

Structured Sale Program Overview

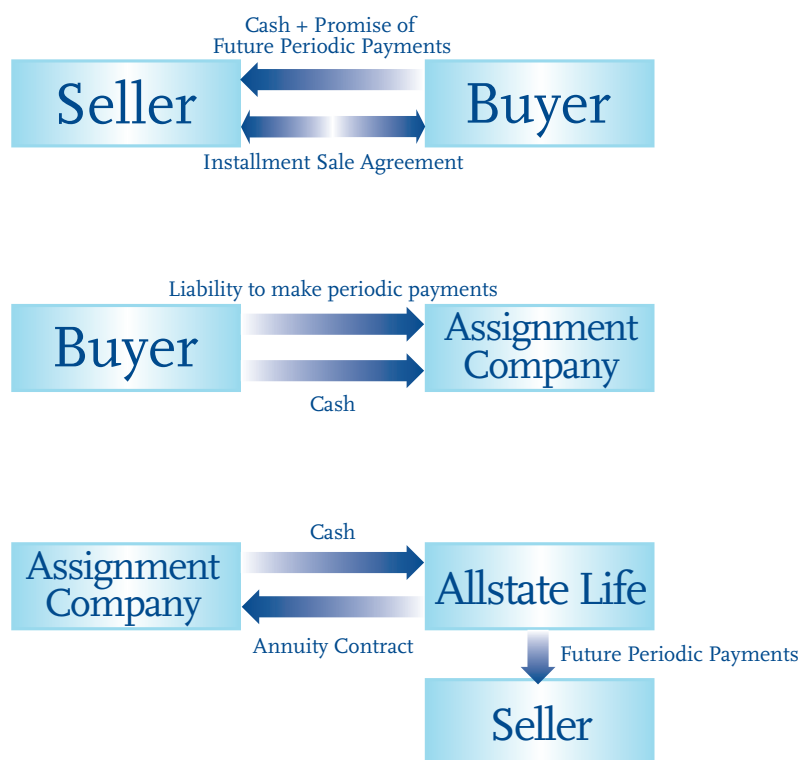
Structuring the Sale Transaction

Once the sales transaction is completed, the Buyer immediately assigns its periodic payment obligations to the assignment company. The assignment is effected through executing an Assignment of Obligation agreement. This assignment agreement between the Buyer and the assignment company makes no changes to the terms of any prior agreement between the Buyer and the Seller. The Buyer assigns to the assignment company the Buyer's obligation to make the periodic payments as specified in the Assignment of Obligation agreement. The structured sale may appeal to the Seller who has concerns with relying on the credit quality of the Buyer.

The Structured Sale Strategy

A Seller agrees to take part of the funds from the sale of a business or property in the form of periodic payments from the Buyer, or what is commonly referred to as an Installment Sale.¹

This structured sale transaction involves three independent steps:



¹ It is assumed throughout this brochure that the sale qualifies as an installment sale under 26 USCS § 453 (2005) or other applicable law. The Seller should consult with his or her own independent financial or tax advisor before entering into an installment sale transaction.

This information is provided for general broker educational purposes and is not to be relied upon in any decision whether to enter into an installment sale. Allstate Life Insurance Company cannot predict actual tax consequences for any given situation because relevant tax law, which may include statutes, regulations, rulings, treaties or conventions, is subject to change. This information is not intended to provide legal, tax or investment advice. For individual advice, Buyers and Sellers should consult their legal or tax advisors.

Subsequently, the Buyer may assign their obligation to make periodic payments to the assignment company.² The Buyer enters into an agreement with the assignment company for the assignment company to assume the Buyer's obligation to make periodic payments to the Seller (Payee). In exchange for the assignment company's assumption of the Buyer's periodic payment obligation to the Seller, the Buyer pays the assignment company a lump sum to cover the future payment obligations, and the assignment company assumes responsibility for making such future payments to the Seller. The assignment company then funds its assumed obligations to the Seller by purchasing an annuity from Allstate Life Insurance Company.

Assignment Documents and the Assignment Company Obligations

The assignment company's primary business involves assuming liabilities to make periodic payments to payees on behalf of obligors. An obligor enters into an agreement with the assignment company whereby, in exchange for consideration, the assignment company agrees to assume the liability of the obligor to make periodic payments.

The assignment company and the Buyer enter into an agreement called an "Assignment." The assignment document provides that the assignment company's obligation to make the periodic payments to the Seller will be no greater than that of the Buyer/Assignor immediately preceding the assignment.

The assignment company subsequently purchases an annuity contract from Allstate Life to fund its payment obligations to the payee. Allstate Life will accept applications for annuities from NABCO Assignments, Ltd. Allstate Life owns a minority interest in NABCO and has had success in working with NABCO in structuring non-qualified assignments. Allstate Life does **not** represent NABCO and is **not** NABCO's agent. The Assignment specifically provides that all rights of ownership and control of such annuity contract shall be and remain vested exclusively in the assignment company. Although the assignment company may direct Allstate Life to send the payments directly to the payee, such direct payment would be for the assignment company's convenience only. Thus, the payee has no rights under the annuity contract.

After the purchase of the annuity, Allstate Life provides the payee with an "Agreement to Pay" wherein Allstate Life states that the payee will receive all payments required to be made by the assignment company under the terms of the Assignment of Obligation agreement. The Agreement to Pay is a separate and independent agreement that is entered into by Allstate Life at the time the assignment company purchases an annuity contract with Allstate Life to fund its obligations to the payee. There is no consideration for Allstate Life's Agreement to Pay. This Agreement does not give the payee any status greater than that of a general creditor of Allstate Life and does not impose any greater obligation on Allstate Life than that of the assignment company. The payee is at risk for the insolvency of the assignment company and neither the assignment company nor Allstate Life set aside any funds or assets as security or collateral for the benefit of the payee.

² Substituting of obligors in an installment sale arrangement has been approved by Treasury and acquiesced to by the IRS in Revenue Rulings 75-457 and 82-122. This position is subject to change by Congress, judicial decisions, or Treasury Department and Internal Revenue Service interpretations. The Seller should consult with his or her own independent financial or tax advisor before entering into a structured installment sale transaction.

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Steps to Complete the Structured Sale

Assuming that there is a valid installment sale:

1. Buyer and the assignment company enter into an Assignment agreement whereby the Buyer transfers to the assignment company its obligation to make future payments and thereby making the assignment company responsible for making future payments. The Seller is not a party to the assignment, and the Buyer will remain liable to the Seller pursuant to any agreement between the Buyer and the Seller.
2. Broker ensures all necessary documents, including, but not limited to, Purchase Agreement, Assignment Agreement, annuity application, and wire transmittal forms are sent to the assignment company.
3. Buyer then wires funds to the assignment company as agreed.
4. The assignment company wires funds to Allstate Life to purchase an annuity contract, for which it retains all rights and incidents of ownership.
5. The assignment company, for its convenience, directs Allstate Life to make payments directly to the Seller.

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Allstate Life Insurance Company Annuity Issue Guidelines

1. Minimum case size for a Structured Sale is \$100,000.
2. No life-contingent payment streams only; must have a guaranteed period or be certain only/lump sums.
3. Purchase Agreement is strictly between the Buyer and Seller; Neither the assignment company nor Allstate should be mentioned in this document.
4. Periodic payments may not be secured or pledged.
5. Periodic payment stream assumed by the assignment company must not be changed from the periodic payments owed by the Buyer prior to the Assignment. The periodic payment streams are non-transferable and non-commutable.
6. The Beneficiary must be The Estate of the seller

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