will make one dollar available at death. The sum which must be invested today depends on a variety of factors including the form of the investment, the rate of earnings, the duration of the investment, and whether the investment is subject to income and estate taxes. See 1. above regarding the lack of certainty in financial projections.

4. Important Information regarding new life insurance. This analysis may suggest the purchase of a new life insurance policy. If this is the case, the analysis is considered incomplete without the accompanying Basic Illustration (for general account life insurance products) or the Ledger and Summary Pages (for variable life insurance products) which includes descriptions of guaranteed elements and other important information. Certain pages of this analysis illustrate a specific amount of life insurance at a stated premium. This assumes that annual life insurance premiums are being paid for a number of years equal to the lesser of (I) the projected years until death or (II) the number of years required before premiums can be suspended. If the insured lives beyond the number of years projected or if the hypothetical earnings rate shown in this presentation decreases and/or non-guaranteed mortality and expense charges increase, then the cost of the life insurance policy may be substantially greater than that shown. Some of the policy elements (known as non-guaranteed elements) illustrated in this presentation may be changed at the life insurance carrier's discretion but cannot be less favorable than the policy's guarantees. The analysis also reflects certain assumptions about how the policy's options will be used. Over time, the actual non-guaranteed elements, and perhaps the actual use of the policy's options, are likely to vary from these assumptions. For these reasons, actual performance will either be more or less favorable than shown in this analysis. The reader is urged to carefully review a specific policy illustration, complete with footnotes, to determine the reasonableness of these assumptions.

5. Important Information when variable life insurance is used in the proposal. If variable life insurance is suggested in this analysis, the analysis must be preceded by or accompanied by current prospectuses for the variable life insurance product illustrated and the underlying fund(s). Read the prospectuses carefully before sending or investing money.

6. Important Information regarding input. This illustration of the value of your assets and disposition of your estate is based on information supplied by you. The pages of this report should accurately reflect this information. If information such as itemized current value or assumed appreciation rate is not clearly stated herein, this report should be reviewed as incomplete.

Important Notes

7. Important Information regarding Pacific Life Insurance Company and Pacific Life Insurance & Annuity Company. Pacific Life & Annuity Company's individual life insurance policies are approved for sale in the state of New York only. This material may be used in New York only. Variable insurance products issued by Pacific Life Insurance Company and Pacific Life & Annuity Company are distributed by **Pacific Select Distributors, Inc.**(member FINRA & SIPC), a subsidiary of Pacific Life and an affiliate of Pacific Life & Annuity, and are available through licensed third-party broker dealers. Pacific Life Insurance Company's and Pacific Life & Annuity Company's individual life insurance products are marketed exclusively through independent third-party producers which may include bank affiliated entities.

Estate Tax Repeal

Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA")
EGTRRA was signed into law on June 7, 2001. A controversial aspect of this Act is the future repeal of the estate tax. The Act is a compromise between substantial estate tax reductions and full repeal. However, there were concerns that the cost of full repeal would use too much of the money needed for other tax cuts and spending priorities. The resulting compromise uses a slow phase-in through the year 2009 with a full repeal of the estate tax in 2010.

"Sunset Provisions"
EGTRRA contains a "sunset provision" that repeals this Act as of December 31, 2010. Consequently, the estate, gift and generation-skipping transfer tax in effect in 2001 will become the law once again on January 1, 2011. Unless there is future legislation, EGTRRA will only be effective through the year 2010.

Phase-In Rates and Schedules

YEAR	ESTATE TAX EXEMPTION	HIGHEST ESTATE TAX RATE	GIFT TAX EXEMPTION	GENERATION-SKIPPING TRANSFER EXEMPTION
2007	$2,000,000	45%	$1,000,000	$2,000,000
2008	$2,000,000	45%	$1,000,000	$2,000,000
2009	$3,500,000	45%	$1,000,000	$2,000,000
2010	Federal Estate Tax Repealed	0%	$1,000,000	Generation-Skipping Transfer Tax Repealed
2011	$1,000,000*	55%	$1,000,000	$1,060,000

*Under the Taxpayer Relief Act of 1997 (TRA 1997), the generation-skipping transfer tax exemption will be increased by an inflation adjustment. Increases will be made if the cost-of-living adjustment is a multiple of $10,000; otherwise it will be rounded to the next lowest multiple of $10,000. I.R.C. 2631(c).

"Elimination of Step-Up Basis"
Among the many new provisions of this complex tax act deals with the elimination of step-up basis for inherited property. This means that property inherited after estate tax repeal in 2010 may be subject to capital gains taxes when sold. Each estate will be allowed a $1.3 million exclusion of increased basis and additional $3 million exclusion for the surviving spouse. To assist the IRS, the executors and trustees will have significant new reporting requirements. These new provisions require special planning for the closely-held business owner. The Act contains many other provisions.

Possibility of Future Estate Tax Reform or Repeal
Although EGTRRA is scheduled to sunset in 2010, Congress may enact future legislation to either reform or permanently repeal the estate tax. However, unless Congress takes further action, the estate gift and generation- skipping transfer tax laws that were in effect prior to EGTRRA, will become the law once again on January 1, 2011. Currently, bills are pending that if passed, would permanently repeal, or otherwise lessen the impact of the federal estate tax.

Continued Need for Planning
The complexities of this new legislation and the uncertainties of many of its provisions require careful planning with your tax and legal advisors.

Assumptions

Current Plan

Assets and assumptions for a May, 2008 analysis of the estate of:

Mr. Valued Client | **Mrs. Valued Client**

Age: 58 **Male Born:** Jan. 01, 1950

Age: 55 **Female Born:** Jan. 01, 1953

Mr. Valued and Mrs. Valued are married.
This analysis assumes that Mr. Valued dies in 16 years and Mrs. Valued dies 1 year later.
State Inheritance Tax based on Virginia

Children and Dependents

Name	Date of Birth	Gender	Relationship	Dependent of
Child A	Jan. 01, 1983	Male	Child	Mr. Valued, Mrs. Valued
Child B	Jan. 01, 1985	Female	Child	Mr. Valued, Mrs. Valued
Child C	Jan. 01, 1990	Female	Child	Mr. Valued, Mrs. Valued

Salaries

Employer	Employee	Current Salary	Frequency	Inflation Rate
Employer	Mr. Valued	$250,000	Annual	0.000%

Checking, Savings, CDs

Account Name	Owner	Current Balance	Balance As Of	Interest Rate	
Cash	Mr. Valued, Mrs. Valued	$50,000	Apr. 23, 2008	1.000%	This asset is the Cash Account

Stocks

					Rates	
Name/ Symbol	Owner	Current Value	Balance As Of	Basis	Div. Rate	App. Rate
Stocks	Mr. Valued, Mrs. Valued	$500,000	Apr. 23, 2008	$250,000	1.000%[1]	5.000%

IRAs

Name	Owner	Current Balance	Balance As Of	Growth Rate	Type
IRA	Mr. Valued	$1,000,000	Apr. 23, 2008	6.000%	Deductible

Business Property

Business

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
Mr. Valued	$3,000,000	Apr. 23, 2008	$0	6.000%

Business Form	% of Total Bus. Value	Income	Income Frequency	Monthly Expenses	Annual Expenses	Inflation Rate
S Corporation	100%	n/a	n/a	n/a	n/a	n/a

[1] Dividends are assumed to be reinvested in similar investments.

Assumptions (Continued)

Current Plan

Residences

Primary Residence

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
Mr. Valued, Mrs. Valued	$1,000,000	Apr. 23, 2008	$250,000	3.000%

2nd Home

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
Mr. Valued, Mrs. Valued	$750,000	Apr. 23, 2008	$450,000	3.000%

Personal Property

Name	Owner	Current Balance	Balance As Of	Basis	Growth Rate
Personal Property	Mr. Valued, Mrs. Valued	$250,000	Apr. 23, 2008	$0	1.000%

Life Insurance-Individual

Name	Insured	Owner	Beneficiary	Face Amount	Premium	Frequency	Cash Value
Term Policy	Mr. Valued	Mr. Valued	Mrs. Valued	$1,000,000	$150	Monthly	$0

Debt

Liability Name	Owner	Current Balance	Balance As Of	Interest Rate

Total value of debts = $0

See IMPORTANT INFORMATION page at beginning of the report regarding: i) the roles of the attorney and the financial services professional in estate planning, and ii) the input, assumptions, and computations used in this report.

Summary of Values

Your Current Plan

Assets

For estate planning purposes, assets can be categorized by their availability to pay taxes and expenses at death. Availability of assets depends on two things:

1. Ownership—the title to the asset determines how it passes at death.
2. Type of Asset—certain assets can be converted to cash more quickly than others.

	Mr. Valued	Mrs. Valued	Joint	Total
Liquid Assets				
Cash			$50,000	$50,000
Stocks			$500,000	$500,000
Retirement Plans				
IRA	$1,000,000			$1,000,000
Business				
Business	$3,000,000			$3,000,000
Fixed Assets				
Personal Property			$250,000	$250,000
Residences				
Primary Residence			$1,000,000	$1,000,000
2nd Home			$750,000	$750,000
Total Values Today	**$4,000,000**	**$0**	**$2,550,000**	**$6,550,000**

Values from Prior Planning

Your prior planning affects the values your heirs will receive if you were to die today.

Life Insurance on Mr. Valued[1]	$1,000,000
Prior Planning Total	**$1,000,000**

Total Value if Death Today

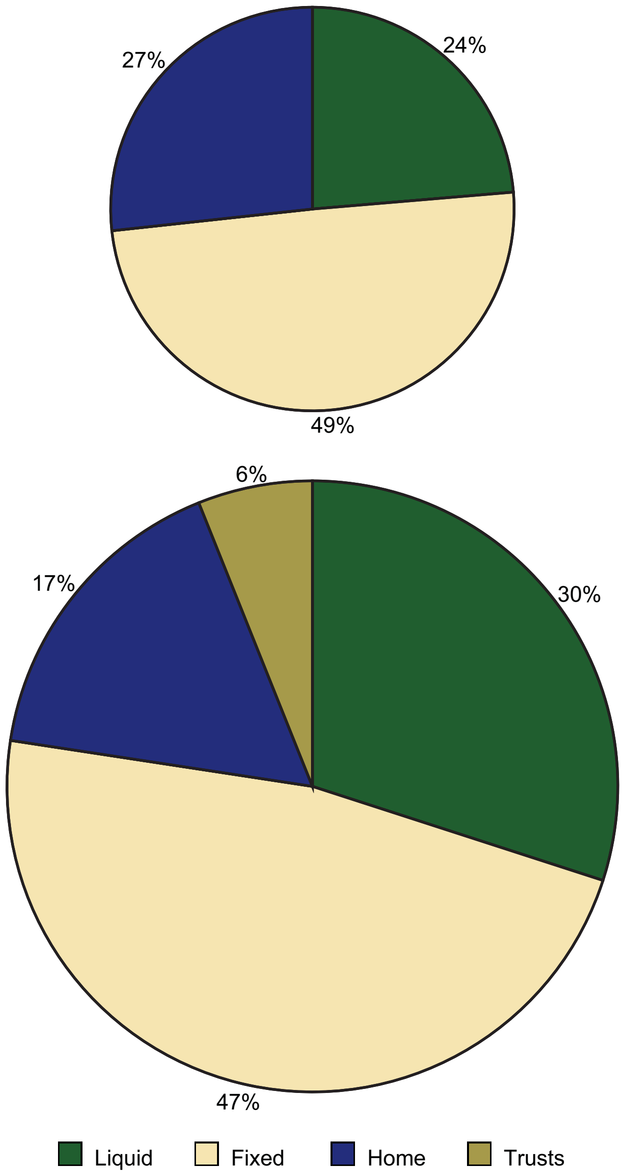
The summary of your values today equals the
Total Values Today of $6,550,000 plus
Values from Prior Planning of $1,000,000

Total Value if Death Today[2]	**$7,550,000**

[1] May be in the estate if death today based on ownership and beneficiary designations.
[2] Includes values that may not be part of taxable estate.

Your Estate...

Your Current Plan



Today: $7,550,000*

In 17 years:
$17,268,809

To whom do you want to leave your estate?

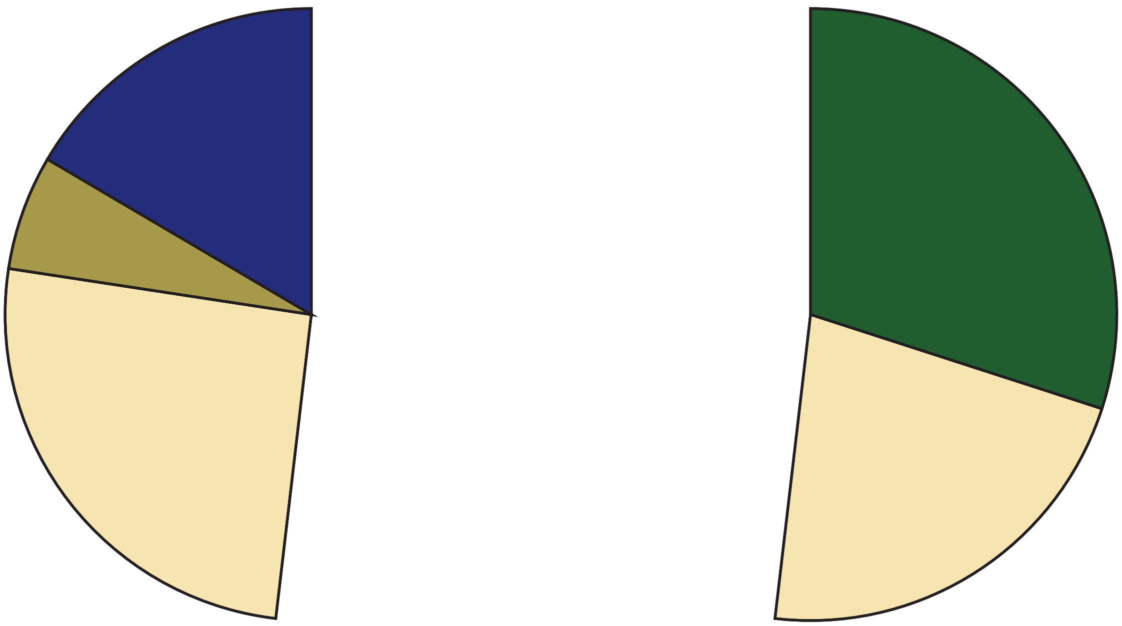
* Based on assumptions outlined on the Summary of Values and Assumptions Pages.

See IMPORTANT INFORMATION page at beginning of the report regarding: i) the roles of the attorney and the financial services professional in estate planning, and ii) the input, assumptions, and computations used in this report.

At Your Death

Your Current Plan

Before Your Heirs Get Anything...



Remaining Estate[1]
$8,314,399
48%

Taxes, Expenses, Probate, Debts
$8,954,410[2]
52%

[1] Includes the values from prior planning and existing life insurance.
[2] The sum of taxes, expenses, debt, and probate and administrative fees, as shown by the flowchart that follows. Taxes are assessed only on the remaining estate.

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Current Planning

Current Will Assumptions

This analysis assumes that Mr. Valued is the first to die in 16 years and Mrs. Valued dies 1 year later and absent congressional action, the federal estate, gift and generation-skipping transfer tax in effect prior to the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") will be fully reinstated on January 1, 2011. Please refer to the important information page at the beginning of the report. The growth of your assets until the first death considers your income as well as the portion of existing assets used to provide the spending patterns detailed in the Assumptions. State inheritance tax is based on Virginia law.

Mr. Valued's Current Plan

A marital trust and a family trust are used to transfer the estate.

Trust for Spouse
A Marital Trust is created to transfer some or all of the estate to Mrs. Valued and qualify for the marital deduction.[1]

Trust for Family
A Family Trust will be created using an amount equal to the Applicable Credit Amount* if available. The trust corpus is assumed to grow or earn 5% annually between your death and Mrs. Valued's death.

Mrs. Valued's Current Plan

A marital trust and a family trust are used to transfer the estate.

Trust for Spouse
A Marital Trust is created to transfer some or all of the estate to Mr. Valued and qualify for the marital deduction.[1]

Trust for Family
A Family Trust will be created using an amount equal to the Applicable Credit Amount* if available. The trust corpus is assumed to grow or earn 5% annually between your death and Mr. Valued's death.

[1] A federal tax deduction allowed for unlimited lifetime and testamentary transfers from one spouse to another.
* The Applicable Credit is a dollar amount allocated to each taxpayer that may be applied against gift and estate taxes. Application of the Applicable Credit against gift and estate taxes reduces (by the amount used) the credit that would otherwise be available against future gifts and against any estate tax imposed on transfers from the donor's estate.

Your Current Plan

Hypothetical Growth of Assets

This analysis assumes that Mr. Valued is the first to die in 16 years and Mrs. Valued dies 1 year later and absent congressional action, the federal estate, gift and generation-skipping transfer tax in effect prior to the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") will be fully reinstated on January 1, 2011. Please refer to the important information page at the beginning of the report. The growth of your assets until death considers your income as well as the portion of existing assets used to provide the spending patterns detailed in the assumptions.

End of Year	Expected Income	Less Withdrawals Liquidations Distributions	Plus Additions Appreciation Earnings	End of Year Asset Values	Mr. Valued's Assets	Mrs. Valued's Assets
			Values Today	***$6,550,000***	***$5,275,000***	***$1,275,000***
2008	$250,000	$116,149	$215,858	$6,899,709	$5,529,075	$1,370,634
2009	250,000	117,895	339,385	7,371,200	5,889,574	1,481,626
2010	250,000	118,916	359,203	7,861,486	6,266,955	1,594,531
2011	250,000	119,545	380,086	8,372,028	6,662,399	1,709,629
2012	250,000	120,180	402,097	8,903,945	7,076,941	1,827,004
2013	250,000	120,822	425,303	9,458,426	7,511,679	1,946,747
2014	250,000	121,471	449,772	10,036,726	7,967,777	2,068,949
2015	0	7,179	474,788	10,504,335	8,378,547	2,125,789
2016	28,287	7,512	500,767	11,025,877	8,826,900	2,198,977
2017	31,784	7,663	528,430	11,578,428	9,302,014	2,276,415
2018	32,738	7,901	557,685	12,160,951	9,804,043	2,356,908
2019	64,630	8,149	588,752	12,806,184	10,350,073	2,456,110
2020	141,488	10,908	549,766	13,486,529	10,891,052	2,595,477
2021	147,769	63,916	576,424	14,146,805	11,431,947	2,714,859
2022	154,351	66,944	604,317	14,838,530	11,998,993	2,839,537
2023	161,251	70,103	633,548	15,563,226	12,593,451	2,969,775
	Values at Mr. Valued's death after 16 years				**$12,593,451**	**$2,969,775**

Adjustments at Mr. Valued's Death

	Mr. Valued	Mrs. Valued
Cash Flow Adjustment	-$32,626	-$32,626
Life Insurance in Estate[1]	$1,000,000	
Estate Total in 2024	**$13,560,824**	**$2,937,149**
Combined Estate Total	**$16,497,973**	

[1] Incidents of ownership or beneficiary designation cause inclusion of death proceeds in the estate.

See IMPORTANT INFORMATION page at beginning of the report regarding: i) the roles of the attorney and the financial services professional in estate planning, and ii) the input, assumptions, and computations used in this report.

Your Current Plan

Mr. Valued Dies in 2024, Mrs. Valued Dies in 2025

Combined Gross Estate
$16,497,973

in 2024

Taxes, Expenses,
Probate and Debts
$0

$5,086,365
Remaining Estate
at Mrs. Valued's death
$5,322,558

$10,411,609
Marital Trust
$10,895,088

$1,000,000
Family Trust
$1,051,162

in 2025

Taxes, Expenses,
Probate and Debts
$8,525,588

Family Trust	$1,051,162
Net Distributions to Heirs	$7,692,059
less: Income Tax on Income in Respect of Decedent	($428,822)
Total to Family*	**$8,314,399**

* The federal estate tax exemption amount is $2,000,000 in 2007-2008 and increases to $3,500,000 in 2009. The highest federal estate tax rate is 45% in 2007-2009. The federal estate tax will be repealed on 1/1/10 until 12/31/10. Beginning 2011, the federal estate tax will be reinstated with a federal estate tax exemption amount of $1,000,000 and a maximum estate tax rate of 55%. Congress continues to discuss and consider legislation that, if passed, would permanently repeal or otherwise lessen the impact of the federal estate tax.
Refer to Flowchart Calculations

See IMPORTANT INFORMATION page at beginning of the report regarding: i) the roles of the attorney and the financial services professional in estate planning, and ii) the input, assumptions, and computations used in this report.

Your Current Plan

Flowchart Calculations

	At First Death in 2024	At Second Death in 2025
Marital Trust		
with Growth at assumed growth rates	$10,411,609	$10,895,088
Family Trust		
with Growth at 5%	$1,000,000	$1,051,162
Remaining Estate		
Mrs. Valued's Assets using Assumed Growth Rates	$2,937,149	$5,322,558
plus Other Funds (Net Inheritance)	$2,149,216	
equals Remaining Estate	**$5,086,365**	**$5,322,558**
includes IRA Rollover of $2,149,216		
Total Taxes Due*		
Federal Estate Tax before Credits	$345,800	$8,871,388
less Applicable Credit	$345,800	$345,800
Virginia State Tax	$0	$2,061,623
less State Tax Credit	$0	$2,061,623
equals Total Taxes Due	**$0**	**$8,525,588**
Taxes, Expenses, Probate, Debts		
Probate and Administrative Fees	$0	$0
Final Expenses	$0	$0
Total Taxes Due	$0	$8,525,588
plus Debts Paid Off	$0	$0
Total Taxes, Expenses, Probate and Debts	**$0**	**$8,525,588**
Income Tax on Income in Respect of Decedent	$0	$428,822
Additional Funds Needed to pay Taxes, Expenses, Probate, Debts		
Total Taxes, Expenses, Probate and Debts	$0	$8,525,588
Income Tax on Income in Respect of Decedent	$0	$428,822
equals Additional Funds Needed[1]	**$0**	**$8,954,410**

The federal estate tax exemption amount is $2,000,000 in 2007-2008 and increases to $3,500,000 in 2009. The highest federal estate tax rate is 45% in 2007-2009. The federal estate tax will be repealed on 1/1/10 until 12/31/10. Beginning 2011, the federal estate tax will be reinstated with a federal estate tax exemption amount of $1,000,000 and a maximum estate tax rate of 55%. Congress continues to discuss and consider legislation that, if passed, would permanently repeal or otherwise lessen the impact of the federal estate tax.

* Taxes are assessed only on remaining estate.

[1] If Additional Funds Needed at first death were provided, funds needed at second death could be reduced. The method of providing these funds can alter the amount needed.

See IMPORTANT INFORMATION page at beginning of the report regarding: i) the roles of the attorney and the financial services professional in estate planning, and ii) the input, assumptions, and computations used in this report.

Your Current Plan

Sources of Cash

To maintain cash flow each year it may be necessary to withdraw a portion of the earnings or even liquidate one or more assets. Based on the information you supplied, each of your assets has been prioritized as to which asset would be used first, which would be last, and with all others in between. This same priority list is used at Mrs. Valued's death to determine which assets would be used for any additional liquidity needs. The following assets are utilized in your Current Plan:

Priority Ordering

Asset	**Limit Uses to**
Cash	Unrestricted
Stocks	Unrestricted
IRA	Retirement
Family Trust	Unrestricted
Primary Residence	Do Not Use
2nd Home	Do Not Use
Business	Do Not Use
Personal Property	Do Not Use

Additional Planning

Proposed Will Assumptions

This analysis assumes that Mr. Valued is the first to die in 16 years and Mrs. Valued dies 1 year later and absent congressional action, the federal estate, gift and generation-skipping transfer tax in effect prior to the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") will be fully reinstated on January 1, 2011. Please refer to the important information page at the beginning of the report. The growth of your assets until the first death considers your income as well as the portion of existing assets used to provide the spending patterns detailed in the Assumptions. State inheritance tax is based on Virginia law.

Mr. Valued's Proposed Plan

A marital trust and a family trust are used to transfer the estate.

Trust for Spouse
A Marital Trust is created to transfer some or all of the estate to Mrs. Valued and qualify for the marital deduction.[1]

Trust for Family
A Family Trust will be created using an amount equal to the Applicable Credit Amount* if available. The trust corpus is assumed to grow or earn 5% annually between your death and Mrs. Valued's death.

Mrs. Valued's Proposed Plan

A marital trust and a family trust are used to transfer the estate.

Trust for Spouse
A Marital Trust is created to transfer some or all of the estate to Mr. Valued and qualify for the marital deduction.[1]

Trust for Family
A Family Trust will be created using an amount equal to the Applicable Credit Amount* if available. The trust corpus is assumed to grow or earn 5% annually between your death and Mr. Valued's death.

[1] A federal tax deduction allowed for unlimited lifetime and testamentary transfers from one spouse to another.
* The Applicable Credit is a dollar amount allocated to each taxpayer that may be applied against gift and estate taxes. Application of the Applicable Credit against gift and estate taxes reduces (by the amount used) the credit that would otherwise be available against future gifts and against any estate tax imposed on transfers from the donor's estate.

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Proposed Expenses, Gifts and Techniques

Your Proposed Plan

This analysis of the proposed plans of Mr. Valued and Mrs. Valued assumes that the following plans for expenses and gifts replace your current plans. Expenses are referring to expenses that are consumed, that is, they are not used to purchase other assets and are in addition to expenditures shown elsewhere in this Proposed Plan.

Trusts

CRUT		(Charitable Remainder Unitrust)	
Assets Transferred:	$750,000	Grantor: Joint	
Unitrust Interest:	6%	Trust Duration: Life	
Tax Deduction:	$144,285	IRC 7520 Rate:	3.4%
Growth Rate:	6.000%	Pct. Annual Balance:	6.000%
		Retained Interest:	$605,715
CRUT #2		(Charitable Remainder Unitrust)	
Assets Transferred:	$500,000	Grantor: Joint	
Unitrust Interest:	6%	Trust Duration: Life	
Tax Deduction:	$96,190	IRC 7520 Rate:	3.4%
Growth Rate:	6.000%	Pct. Annual Balance:	6.000%
		Retained Interest:	$403,810

See IMPORTANT INFORMATION page at beginning of the report regarding: i) the roles of the attorney and the financial services professional in estate planning, and ii) the input, assumptions, and computations used in this report.

Proposed New Life Insurance

Additional Planning and New Life Insurance

This analysis of the proposed plans of Mr. Valued and Mrs. Valued assumes that the following new life insurance is acquired.

New Life Insurance

ILIT

Face Amount:	$7,709,508	Insured:	Survivor
Annual Premium:	$25,000	Owner:	ILIT
		Beneficiary:	ILIT
Premium Gift:	Exclusion	Premium Payer:	Joint
		Eligible for Annual Exclusion?	Yes
		Number of Exclusions:	0.00

Insurance owned outside the estate usually refers to insurance not owned by a decedent and not payable to the decedent's estate, but other factors may have to be taken into consideration.

Insurance is included in the estate when the incidents of ownership or the beneficiary designation causes the death proceeds to be included in the taxable estate. A change in ownership or beneficiary designation may be needed to exclude the proceeds from estate taxation. Transfer of a policy by the policy owner within three years of death will cause the death proceeds to be included in the gross estate. If a transferred policy has a cash value, a gift tax return may be required and gift taxes may be ignored.

If life insurance intended to address estate taxes is included in the estate, the insurance itself becomes a taxable item, reducing its value. Life insurance that is not included in the gross estate passes to the beneficiaries undiminished by estate taxes.

References to the cost or values of proposed life insurance are incomplete unless accompanied by an illustration from the proposed insurer (a) showing both guaranteed and projected cash values and death benefit, and (b) making all other disclosures required by state or federal law.

Effects of Additional Planning

Hypothetical Growth of Assets

This analysis assumes that Mr. Valued is the first to die in 16 years and Mrs. Valued dies 1 year later and absent congressional action, the federal estate, gift and generation-skipping transfer tax in effect prior to the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") will be fully reinstated on January 1, 2011. Please refer to the important information page at the beginning of the report. The growth of your assets until death considers your income as well as the portion of existing assets used to provide the spending patterns detailed in the assumptions.

End of Year	Expected Income	Less Withdrawals Liquidations Distributions	Plus Additions Appreciation Earnings	End of Year Asset Values	Mr. Valued's Assets	Mrs. Valued's Assets
			Values Today	***$6,550,000***	***$5,275,000***	***$1,275,000***
2008	$250,000	$114,949	-$1,068,869	$5,616,182	$4,887,311	$728,870
2009	348,798	114,949	285,923	6,135,953	5,271,950	864,003
2010	347,776	114,949	304,210	6,672,990	5,672,707	1,000,283
2011	346,688	114,949	323,436	7,228,166	6,090,468	1,137,698
2012	345,596	114,949	343,657	7,802,469	6,526,203	1,276,267
2013	344,500	114,949	364,928	8,396,949	6,980,941	1,416,008
2014	343,401	114,949	387,314	9,012,715	7,455,771	1,556,943
2015	77,943	6,427	409,896	9,494,127	7,873,442	1,620,684
2016	105,973	7,040	433,253	10,026,313	8,327,118	1,699,195
2017	109,215	7,459	458,113	10,586,182	8,805,891	1,780,292
2018	109,913	8,558	484,369	11,171,907	9,309,521	1,862,386
2019	141,551	9,418	512,232	11,816,272	9,855,118	1,961,155
2020	218,156	15,057	469,803	12,489,175	10,392,375	2,096,799
2021	224,184	64,721	492,824	13,141,462	10,929,275	2,212,187
2022	230,516	67,993	516,846	13,820,831	11,490,143	2,330,687
2023	237,165	71,391	541,953	14,528,558	12,076,117	2,452,441
	Values at Mr. Valued's death after 16 years				**$12,076,117**	**$2,452,441**

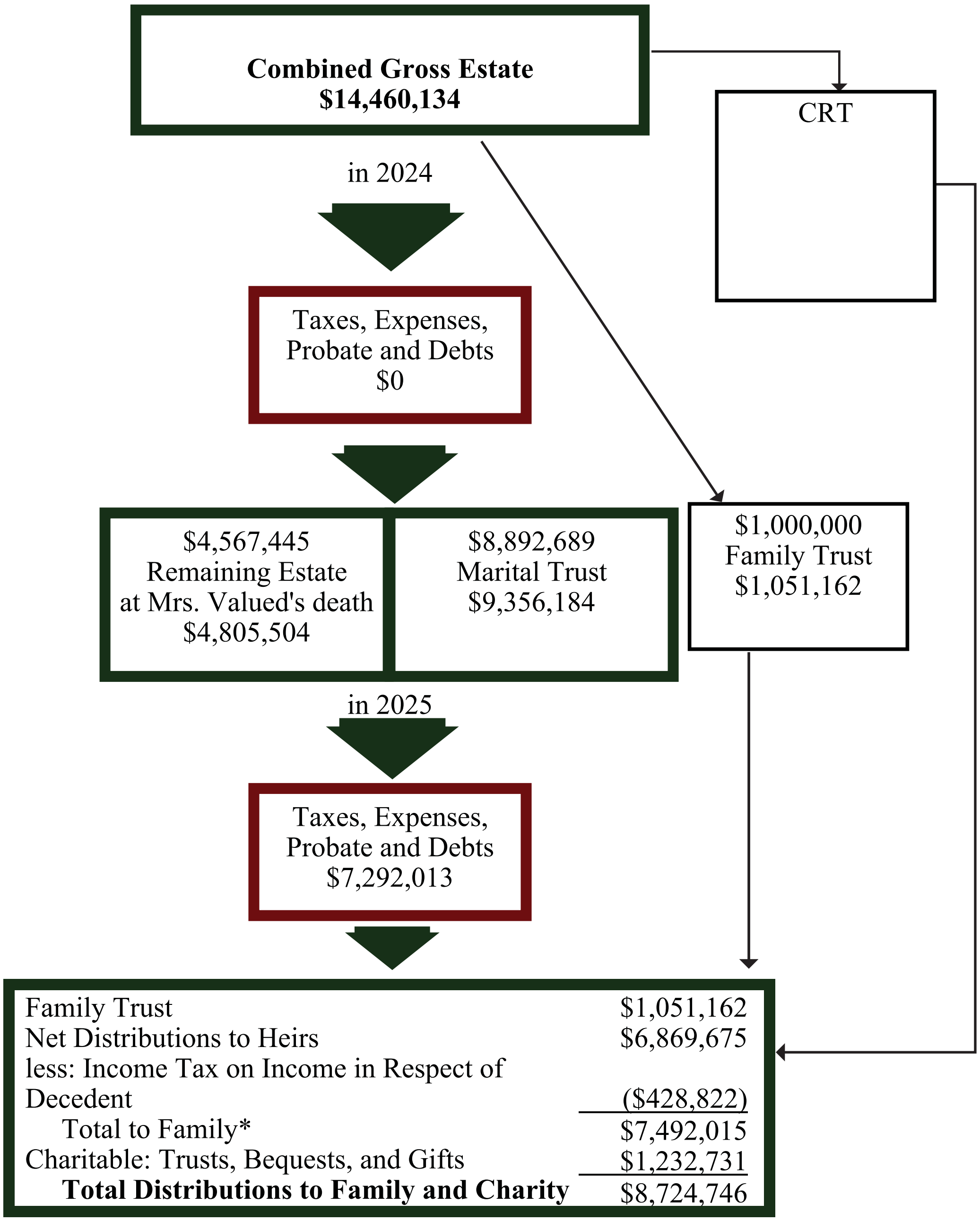
Adjustments at Mr. Valued's Death

Cash Flow Adjustment	-$34,212	-$34,212
Estate Total in 2024	**$12,041,905**	**$2,418,229**
Combined Estate Total	**$14,460,134**	

See IMPORTANT INFORMATION page at beginning of the report regarding: i) the roles of the attorney and the financial services professional in estate planning, and ii) the input, assumptions, and computations used in this report.

Effects of Additional Planning

Mr. Valued Dies in 2024, Mrs. Valued Dies in 2025



* The federal estate tax exemption amount is $2,000,000 in 2007-2008 and increases to $3,500,000 in 2009. The highest federal estate tax rate is 45% in 2007-2009. The federal estate tax will be repealed on 1/1/10 until 12/31/10. Beginning 2011, the federal estate tax will be reinstated with a federal estate tax exemption amount of $1,000,000 and a maximum estate tax rate of 55%. Congress continues to discuss and consider legislation that, if passed, would permanently repeal or otherwise lessen the impact of the federal estate tax.
Refer to Flowchart Calculations

See IMPORTANT INFORMATION page at beginning of the report regarding: i) the roles of the attorney and the financial services professional in estate planning, and ii) the input, assumptions, and computations used in this report.

Effects of Additional Planning

Flowchart Calculations

	At First Death in 2024	At Second Death in 2025
Charitable Remainder Trusts		
Value of Trusts	$1,236,802	$1,232,731
Marital Trust		
with Growth at assumed growth rates	$8,892,689	$9,356,184
Family Trust		
with Growth at 5%	$1,000,000	$1,051,162
Remaining Estate		
Mrs. Valued's Assets using Assumed Growth Rates	$2,418,229	$4,805,504
plus Other Funds (Net Inheritance)	$2,149,216	
equals Remaining Estate	**$4,567,445**	**$4,805,504**
includes IRA Rollover of $2,149,216		
Total Taxes Due*		
Federal Estate Tax before Credits	$345,800	$7,637,813
less Applicable Credit	$345,800	$345,800
Virginia State Tax	$0	$1,732,670
less State Tax Credit	$0	$1,732,670
equals Total Taxes Due	**$0**	**$7,292,013**
Taxes, Expenses, Probate, Debts		
Probate and Administrative Fees	$0	$0
Final Expenses	$0	$0
Total Taxes Due	$0	$7,292,013
plus Debts Paid Off	$0	$0
Total Taxes, Expenses, Probate and Debts	**$0**	**$7,292,013**
Income Tax on Income in Respect of Decedent	$0	$428,822
Additional Funds Needed to pay Taxes, Expenses, Probate, Debts		
Total Taxes, Expenses, Probate and Debts	$0	$7,292,013
Income Tax on Income in Respect of Decedent	$0	$428,822
equals Additional Funds Needed[1]	**$0**	**$7,720,835**

The federal estate tax exemption amount is $2,000,000 in 2007-2008 and increases to $3,500,000 in 2009. The highest federal estate tax rate is 45% in 2007-2009. The federal estate tax will be repealed on 1/1/10 until 12/31/10. Beginning 2011, the federal estate tax will be reinstated with a federal estate tax exemption amount of $1,000,000 and a maximum estate tax rate of 55%. Congress continues to discuss and consider legislation that, if passed, would permanently repeal or otherwise lessen the impact of the federal estate tax.

* Taxes are assessed only on remaining estate.

[1] If Additional Funds Needed at first death were provided, funds needed at second death could be reduced. The method of providing these funds can alter the amount needed.

See IMPORTANT INFORMATION page at beginning of the report regarding: i) the roles of the attorney and the financial services professional in estate planning, and ii) the input, assumptions, and computations used in this report.

Effects of Additional Planning

Sources of Cash

To maintain cash flow each year it may be necessary to withdraw a portion of the earnings or even liquidate one or more assets. Based on the information you supplied, each of your assets has been prioritized as to which asset would be used first, which would be last, and with all others in between. This same priority list is used at Mrs. Valued's death to determine which assets would be used for any additional liquidity needs. The following assets are utilized in your Proposed Plan:

Priority Ordering

Asset	**Limit Uses to**
Cash	Unrestricted
IRA	Retirement
Family Trust	Unrestricted
Primary Residence	Do Not Use
Business	Do Not Use
Personal Property	Do Not Use

Effects of Planning and New Life Insurance

Hypothetical Growth of Assets

This analysis assumes that Mr. Valued is the first to die in 16 years and Mrs. Valued dies 1 year later and absent congressional action, the federal estate, gift and generation-skipping transfer tax in effect prior to the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") will be fully reinstated on January 1, 2011. Please refer to the important information page at the beginning of the report. The growth of your assets until death considers your income as well as the portion of existing assets used to provide the spending patterns detailed in the assumptions.

End of Year	Expected Income	Less Withdrawals Liquidations Distributions	Plus Additions Appreciation Earnings	End of Year Asset Values	Mr. Valued's Assets	Mrs. Valued's Assets
			Values Today	***$6,550,000***	***$5,275,000***	***$1,275,000***
2008	$250,000	$139,949	-$1,069,016	$5,591,035	$4,874,738	$716,297
2009	348,849	139,949	285,524	6,085,459	5,246,703	838,756
2010	347,915	139,949	303,558	6,596,983	5,634,704	962,279
2011	346,915	139,949	322,529	7,126,479	6,039,624	1,086,854
2012	345,912	139,949	342,492	7,674,934	6,462,435	1,212,499
2013	344,906	139,949	363,505	8,243,396	6,904,164	1,339,232
2014	343,897	139,949	385,629	8,832,973	7,365,901	1,467,073
2015	77,943	30,720	407,951	9,288,147	7,770,453	1,517,695
2016	105,973	31,222	431,045	9,793,943	8,210,933	1,583,010
2017	109,215	31,531	455,641	10,327,267	8,676,433	1,650,834
2018	109,913	32,001	481,636	10,886,817	9,166,976	1,719,841
2019	141,551	32,696	509,237	11,504,909	9,699,436	1,805,473
2020	218,156	37,730	466,550	12,151,886	10,223,731	1,928,155
2021	224,184	88,355	489,302	12,777,017	10,747,053	2,029,964
2022	230,516	91,514	513,052	13,429,071	11,294,263	2,134,808
2023	237,165	94,798	537,886	14,109,324	11,866,500	2,242,824
	Values at Mr. Valued's death after 16 years				**$11,866,500**	**$2,242,824**

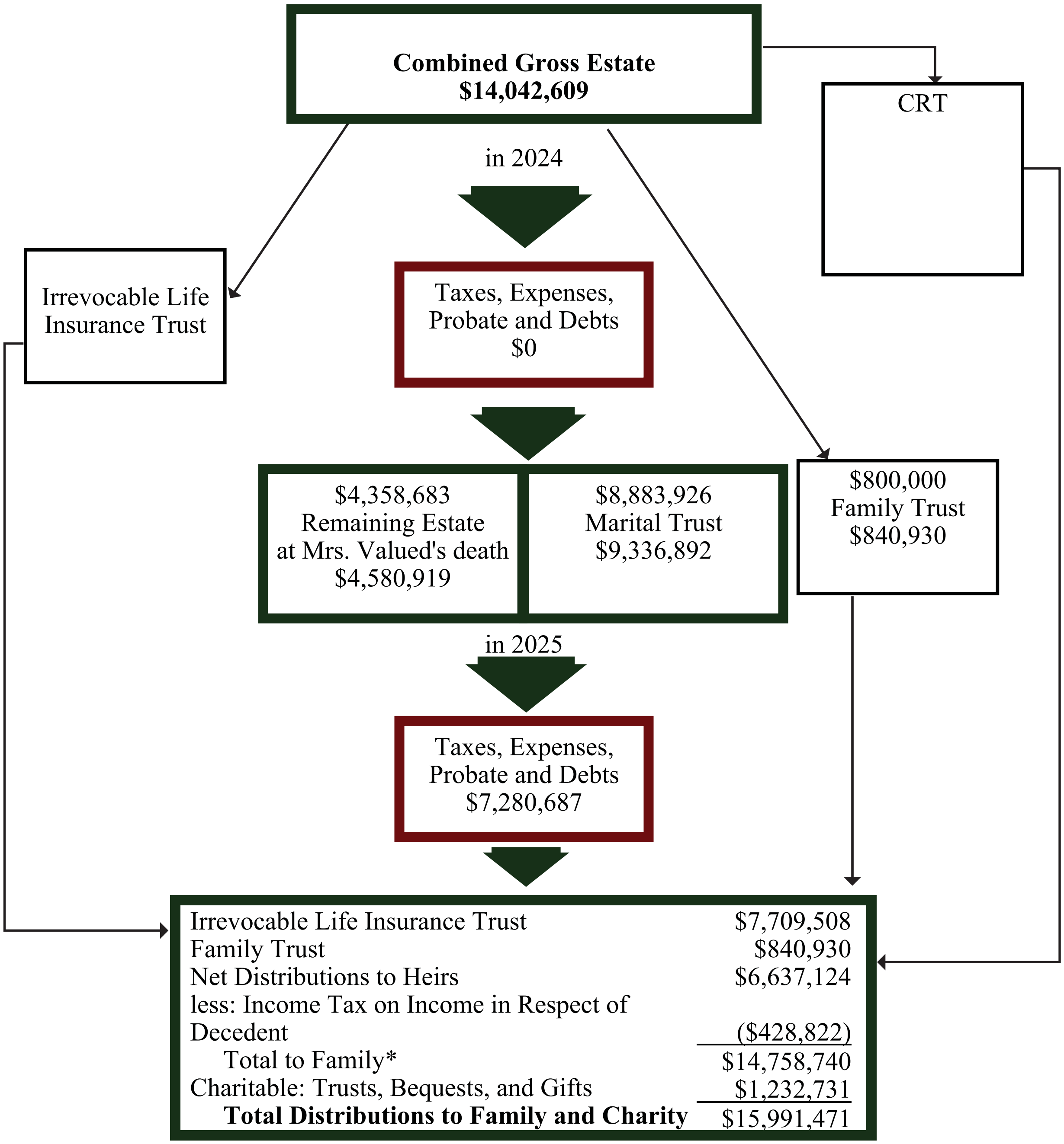
Adjustments at Mr. Valued's Death

	Mr. Valued	Mrs. Valued
Cash Flow Adjustment	-$33,358	-$33,358
Estate Total in 2024	**$11,833,142**	**$2,209,467**
Combined Estate Total	**$14,042,609**	

References to the cost or values of proposed life insurance are incomplete unless accompanied by an illustration from the proposed insurer (a) showing both guaranteed and projected cash values and death benefit, and (b) making all other disclosures required by state or federal law.

Effects of Planning and New Life Insurance

Mr. Valued Dies in 2024, Mrs. Valued Dies in 2025



References to the cost or values of proposed life insurance are incomplete unless accompanied by an illustration from the proposed insurer (a) showing both guaranteed and projected cash values and death benefit, and (b) making all other disclosures required by state or federal law.

* The federal estate tax exemption amount is $2,000,000 in 2007-2008 and increases to $3,500,000 in 2009. The highest federal estate tax rate is 45% in 2007-2009. The federal estate tax will be repealed on 1/1/10 until 12/31/10. Beginning 2011, the federal estate tax will be reinstated with a federal estate tax exemption amount of $1,000,000 and a maximum estate tax rate of 55%. Congress continues to discuss and consider legislation that, if passed, would permanently repeal or otherwise lessen the impact of the federal estate tax.
Refer to Flowchart Calculations

See IMPORTANT INFORMATION page at beginning of the report regarding: i) the roles of the attorney and the financial services professional in estate planning, and ii) the input, assumptions, and computations used in this report.

Effects of Planning and New Life Insurance

Flowchart Calculations

	At First Death in 2024	At Second Death in 2025
Irrevocable Life Insurance Trust (ILIT)		
Death Proceeds Available	$0	$7,709,508
Charitable Remainder Trusts		
Value of Trusts	$1,236,802	$1,232,731
Marital Trust		
with Growth at assumed growth rates	$8,883,926	$9,336,892
Family Trust		
with Growth at 5%	$800,000	$840,930
Remaining Estate		
Mrs. Valued's Assets using Assumed Growth Rates	$2,209,467	$4,580,919
plus Other Funds (Net Inheritance)	$2,149,216	
equals Remaining Estate	**$4,358,683**	**$4,580,919**
includes IRA Rollover of $2,149,216		
Total Taxes Due*		
Federal Estate Tax before Credits	$345,800	$7,626,487
less Applicable Credit	$345,800	$345,800
Virginia State Tax	$0	$1,693,650
less State Tax Credit	$0	$1,693,650
equals Total Taxes Due	**$0**	**$7,280,687**
Taxes, Expenses, Probate, Debts		
Probate and Administrative Fees	$0	$0
Final Expenses	$0	$0
Total Taxes Due	$0	$7,280,687
plus Debts Paid Off	$0	$0
Total Taxes, Expenses, Probate and Debts	**$0**	**$7,280,687**
Income Tax on Income in Respect of Decedent	$0	$428,822
Additional Funds Needed to pay Taxes, Expenses, Probate, Debts		
Total Taxes, Expenses, Probate and Debts	$0	$7,280,687
Income Tax on Income in Respect of Decedent	$0	$428,822
less Irrevocable Life Insurance Trust (ILIT)	$0	$7,709,508
equals Additional Funds Needed[1]	**$0**	**$0**

References to the cost or values of proposed life insurance are incomplete unless accompanied by an illustration from the proposed insurer (a) showing both guaranteed and projected cash values and death benefit, and (b) making all other disclosures required by state or federal law.

The federal estate tax exemption amount is $2,000,000 in 2007-2008 and increases to $3,500,000 in 2009. The highest federal estate tax rate is 45% in 2007-2009. The federal estate tax will be repealed on 1/1/10 until 12/31/10. Beginning 2011, the federal estate tax will be reinstated with a federal estate tax exemption amount of $1,000,000 and a maximum estate tax rate of 55%. Congress continues to discuss and consider legislation that, if passed, would permanently repeal or otherwise lessen the impact of the federal estate tax.

* Taxes are assessed only on remaining estate.

[1] If Additional Funds Needed at first death were provided, funds needed at second death could be reduced. The method of providing these funds can alter the amount needed.

See IMPORTANT INFORMATION page at beginning of the report regarding: i) the roles of the attorney and the financial services professional in estate planning, and ii) the input, assumptions, and computations used in this report.

Effects of Planning and New Life Insurance

Sources of Cash

To maintain cash flow each year it may be necessary to withdraw a portion of the earnings or even liquidate one or more assets. Based on the information you supplied, each of your assets has been prioritized as to which asset would be used first, which would be last, and with all others in between. This same priority list is used at Mrs. Valued's death to determine which assets would be used for any additional liquidity needs. The following assets are utilized in your Proposed Plan with New Life Insurance:

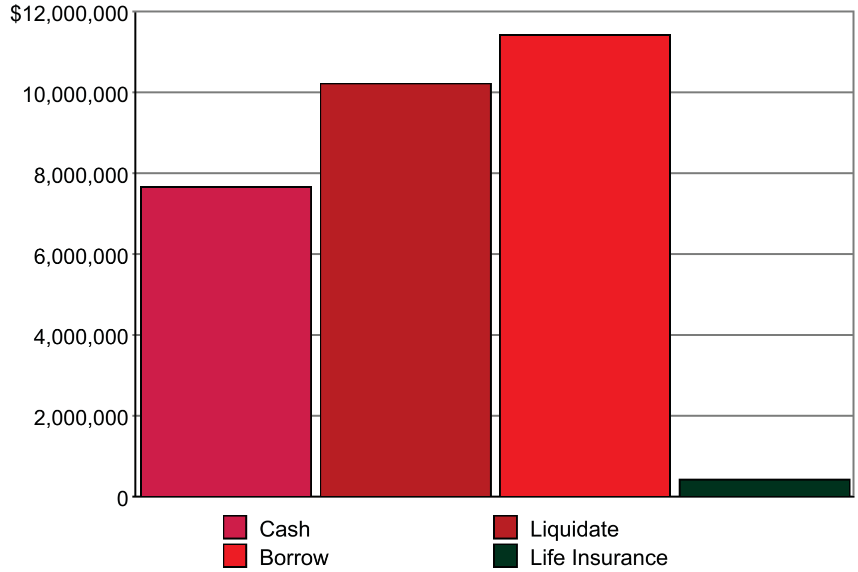
Priority Ordering

Asset	Limit Uses to
Cash	Unrestricted
IRA	Retirement
Family Trust	Unrestricted
Primary Residence	Do Not Use
Business	Do Not Use
Personal Property	Do Not Use

References to the cost or values of proposed life insurance are incomplete unless accompanied by an illustration from the proposed insurer (a) showing both guaranteed and projected cash values and death benefit, and (b) making all other disclosures required by state or federal law.

A Comparison of Funding Alternatives

Your Proposed Plan with New Life Insurance



These values do not reflect the time value of money. Some numbers show the amount at death, some show the sum of payments that begin at death, and life insurance shows the sum of premiums beginning. now. See the following page for the net present value of these amounts.

Cash	$7,720,835
Liquidate Assets	At a liquidation ratio of 75%, $10,294,446 of assets need to be sold to net $7,720,835 cash.
Borrow	At 8%, 10 annual payments of $1,150,632 would equal $11,506,320.
Life Insurance	Total premium payments of $425,000 over the next 17 years.

Assumes that Mr. Valued is the first to die in 16 years and Mrs. Valued dies 1 year later.

The federal estate tax exemption amount is $2,000,000 in 2007-2008 and increases to $3,500,000 in 2009. The highest federal estate tax rate is 45% in 2007-2009. The federal estate tax will be repealed on 1/1/10 until 12/31/10. Beginning 2011, the federal estate tax will be reinstated with a federal estate tax exemption amount of $1,000,000 and a maximum estate tax rate of 55%. Congress continues to discuss and consider legislation that, if passed, would permanently repeal or otherwise lessen the impact of the federal estate tax.

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A Comparison of Funding Alternatives

Net Present Value Calculated at 5.00% Over 17 Years

	Total Cost	Net Present Value	Cost of One Dollar
Cash	$7,720,835	$3,368,575	$1.00
Liquidate Assets	$10,294,446	$4,491,433	$1.33
Borrow	$11,506,320	$3,876,442	$1.15
Life Insurance	$425,000	$281,852	$0.08

Total Cost does not reflect the time value of money. Some numbers show the amount at death, some show the sum of payments that begin at death, and life insurance shows the sum of premiums beginning. now. The Net Present Value shows the relative value in today's dollars.

Calculations are based on total taxes, expenses, and probate and debt of $7,720,835. Assumes Mr. Valued dies in 2024 and Mrs. Valued dies in 2025.

Life insurance illustrated is assumed to have incidents of ownership and beneficiary designations outside the estate of the insured(s).

Life Insurance may provide a strategy for paying the estate expenses and debts at a reduced cost!

The federal estate tax exemption amount is $2,000,000 in 2007-2008 and increases to $3,500,000 in 2009. The highest federal estate tax rate is 45% in 2007-2009. The federal estate tax will be repealed on 1/1/10 until 12/31/10. Beginning 2011, the federal estate tax will be reinstated with a federal estate tax exemption amount of $1,000,000 and a maximum estate tax rate of 55%. Congress continues to discuss and consider legislation that, if passed, would permanently repeal or otherwise lessen the impact of the federal estate tax.

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Action Plan

Putting Your Plan into Effect

Check When Completed	Action	Who Is Responsible	Target Date
________	Establish and/or review life insurance trust(s)	Attorney, Mr. Valued and Mrs. Valued	___ / ___ / ___
________	Complete application for new life insurance policy	Trustee, Mr. Valued and Mrs. Valued	___ / ___ / ___
________	Medical exam	Mr. Valued	___ / ___ / ___
________	Medical exam	Mrs. Valued	___ / ___ / ___
________	Schedule gifts to irrevocable life insurance trust	Mr. Valued and Mrs. Valued	___ / ___ / ___
________	Draft and/or review wills to include trust provisions	Attorney, Mr. Valued and Mrs. Valued	___ / ___ / ___
________	Review and change ownership or beneficiaries to reflect will provisions	Attorney, Mr. Valued and Mrs. Valued	___ / ___ / ___
________	Deliver life insurance policies	Producer	___ / ___ / ___
________	Annual review of the plan	Producer, Attorney, Mr. Valued and Mrs. Valued	___ / ___ / ___

State Death Taxes

Calculating Your State Death Taxes

What Property Is Subject to State Death Taxes?

In addition to the federal estate taxes paid on assets held in your estate at death, state death taxes may have to be paid on those same assets. Your state of residence at death will tax all real estate, tangible and intangible property located in the state's boundaries and if you have assets in other states, the other states will tax property located within their boundaries as well. This presentation assumes all your assets will be taxed based on the state death tax laws of the state you have indicated as your residence.

How Do State Death Taxes Work?

On your federal estate tax return, you receive a credit for state death taxes paid up to a maximum amount (calculated by the federal government). Before 2001, most states assessed their estate taxes based on that maximum allowable federal credit amount. EGTRRA 2001 phased out the state death tax credit allowed against the federal estate tax in 25 percent increments between 2002 and 2005. For 2005 through 2009, the credit is replaced by a deduction for state death taxes paid and in 2010, the taxes are repealed. Unless further legislative action is taken, most "Pick-up States" will not assess state death taxes for 2005 through 2010.

"Decoupled" States—Using the Pre-EGTRRA Federal Credit to Calculate State Death Taxes

In response to the phase out of the Federal State Death Tax Credit, many states have "decoupled" to capture revenue. When a state "decouples", state law is rewritten to assess a death tax equal to the federal credit as calculated prior to EGTRRA 2001 federal tax law revisions. *This may result in higher overall transfer taxes for the decedent.*

Because state death taxes vary greatly from state-to-state and states may revise tax laws at any time, you and your advisor should review your state's laws carefully to assure competent estate planning.