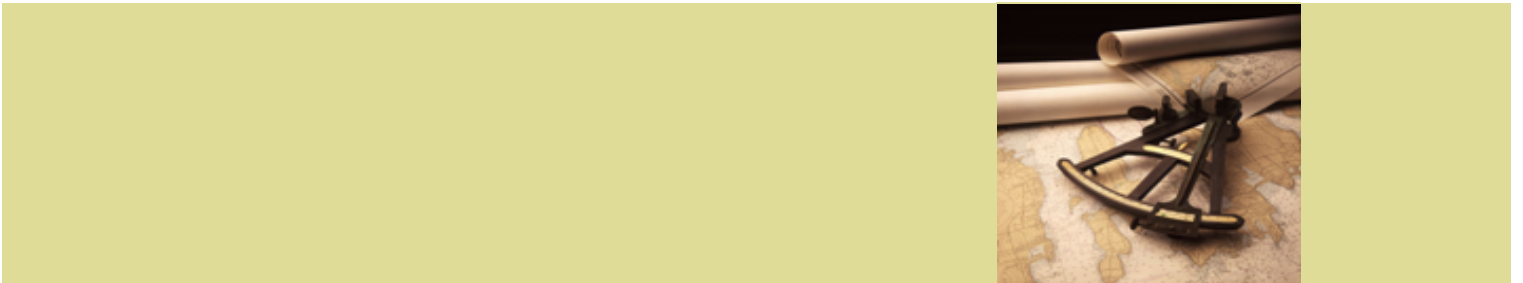


Wealth Transfer Planning with Private Financing

A Fair Market Loan Arrangement Between Family Members



Prepared For:
Valued Client

Presented By:
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Private Financing

Private Financing is a planning concept designed to assist you in exploring financing life insurance premiums through an intra-family loan arrangement. However, this presentation is not intended to be a retirement, benefit or estate plan nor is it a specific recommendation for a retirement, benefit or estate plan. This material is for informational purposes only. Although many of the topics presented may also involve legal, tax, accounting or other issues, neither John Hancock nor any of its agents, employees, and registered representatives are in the business of offering such advice, and this presentation and any other oral or written communication should not be construed as such. Individuals interested in this topic should consult their own professional advisors to examine tax, legal, accounting, or financial planning aspects of this topic. As you explore your planning needs with your legal and tax advisors, we hope that you find this analysis useful.

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Figures used in this program illustrate the Private Financing concept, which is based on both assumptions and data provided by you, the client. Your furnishing of accurate data will help enhance the value of this analysis. However, all assumed growth rates for assets and loan interest rates are based upon information provided and assumed by you and are not a guarantee of future performance of the life insurance policy or of the loan arrangement. The use of an existing trust or partnership as lender in a privately financed plan may not be possible and is dependent on the particular trust's language or the partnership agreement, respectively. Individuals interested in exploring the possibility of using an existing trust, partnership or other entity as lender should consult their own legal, accounting, tax and financial planning advisors. Please review the assumptions page for accuracy of information.

This supplemental illustration assumes that the currently illustrated non-guaranteed elements will continue for all years shown. However, it is not likely that the non-guaranteed elements will perform exactly as shown in the illustration. In addition, the actual consequences of a particular planning alternative will depend on many variables, some of which may not be fully accounted for or described in this presentation. There is a risk that the promissory note may exceed the proceeds of the life insurance policy. Loan interest rates may fluctuate year to year. Premiums are payable in accordance with the terms of the insurance policy for which you apply, and non-payment of premiums may have a significant impact on the policy values and may cause the policy to lapse. The life insurance contract is completely separate from the loan arrangement and John Hancock is not a party to the loan arrangement.

Unless otherwise indicated, the income tax implications of private financing are not reflected in this analysis. This program assumes that the life insurance policy meets the definition of life insurance per Internal Revenue Code Sec. 7702(a) and is not taxed as a modified endowment contract. Withdrawals and loans from life insurance policies have the effect of reducing the death benefit and cash surrender value and may cause the policy to lapse. Surrender or lapse of the policy can cause loss of death benefit and adverse tax consequences. This program does not illustrate all of the estate and gift tax implications of private financing. Nor does the program address the generation skipping transfer (GST) tax implications of private financing.

This analysis takes into account a flat rate for income tax purposes when using an existing entity as the lending source. However, actual income taxation will differ based on proportional interests in the lending source or individual beneficiary income tax rates and we assume all assets are cash.

This material does not constitute tax, legal or accounting advice and neither John Hancock nor any of its agents, employees or registered representatives are in the business of offering such advice. It was not intended or written for use and cannot be used by any taxpayer for the purpose of avoiding any IRS penalty. It was written to support the marketing of the transactions or topics it addresses. Anyone interested in these transactions or topics should seek advice based on his or her particular circumstances from independent professional advisors.

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OVERVIEW OF PRIVATE FINANCING

THE PROBLEM

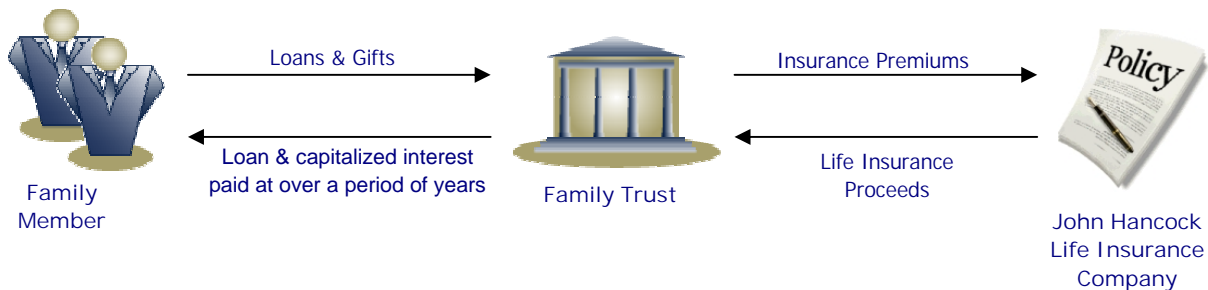
You are financially successful and may be thinking about preserving your wealth for your family. However, the federal government may take more than half of your wealth through the estate tax upon your death. Life insurance, as an estate liquidity tool, may be helpful in wealth transfer planning and can play an important role in maintaining your wealth across generations. A life insurance policy is typically owned by an irrevocable life insurance trust (ILIT) so that the proceeds are not subject to estate tax, but the gifts of potentially large life insurance premiums you make to the trust may be taxed as gifts.¹

THE SOLUTION

By financing premiums privately in the form of a fair market loan arrangement between you and your ILIT, your premium payments will not be subject to gift tax. Instead, you make annual gifts to the trust in the amount of the loan interest only. In many cases, the gift of the loan interest amount may be tax-free if you have annual gift tax exclusions available². Alternatively, the loan interest may be deferred so that there will be no out of pocket cost to you or the trust. And, the loan principal including any accrued interest, may be re-paid from the life insurance proceeds, or from other sources during your lifetime. Privately financing premiums can make great economic sense when there is a positive arbitrage between the policy's internal rate of return or the trust's investment return and the loan interest rate.

HOW IT WORKS

Personal Financing operates very much like a conventional loan. You can lend your ILIT the funds in the amount of annual premiums due. In some cases you may lend a lump-sum or a scheduled amount of funds. The trust, as borrower, will own the life insurance policy and make premium payments to the insurance company using the borrowed funds. The loan interest can be paid to you annually, or deferred for a period of time³. The loan is repaid either at death from the life insurance proceeds, or during your lifetime in a lump sum or installments, from sources outside of your estate. Funds to repay the loan may include an ILIT side fund to which you contributed annual gifts that have been invested, or an existing trust or partnership that may have significant assets available⁴.



¹ Trusts should be drafted by an attorney familiar with such matters in order to take into account income and estate tax laws (including generation-skipping tax). Failure to do so could result in adverse tax treatment of trust proceeds.

² The gift tax annual exclusion allows each individual to give up to \$12,000 per year (indexed annually for inflation and subject to specific rules) to an unlimited number of people without paying federal gift taxes.

³ If your ILIT is established as a "grantor trust" for income tax purposes, the loan interest income paid to you from the trust will not be treated as taxable income. See Revenue Ruling 85-13. If an existing partnership or non-grantor trust is the lender, the loan interest income paid to it by the family trust will be taxable.

⁴ An existing trust must have provisions that allow for the loan repayment. It is also necessary that the beneficiaries of the existing trust and those of the ILIT are the same or adverse gift tax consequences may result.

BENEFITS OF PRIVATE FINANCING

THE BENEFITS

- ÿ **Minimal or no gift tax** – By privately financing life insurance premiums you may preserve your wealth through the use of life insurance while minimizing or avoiding gift tax.
- ÿ **Heirs Receive Loan Repayment** – Unlike a third party loan, there is no third party lender to repay. Your heirs will receive the life insurance policy as well as the loan balance they repaid, net of estate tax⁵.
- ÿ **Minimal risk** – Unlike conventional loans, there are no third party loan costs, collateral requirements or loan call risks.
- ÿ **No income tax** – The loan interest income is not subject to income tax if your ILIT is a grantor trust for income tax purposes⁶.

WHAT TO CONSIDER

- ÿ **Non-deductible loan interest** – The loan interest paid by the trust or other entity is not deductible in any circumstances.
- ÿ **Possible estate tax cost** – If the loan is repaid at death, the loan balance will be paid to your estate and may be subject to estate tax before being distributed to heirs. This means that your heirs will receive the loan balance after it has been taxed at the estate tax rate.
- ÿ **Potential income tax cost** – If an existing trust or partnership lends funds to your ILIT, or if your trust is not a “grantor trust”, the loan interest payments, when received, may be subject to income tax.
- ÿ **Liquidity requirement** – You must have the liquid assets available to make the loan. If not, when you liquidate assets to make the loan, taxation may result.

⁵ If the beneficiaries of the life insurance are the same as the beneficiaries of the estate, then it is possible that they will receive the loan repayment, net of estate tax, from your estate as well.

⁶ If your ILIT is established as a “grantor trust” for income tax purposes, the loan interest income paid to you from the trust will not be treated as taxable income. See Revenue Ruling 85-13. If an existing partnership or non-grantor trust is the lender, the loan interest income paid to it by the ILIT will be taxable.

PRIVATE FINANCING DESIGN

DESIGN COMPONENTS OF PRIVATE FINANCING

The success of a financed plan will be based on the use of appropriate assumptions in the plan design. When designing a life insurance plan using private financing you should give consideration to the following factors:

- ÿ **Use of Return of Premium Rider:** A return of premium rider (ROP) is often used to maintain the original death benefit amount intact for your beneficiaries. The ROP increases the original face amount of insurance by the amount of cumulative annual premiums paid to date. It may not be necessary, however, to have an ROP that replaces 100% of the premiums paid since the beneficiaries of your estate will typically receive the loan repayment, net of estate tax. Therefore, you may be replacing only the amount of the loan repayment lost to taxes.
- ÿ **Loan Interest:** In most cases, the loan interest will be assumed to be paid on an annual basis. Although it is possible to defer interest and assume it will be paid from the life insurance proceeds, the compounded cost of the interest may become expensive, potentially diminishing the amount that your beneficiaries receive. It is possible to increase the amount of the life insurance to account for this additional cost. However, it is important to consider the cost/benefit of doing this over the term of the note.
- ÿ **Loan Repayment:** Typically, the loan principal is repaid from policy proceeds. However, the loan may be repaid earlier to minimize the long term cost of the arrangement. You may want to consider what other existing funds may be available to repay the loan during your lifetime, such as a family trust side fund, an existing trust or partnership, or the life insurance policy cash values.¹

An existing source of funds, such as a Grantor Retained Annuity Trust (GRAT), Charitable Lead Trust (CLT) or a Credit Shelter Trust (CST) may be used to repay the loan. When anticipating the use of a GRAT, the term of the loan agreement is typically coordinated with the term of the GRAT so that when the GRAT funds become available they may be used to fund the loan repayment².

- ÿ **Type of Note:** Typically, the applicable federal rate (AFR) is used to calculate the annual loan interest³. AFR rates are variable rates that change annually. They can be used in term or demand notes. If a term note is used, the interest rate can be fixed for the life of the note and will be based on the AFR for the month the loan is established⁴. Alternatively, a demand note has an annually changing interest rate that can be appealing in a low interest rate environment⁵.

YOUR SITUATION

Consider your current situation and compare it to the benefits of utilizing a private financing arrangement, graphically illustrated on the following page. The factors used on the flowchart are outlined on the assumptions pages attached to the back of this presentation. The following flowchart illustrates the premium loans and the gifts made to the ILIT, as well as the death proceeds transferring to heirs net of the loan repayment in year 10.

1 The value of the life insurance death benefit may be significantly reduced when cash values are to be used to repay all or a portion of the loan.

2 If a trust is being considered as a loan repayment vehicle, the language of an existing trust should be reviewed to make sure that the trustee has the power to make discretionary distributions to repay the loan.

3 If an interest rate less than fair market is used, income tax and or gift tax may be due on the difference between the fair market rate and the actual rate of interest paid.

4 The short-term AFR can be used for loans of 0-3 years in length, the midterm rate can be used for loans of 3-9 years in length and the long-term AFR can be used for loans of 9 years or more.

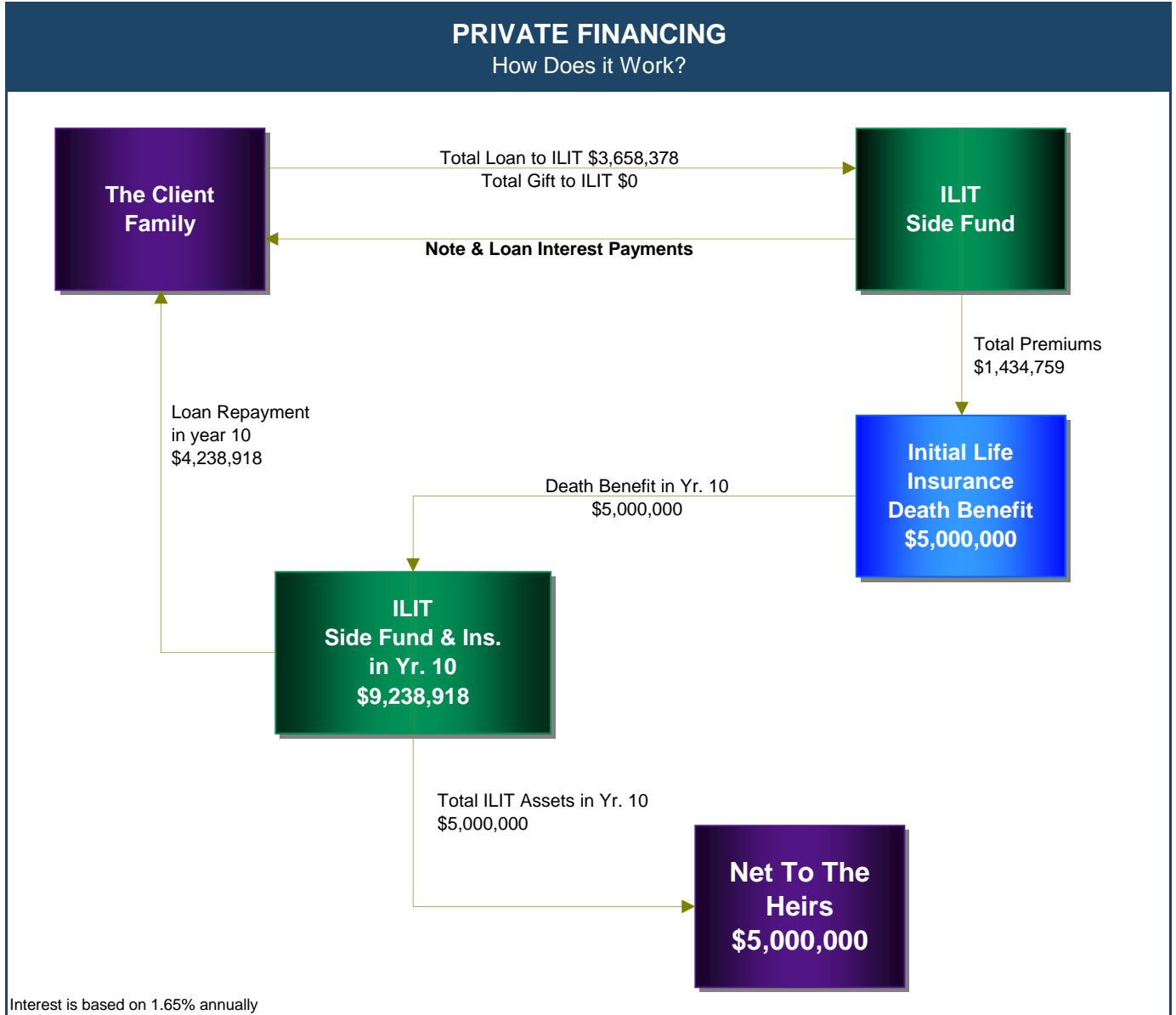
5 If a demand loan is outstanding for an entire calendar year, the government's blended rate must be used. In July of each year the government publishes the blended rate for the current year. The average of the blended AFR rates for January 1994 through January 2007 is 5.5%. The blended annual AFR is published annually by the IRS and is determined generally by blending the AFRs for demand loans outstanding for the entire year. The illustrated rate is assumed to be constant for all plan years, whether the loan is a demand or term loan. However, actual rates may vary and may be higher or lower than illustrated. Thus, the actual accrued interest cost for any plan year and the actual aggregate total accrued interest cost of the plan may be more or less than illustrated.

PRIVATE FINANCING

POLICY DETAILS

Product: Protection UL-G 09
 Insured(s): Valued Client
Female Age 65, Preferred NonSmoker

Initial Premium: \$159,418
 Initial Death Benefit: \$5,000,000



This is a SUPPLEMENTAL illustration only and is not intended to predict or project actual performance. This illustration is not valid unless accompanied by the BASIC PERSONALIZED HYPOTHETICAL individual illustration. Product and/or product features may not be available in all states. Current interest rates and/or dividend rates and values (unless indicated otherwise) are not guaranteed. This illustration is not intended to be accounting, legal, or tax advice. Clients should consult their accounting, legal, and tax advisors about their particular circumstances before implementing any recommendations.

SUMMARY OF PRIVATE FINANCING

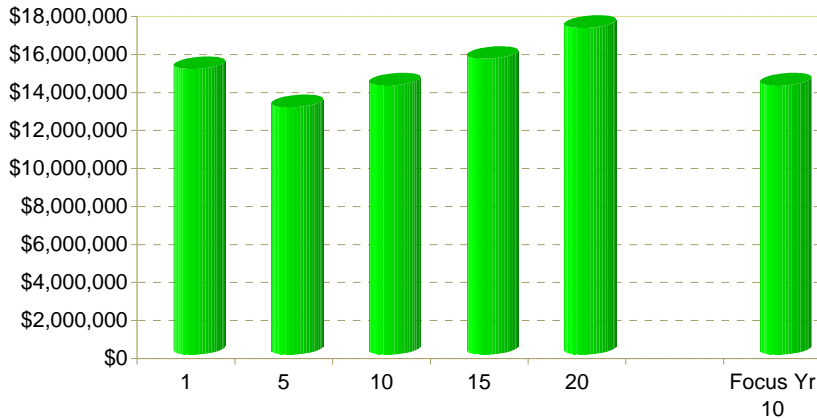
POLICY DETAILS

Product:	Protection UL-G 09	Initial Premium:	\$159,418
Insured(s):	Valued Client	Initial Death Benefit:	\$5,000,000
	<i>Female Age 65, Preferred NonSmoker</i>		

COMPARISON OF BENEFITS IN YEAR 10

	Private Financing
Initial Loan Amount	3,658,378
Number of Years	1
Total Base Loan in yr. 10	3,658,378
Cumulative Loan interest*	580,540
Outstanding Loan in Year 10	4,238,918
Initial Gift Amount	-
Cumulative Gifts	0
Cumulative Gift Taxes	-
Annual Premium	159,418
Life Ins. Death Benefit in Year 10	5,000,000
Total Estate	19,608,277
Total Estate Taxes	10,438,752
Total Assets from ILIT	5,000,000
Net to Heirs (EOY Yr. 10)	14,169,525

NET TO HEIRS



* Interest is based on 1.65% annually

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PRIVATE FINANCING - INSURANCE VALUES

PRIVATE FINANCING

ILIT With Protection UI-G 09 (4.50%)

Yr.	Att. Age	PRIVATE FINANCING						OTHER TRUST ASSETS							
		Loan Amount	Loan Interest 1.65%	Actual Loan Interest Paid 1.65%	Cumulative Loan	Gifts to Trust	Gift Taxes	BOY Balance	Annual Insurance Premium	Withdrawals to Pay Loan, Premiums, Interest	Other Trust Assets EOY (6.00%)	Life Insurance Death Benefit	Total Trust Assets Net of Loan	Loan Net of Estate Taxes**	Net To Heirs
1	66	3,658,378	60,363	0	3,718,741	0	0	0	159,418	159,418	3,708,897	5,000,000	4,990,157	2,425,618	7,415,775
2	67	0	61,359	0	3,780,100	0	0	3,708,897	159,418	159,418	3,762,448	5,000,000	4,982,349	3,780,100	8,762,448
3	68	0	62,372	0	3,842,472	0	0	3,762,448	159,418	159,418	3,819,213	5,000,000	4,976,741	1,822,172	6,798,913
4	69	0	63,401	0	3,905,872	0	0	3,819,213	159,418	159,418	3,879,383	5,000,000	4,973,510	1,844,671	6,818,181
5	70	0	64,447	0	3,970,319	0	0	3,879,383	159,418	159,418	3,943,163	5,000,000	4,972,844	1,867,607	6,840,451
6	71	0	65,510	0	4,035,830	0	0	3,943,163	159,418	159,418	4,010,770	5,000,000	4,974,940	1,895,516	6,870,456
7	72	0	66,591	0	4,102,421	0	0	4,010,770	159,418	159,418	4,082,433	5,000,000	4,980,013	1,924,678	6,904,690
8	73	0	67,690	0	4,170,111	0	0	4,082,433	159,418	159,418	4,158,396	5,000,000	4,988,286	1,954,340	6,942,626
9	74	0	68,807	0	4,238,918	0	0	4,158,396	159,418	159,418	4,238,918	5,000,000	5,000,000	1,984,511	6,984,511
10	75	(4,238,918)	0	0	0	0	0	4,238,918	0	4,238,918	0	5,000,000	5,000,000	0	5,000,000
11	76	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
12	77	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
13	78	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
14	79	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
15	80	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
16	81	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
17	82	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
18	83	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
19	84	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
20	85	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
21	86	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
22	87	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
23	88	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
24	89	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
25	90	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000

Interest is based on 1.65% annually

See attached Glossary of Ledger Terms

** This calculation is based on the following formula: (total estate taxes/end of year estate)*cumulative loan=loan net of estate taxes



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PRIVATE FINANCING - INSURANCE VALUES

PRIVATE FINANCING

ILIT With Protection UI-G 09 (4.50%)

PRIVATE FINANCING								OTHER TRUST ASSETS							
Yr.	Att. Age	Loan Amount	Loan Interest 1.65%	Actual Loan Interest Paid 1.65%	Cumulative Loan	Gifts to ILIT	Gift Taxes	BOY Balance	Annual Insurance Premium	Withdrawals to Pay Loan, Premiums, Interest	Other Trust Assets EOY (6.00%)	Life Insurance Death Benefit	Total Trust Assets Net of Loan	Loan Net of Estate Taxes**	Net To Heirs
26	91	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
27	92	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
28	93	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
29	94	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
30	95	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
31	96	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
32	97	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
33	98	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
34	99	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
35	100	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
36	101	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
37	102	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
38	103	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
39	104	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
40	105	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
41	106	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
42	107	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
43	108	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
44	109	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
45	110	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
46	111	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
47	112	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
48	113	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
49	114	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000
50	115	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000	0	5,000,000

Interest is based on 1.65% annually

See attached Glossary of Ledger Terms

** This calculation is based on the following formula: (total estate taxes/end of year estate)*cumulative loan=loan net of estate taxes



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ESTATE AND GIFT TAXES - CURRENT LAW

PRIVATE FINANCING

Yr.	Att. Age	Total Estate (BOY)	Additions to Estate	Annual Loan	Annual Gifts To Trust*	Federal Gift Tax	Estate Growth (3.0%)	Cumulative Loan	End of Year Estate Balance	Total Estate Taxes	Credit Shelter Trust	Other Trust Assets (6.00%)	Insurance Death Benefit Net of Loan	Net To Heirs**
1	66	15,000,000	0	3,658,378	0	0	340,249	3,718,741	15,400,612	5,355,275	0	3,708,897	4,990,157	15,035,493
2	67	11,681,871	0	0	0	0	350,456	3,780,100	15,812,427	0	0	3,762,448	4,982,349	20,794,776
3	68	12,032,327	0	0	0	0	360,970	3,842,472	16,235,769	8,536,461	0	3,819,213	4,976,741	12,676,049
4	69	12,393,297	0	0	0	0	371,799	3,905,872	16,670,968	8,797,581	0	3,879,383	4,973,510	12,846,898
5	70	12,765,096	0	0	0	0	382,953	3,970,319	17,118,368	9,066,021	0	3,943,163	4,972,844	13,025,191
6	71	13,148,049	0	0	0	0	394,441	4,035,830	17,578,320	9,322,276	0	4,010,770	4,974,940	13,230,984
7	72	13,542,490	0	0	0	0	406,275	4,102,421	18,051,186	9,582,352	0	4,082,433	4,980,013	13,448,846
8	73	13,948,765	0	0	0	0	418,463	4,170,111	18,537,339	9,849,736	0	4,158,396	4,988,286	13,675,888
9	74	14,367,228	0	0	0	0	431,017	4,238,918	19,037,162	10,124,639	0	4,238,918	5,000,000	13,912,523
10	75	14,798,245	4,238,918	0	0	0	571,115	0	19,608,277	10,438,752	0	0	5,000,000	14,169,525
11	76	19,608,277	0	0	0	0	588,248	0	20,196,526	10,762,289	0	0	5,000,000	14,434,237
12	77	20,196,526	0	0	0	0	605,896	0	20,802,421	11,095,532	0	0	5,000,000	14,706,890
13	78	20,802,421	0	0	0	0	624,073	0	21,426,494	11,438,772	0	0	5,000,000	14,987,722
14	79	21,426,494	0	0	0	0	642,795	0	22,069,289	11,792,309	0	0	5,000,000	15,276,980
15	80	22,069,289	0	0	0	0	662,079	0	22,731,367	12,156,452	0	0	5,000,000	15,574,915
16	81	22,731,367	0	0	0	0	681,941	0	23,413,309	12,531,520	0	0	5,000,000	15,881,789
17	82	23,413,309	0	0	0	0	702,399	0	24,115,708	12,917,839	0	0	5,000,000	16,197,868
18	83	24,115,708	0	0	0	0	723,471	0	24,839,179	13,315,748	0	0	5,000,000	16,523,431
19	84	24,839,179	0	0	0	0	745,175	0	25,584,354	13,725,595	0	0	5,000,000	16,858,759
20	85	25,584,354	0	0	0	0	767,531	0	26,351,885	14,147,737	0	0	5,000,000	17,204,148
21	86	26,351,885	0	0	0	0	790,557	0	27,142,442	14,582,543	0	0	5,000,000	17,559,899
22	87	27,142,442	0	0	0	0	814,273	0	27,956,715	15,030,393	0	0	5,000,000	17,926,322
23	88	27,956,715	0	0	0	0	838,701	0	28,795,416	15,491,679	0	0	5,000,000	18,303,737
24	89	28,795,416	0	0	0	0	863,862	0	29,659,279	15,966,803	0	0	5,000,000	18,692,475
25	90	29,659,279	0	0	0	0	889,778	0	30,549,057	16,456,181	0	0	5,000,000	19,092,876

Interest is based on 1.65% annually

* Gifts are made at the beginning of the year and are the same as the gifts to the ILIT

** Includes Total Assets from Estate Net Estate/Gift Taxes

See attached Glossary of Ledger Terms



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ESTATE AND GIFT TAXES - CURRENT LAW

PRIVATE FINANCING

Yr.	Att. Age	Total Estate (BOY)	Additions to Estate	Annual Loan	Annual Gifts To Trust *	Federal Gift Tax	Estate Growth (3.0%)	Cumulative Loan	End of Year Estate Balance	Total Estate Taxes	Credit Shelter Trust	Other Trust Assets (6.00%)	Insurance Death Benefit Net of Loan	Net To Heirs**
26	91	30,549,057	0	0	0	0	916,472	0	31,465,529	16,960,241	0	0	5,000,000	19,505,288
27	92	31,465,529	0	0	0	0	943,966	0	32,409,495	17,479,422	0	0	5,000,000	19,930,073
28	93	32,409,495	0	0	0	0	972,285	0	33,381,779	18,014,179	0	0	5,000,000	20,367,601
29	94	33,381,779	0	0	0	0	1,001,453	0	34,383,233	18,564,978	0	0	5,000,000	20,818,255
30	95	34,383,233	0	0	0	0	1,031,497	0	35,414,730	19,132,301	0	0	5,000,000	21,282,428
31	96	35,414,730	0	0	0	0	1,062,442	0	36,477,172	19,716,644	0	0	5,000,000	21,760,527
32	97	36,477,172	0	0	0	0	1,094,315	0	37,571,487	20,318,518	0	0	5,000,000	22,252,969
33	98	37,571,487	0	0	0	0	1,127,145	0	38,698,632	20,938,447	0	0	5,000,000	22,760,184
34	99	38,698,632	0	0	0	0	1,160,959	0	39,859,590	21,576,975	0	0	5,000,000	23,282,616
35	100	39,859,590	0	0	0	0	1,195,788	0	41,055,378	22,234,658	0	0	5,000,000	23,820,720
36	101	41,055,378	0	0	0	0	1,231,661	0	42,287,040	22,912,072	0	0	5,000,000	24,374,968
37	102	42,287,040	0	0	0	0	1,268,611	0	43,555,651	23,609,808	0	0	5,000,000	24,945,843
38	103	43,555,651	0	0	0	0	1,306,670	0	44,862,320	24,328,476	0	0	5,000,000	25,533,844
39	104	44,862,320	0	0	0	0	1,345,870	0	46,208,190	25,068,704	0	0	5,000,000	26,139,485
40	105	46,208,190	0	0	0	0	1,386,246	0	47,594,436	25,831,140	0	0	5,000,000	26,763,296
41	106	47,594,436	0	0	0	0	1,427,833	0	49,022,269	26,616,448	0	0	5,000,000	27,405,821
42	107	49,022,269	0	0	0	0	1,470,668	0	50,492,937	27,425,315	0	0	5,000,000	28,067,621
43	108	50,492,937	0	0	0	0	1,514,788	0	52,007,725	28,258,449	0	0	5,000,000	28,749,276
44	109	52,007,725	0	0	0	0	1,560,232	0	53,567,957	29,116,576	0	0	5,000,000	29,451,380
45	110	53,567,957	0	0	0	0	1,607,039	0	55,174,995	30,000,447	0	0	5,000,000	30,174,548
46	111	55,174,995	0	0	0	0	1,655,250	0	56,830,245	30,910,835	0	0	5,000,000	30,919,410
47	112	56,830,245	0	0	0	0	1,704,907	0	58,535,152	31,848,534	0	0	5,000,000	31,686,619
48	113	58,535,152	0	0	0	0	1,756,055	0	60,291,207	32,814,364	0	0	5,000,000	32,476,843
49	114	60,291,207	0	0	0	0	1,808,736	0	62,099,943	33,809,169	0	0	5,000,000	33,290,774
50	115	62,099,943	0	0	0	0	1,862,998	0	63,962,941	34,833,818	0	0	5,000,000	34,129,124

Interest is based on 1.65% annually

* Gifts are made at the beginning of the year and are the same as the gifts to the ILIT

** Includes Total Assets from Estate Net Estate/Gift Taxes

See attached Glossary of Ledger Terms

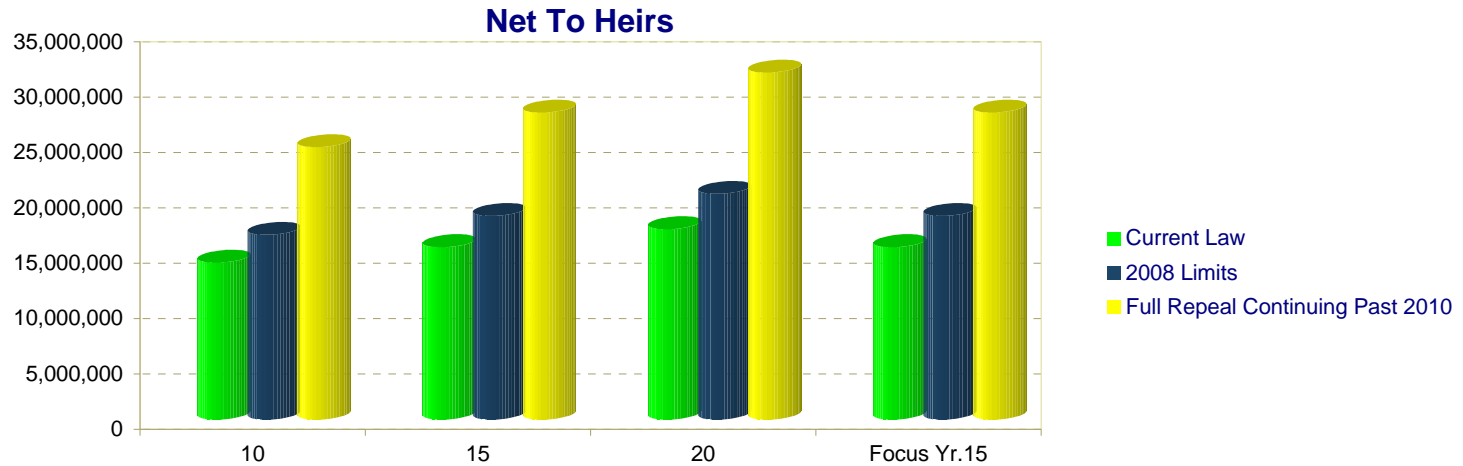


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ESTATE TAX SUMMARY

PRIVATE FINANCING

Yr.	Att. Age	Current Law			2008 Limits			Full Repeal Continuing Past 2010		
		End of Year Estate Balance (3.00%)	Estate Taxes	Net To Heirs	End of Year Estate Balance (3.00%)	Estate Taxes	Net To Heirs	End of Year Estate Balance (3.00%)	Estate Taxes	Net To Heirs
1	66	15,400,612	5,355,275	15,035,493	15,400,612	5,355,275	15,035,493	15,400,612	5,355,275	15,035,493
2	67	15,812,427	0	20,794,776	15,812,427	6,215,592	14,579,184	15,812,427	0	20,794,776
3	68	16,235,769	8,536,461	12,676,049	16,235,769	6,406,096	14,806,414	16,235,769	0	21,212,510
4	69	16,670,968	8,797,581	12,846,898	16,670,968	6,601,936	15,042,543	16,670,968	0	21,644,479
5	70	17,118,368	9,066,021	13,025,191	17,118,368	6,803,266	15,287,946	17,118,368	0	22,091,212
10	75	19,608,277	10,438,752	14,169,525	19,608,277	7,923,725	16,684,552	19,608,277	0	24,608,277
15	80	22,731,367	12,156,452	15,574,915	22,731,367	9,329,115	18,402,252	22,731,367	0	27,731,367
20	85	26,351,885	14,147,737	17,204,148	26,351,885	10,958,348	20,393,537	26,351,885	0	31,351,885
Focus Yr 15	80	22,731,367	12,156,452	15,574,915	22,731,367	9,329,115	18,402,252	22,731,367	0	27,731,367



** Includes Total Assets from Estate Net Estate/Gift Taxes

See attached Glossary of Ledger Terms



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TECHNICAL SUMMARY OF LIFE INSURANCE WITH PRIVATE FINANCING**Tax Law Update: Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)**

On June 7, 2001, President George W. Bush signed the Economic Growth and Tax Relief Reconciliation Act of 2001. Although the Act is scheduled to "sunset," or expire, on December 31, 2010, the user of this hypothetical illustration should consider any possible impact of the Act when reviewing the material presented herein. The Act promises to reduce taxes by \$1.35 trillion over the next decade. Among the highlights of the Act is a reduction in the individual income tax rates, relief from the "marriage penalty," a gradual phase-out of the estate tax, and a gradual increase in certain qualified plan contribution limits.

All provisions of this bill will "sunset", or expire, on December 31, 2010. In order for the provisions of this Act to continue after December 31, 2010, the bill would have to be passed again by both houses of Congress and signed by the President. Many commentators predict that the tax bill will not be renewed and may even have to be scaled back as the costs of the bill begin to drain the federal budget over the next ten years. For instance, the cost of total estate tax repeal during the decade beginning January 1, 2011 has been estimated at more than \$600 billion by various sources.

Due to the uncertainty of the tax law after 2010, we are allowing the user to illustrate three possible options for the estate, gift and GST tax laws in this hypothetical illustration:

- 1) Current law, which assumes that EGTRRA is not extended and the estate tax exemption would be \$1,500,000 while the gift tax exemption would be \$1,000,000. Further, the GST exemption would be indexed for inflation again in 2011;
- 2) Continued repeal, which assumes that EGTRRA is extended in its current form after 2010; and
- 3) An extension of EGTRRA as it exists in 2008 or 2009, with the possibility that the law may be extended earlier than 2010.

Each of these three scenarios is based on certain assumptions and none of them are guaranteed to happen. The following summary sets forth some of the key provisions of the Act:

I. Reduction in Estate and GST Tax Rates

Beginning in 2002, the 5% surtax on estates over \$10,000,000 will be repealed. Also, beginning in 2002, the top marginal estate and generation-skipping transfer (GST) tax rate will be reduced to the following rates:

2002: 50%	2006: 46%
2003: 49%	2007 through 2009: 45%
2004: 48%	2010: Estate Taxes and GSTT are repealed
2005: 47%	2011 and thereafter: 55% (unless the Act is renewed)

II. Increase in the Estate and Generation-Skipping Transfer Tax Exemption

2002 and 2003: \$1,000,000*	2009: \$3,500,000
2004 and 2005: \$1,500,000	2010: Estate Taxes and GSTT are repealed
2006 through 2008: \$2,000,000	2011 and thereafter: \$1,000,000 (adjusted for inflation unless the Act is renewed)

* The GSTT exemption will be \$1,500,000 as adjusted for inflation through the end of 2004.

III. Decrease in the Gift Tax Rates and Increase in the Gift Tax Exemption

2002: 50%	2007 through 2009: 45%
2003: 49%	2010: Top Gift Tax Rate is Equal to the Top Individual Income Tax Rate
2004: 48%	2011 and thereafter: 55% (unless the Act is renewed)
2005: 47%	
2006: 46%	

The Gift Tax Exemption will increase to \$1,000,000 per person in 2002 and remain at that amount (even if the Act is not renewed).

IV. Reduction in Individual Income Tax Rates

The bill reduces the individual income tax rates beginning in 2001. A new 10% rate is carved out of the current 15% bracket. The existing marginal income tax rates are also reduced beginning on July 1, 2001. These reduced rates are gradually phased-in during the next decade.

July 1, 2001 through 2003:	27%	30%	35%	38.60%
2004 through 2005:	26%	29%	34%	37.60%
2006 through 2010:	25%	28%	33%	35.00%

ASSUMPTIONS

	Value	Explanation
CLIENT INFORMATION		
Family Name	Client	Name of family for the proposed Private Financing
Client Name	Valued	Given name of the first client
Age	65	Age of the first client (required)
Sex	Female	Sex of the first client (required)
Smoking Status	Preferred NonSmoker	Underwriting class of the first client (required)
Spouse's Name	n/a	Given name of the second client
Age	n/a	Age of the second client (if any)
Sex	n/a	Sex of the second client (required)
Smoking Status	n/a	Underwriting class of the second client (required)
Client's Tax Bracket	40.00%	Client's Tax Rate
PLAN INFORMATION		
Proposal Year	2009	Proposal year
Lending Source	Donor	The lender
LOAN INFORMATION		
Loan Amount Option	Solve	The loan amount option
Loan Amount (1st Year)	\$3,658,378	The amount of the loan in the first year
Number of Loans	1.0	The number of years to borrow premium
Interest Rate Option	Deferred Interest	The method by which interest will be paid
Years to Defer Interest	9.0	The number of years to defer interest
Pay off Loan Option	Accumulated Fund	Indicates the method used to pay back the loan
Year to Payoff Loan	10	The year to pay back the loan at year at death
Loan Description	Solves for the amount of loan that Zero's Out the ILIT in the last year the loan is paid off	
Total Rate of Return	6.00%	Total rate of return for the accumulation fund
Interest Rate Option	Specific	Vary Incrementally specified, scheduled or incremental
Loan Interest Rate	1.65%	

Note: Clients should carefully review all client inputs, as summaries based upon inaccurate assumptions may greatly impact the analysis results. All growth rates are hypothetical and are not guaranteed.

ASSUMPTIONS CONTINUED

	Value	Explanation
GIFTING INFORMATION		
Heirs' Names	The Heirs	Names of the heirs
Total Estate Value	\$15,000,000	Total estate value
After Tax Growth Rate of Estate Assets	3.00%	After tax (income) growth rate for estate assets not transferred to the ILIT
ILIT Income Tax Rate	40.00%	
CPI Rate	3.00%	Consumer Price Index Rate
Number of Annual Exclusions Gifts	2	Number of annual exclusions per client
Post-76 Taxable Gifts	\$0	Amount of post-76 taxable gifts made (gifts are assumed to be split equally between spouses)
Prior Gift Taxes Paid	\$0	Prior gift taxes paid
Use Unified Credit at First Death?	Yes	Use Unified Credit at first death?
Gifts Option	None	Gifts option chosen
FINANCED INSURANCE		
Type of Policy	Single Life	Survivorship or Single Life
Policy Name	Protection UL-G 09	
Initial Policy Death Benefit	\$5,000,000	Total death benefit
Policy Premium	\$159,417.70	Annual Premium
Years for Premiums*	9	Number of years to pay premiums
State	Massachusetts	
Current Crediting Rate	4.50%	Policy's crediting rate
ESTATE TAX OPTION		
Estate Tax Option	Current Law	Estate tax rates based on the selected option
Comparison Years	10, 15, 20	Estate tax years for summary graph
FOCUS YEAR		
Focus Year**	15	
Print Years	56	
Comparison Years	10, 15, 20	Loan interest rate years for summary graph

* Years to pay premium is a hypothetical calculation. Premiums payments are the responsibility of the policy owner and are always payable for the life of the policy. However, the cash values may, depending on the future performance, grow to a level where the premiums due may be paid from the policy's cash values. The policy's cash values are not guaranteed. Actual growth may be more or less favorable. Failure to pay premiums when due may cause the policy in question to lapse.

** The focus year refers to the year that has been chosen by you. The values in the focus year are highlighted, can be changed and are for your convenience only. The year may be life expectancy, a random year, or a year that coincides with your personal planning goals.

GLOSSARY OF LEDGER TERMS

Comparison of Private Financing To Making Gifts – One use of private financing is to minimize gift taxes caused by large premium payments. This ledger compares the net amount of estate assets transferring to heirs in any given year of death, including net life insurance proceeds, when premiums are financed using a fair market loan arrangement, to the net amount transferring to heirs when gifts of the premium are made and gift taxes are paid.

Private Financing – Insurance Values – This ledger illustrates the cumulative loan as well as annual loan interest and any gift taxes associated with the gift of only the loan interest, if not accrued. In addition, the life insurance values including the premium and death benefit are illustrated. The column “Withdrawals to pay loan, premiums, interest” indicates withdrawals from gifts or loan amounts made to the trust to repay the loan, make premium payments or pay loan interest. The “Total Trust Assets Net of Loan” column includes the death proceeds, net of the loan repayment, as well as other assets available in the trust. The “Loan Net of Estate Taxes” column indicates the amount of the loan repayment remaining for heirs after estate taxes are paid. The “Net To Heirs” column includes the net life insurance proceeds, other trust assets and the loan repayment, net of estate taxes.

Loan Interest Rate Comparison – This ledger attempts to illustrate the effects of changes in the loan interest rate on gift taxes and the net death benefit.

Estate and Gift Taxes – This ledger illustrates the net amount remaining for heirs from the estate when assets are shifted from the taxable estate to the trust using a premium lending arrangement, in addition to the amount of the death benefit, net of the loan. The “Credit Shelter Trust” column indicates the amount of assets, if any, from the estate that can be protected from estate taxes at death if any lifetime gift-tax exemption amount is available.

Making Gifts To A Trust – Estate and Gift Tax Rates – This ledger illustrates the effects of making gifts of the premium amount annually to the trust when no financing arrangement is used. This ledger shows the net amount of the estate transferring to heirs, net of gift and estate taxes and includes the life insurance proceeds as well as other trust assets and assets in a Credit Shelter Trust, if any.

Estate Tax Summary – Due to the uncertainty of estate tax laws, this ledger attempts to illustrate the net amount of the estate that will be transferred to heirs based on the estate tax law assumption used. See Technical Summary page attached as well as an explanation above of three possible scenarios, among many, that we illustrate here.

EOY and BOY – The calculation of the trust balance is either at the beginning of the year (BOY) or at the end of the year (EOY).

Estate & Gift Taxes Current Law – If the ledger heading includes this title, the calculation of estate and gift taxes in the presentation has been based on current law, which is due to change in 2011. Under current law which is based on the 2001 Economic Growth and Tax Relief Reconciliation Act (EGTRRA), the estate tax rates are scheduled to decrease and the estate tax exemptions available from estate tax are scheduled to increase through 2010, effectively minimizing the estate tax. Current law requires that the rates and exemptions that were applicable prior to EGTRRA 2001 will be reinstated in 2011 and the estate tax rates and exemption in place in 2001 will once again apply. There is some question, however, as to whether additional legislation will take place prior to 2011 to eliminate the estate tax altogether, or whether compromise legislation will take place in which estate taxes remain low. The assumption here is that no new legislation will take place and that the 2001 rates and exemptions will be reinstated as of 2011 going forward.

John Hancock Life Insurance Company (U.S.A.)

A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL-G Form: 08PROULG

Valuable Information About Your Life Insurance Illustration

Presented By: Female 65 09 Product

Illustration Assumptions

Valued Client

Female - Preferred NonSmoker

Age: 65

Initial Death Benefit \$5,000,000

Initial Planned Premium: \$159,417.70 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Massachusetts

Based on Current Charges and an Initial Current Rate of 4.50%

Protection UL-G

Protection UL-G is a flexible premium life insurance contract covering one insured.

- You select the death benefit when we issue the policy. Any time after the first policy anniversary you can decrease the death benefit, provided you meet certain requirements. In some instances, we may be required to change the death benefit to meet the Internal Revenue Code regulations.
- There is no set premium with this policy. However, enough premium must be paid in order to continue coverage. Coverage will continue as long as the Net Cash Surrender Value or Net Policy Protection Value is greater than zero. You can pay premiums in any amount and at any time, subject to a minimum amount set by us and a maximum amount set by the Internal Revenue Code.
- When we receive your premiums, we deduct a premium charge and put the remaining amount into the policy.
- Each month we deduct a certain amount from the policy value for administrative and cost of insurance charges. We also add interest to your policy value each month. When the insured reaches attained age 121, these deductions will stop. Provided coverage is in effect when the insured reaches attained age 121, coverage will continue after age 121 and interest will be credited. No additional charges, other than those for any outstanding policy loans, will be deducted.

Policy Protection Rider

- Your policy includes a Policy Protection Rider that has a maximum benefit period up to the life insured's attained age 121.
- A version of the Policy Protection Rider, known as the Policy Protection Rider - Quick, has been used with this illustration because your total scheduled premium, less withdrawals, over the first 5 years equals or exceeds the Policy Protection Rider - Quick Premium Requirement. The Policy Protection Rider - Quick Premium Requirement for this policy is \$555,820.00. If you plan to pay premiums otherwise, you should request a new illustration so that the best possible Policy Protection Rider is illustrated.
- As long as the Policy Protection Rider is in effect your

policy cannot lapse even if the Net Cash Surrender Value falls to zero or below. The Policy Protection Rider will stay in effect during the benefit period as long as the reference value called the Net Policy Protection Value is greater than zero.

- The Net Policy Protection Value is a reference value and is only used to determine whether or not the Policy Protection Rider will stay in effect. The policyowner cannot access the reference value.
- This benefit allows your policy to remain in force with a zero Net Cash Surrender Value and does not require the payment of additional premiums. You may therefore be foregoing the advantage of building up significant policy value under the policy if you do not make additional premium payments.
- The Policy Protection Rider is a flexible death benefit guarantee. Through your premium payments it can provide guaranteed coverage for any duration up to the maximum benefit period.
- But like your policy, the Policy Protection Rider is directly affected by the timing and amounts of premiums paid. To ensure that you have the Policy Protection Rider in effect for the period of time that you desire, it is important that premium payments are paid when they are due, otherwise your policy may lapse.
- As long as the Policy Protection Rider has not lapsed, you can restore the death benefit guarantee at any time by paying enough premium, as illustrated, to satisfy, or "catch up" to, the cumulative premium requirement for the guaranteed period you want. It is important to remember that the longer you wait to restore this guarantee, the more costly it becomes to "catch up".
- Premiums are due as of the premium due date indicated on your notice. However, in order to help maintain the desired death benefit guarantee, we provide a provision for the late receipt of premium payments.
- This feature provides you with greater death benefit guarantee protection in the event of late premium payments. In determining whether adequate Policy Protection Value is maintained to support the death benefit guarantee, we will apply late premiums retroactive to the beginning of the policy month in which they are received.
- Death benefit option changes, loans, withdrawals,

This is your Basic Illustration and is valid only if all illustration pages are included.

Version: 5.0R[0-24592-3584-8192]

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John Hancock Life Insurance Company (U.S.A.)

A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL-G Form: 08PROULG

Valuable Information About Your Life Insurance Illustration (cont'd)

Presented By: Female 65 09 Product

Illustration Assumptions

Valued Client

Female - Preferred NonSmoker

Age: 65

Initial Death Benefit \$5,000,000

Initial Planned Premium: \$159,417.70 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Massachusetts

Based on Current Charges and an Initial Current Rate of 4.50%

rider termination or change, and/or face amount decreases will also affect the Policy Protection Rider .

- If a policy loan is outstanding, the Policy Protection Rider will not prevent your policy from lapsing if the Net Policy Value falls to zero.

Premium multiplied by the number of months backdated is required to put the policy in force. Paying less than the planned premium can have a negative impact on the policy and its guarantees.

Net Death Benefit

- The life insurance provided in this illustration is payable upon the death of the insured and reflects Initial Death Benefit of \$5,000,000 (Option 1). The net death benefit reflects total loan plus any loan interest due.

Interest Rate

Interest is credited to the Policy Value at a guaranteed effective annual rate of 3.00% or the current interest rate, whichever is higher. An assumed rate may also be shown for illustrative purposes. The assumed rate will always be lower than the current rate. Current and assumed rates are not guarantees or estimates but merely illustrate resultant values for that assumption. Current interest is illustrated at an effective annual rate of 4.50%. Midpoint values assume interest and insurance charges which are halfway between the guaranteed and assumed.

Planned Premium Outlay

One of the advantages of Universal Life Insurance is premium payment flexibility, allowing you to vary the amount of your payments. This illustration assumes an Initial Planned Premium Outlay of \$159,417.70 and that premium payments are made at the beginning of each modal period. Reduced or discontinued premiums in future years are only possible if the premiums paid and interest credited are sufficient to cover the cost of insurance and administrative expenses. These factors, as well as any outstanding policy loans, or partial surrenders could require additional premiums to maintain your insurance coverage. Payments in excess of the planned premium are subject to underwriting approval.

Accessing Policy Value

After your policy has been in force for one year, you can make partial cash withdrawals. You can surrender your policy for cash at any time. We will pay you the policy value less a surrender charge and any policy debts you may have. You can also borrow the available cash value at any time.

Guaranteed Coverage Premium

Based on the initial death benefit shown in the illustration, the level annual premium to Guarantee Coverage for life is \$79,163.27. Additional premium received in the first year may result in a lower annual premium to guarantee coverage for life. Death benefit option changes, loans, withdrawals, rider termination or change and/or face amount decreases will cause this premium to be recalculated. This premium does not apply if your policy includes the Policy Protection Rider - Quick.

Policy Loans

Policy loans may be taken against the Policy Value at anytime and if illustrated, are assumed to be taken at the beginning of the year. The maximum loan amount available is the Surrender Value less any indebtedness, one year of policy charges, and one year's loan spread. The portion of Policy Value securing any loan is credited interest at the net loan rate. The net loan rate equals the loan rate less a loan spread. The current loan spread is 2%, and may not exceed a guaranteed maximum loan spread of 2%. Loan interest is payable in arrears. This illustration assumes policy loan interest rates are as shown in the Policy Summary. The loan interest rate is fixed.

Minimum Initial Premium

The Minimum Initial Premium shown on the Basic Illustration Summary page is the minimum premium to carry the policy for one policy month in the first policy year. If the policy is backdated the Minimum Initial

Withdrawals

Withdrawals reduce the Policy Value and the Death Benefit. Withdrawals, if illustrated, are assumed taken at the beginning of the year.

John Hancock Life Insurance Company (U.S.A.)

A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL-G Form: 08PROULG

Valuable Information About Your Life Insurance Illustration (cont'd)

Presented By: Female 65 09 Product

Illustration Assumptions

Valued Client

Female - Preferred NonSmoker

Age: 65

Initial Death Benefit \$5,000,000

Initial Planned Premium: \$159,417.70 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Massachusetts

Based on Current Charges and an Initial Current Rate of 4.50%

Policy Continuation at Age 121

This offers protection from the possibility of outliving coverage. Provided your coverage is in effect on the policy anniversary nearest the date on which the life insured reaches attained age 121, coverage will continue after age 121 and interest will be credited. No additional charges, other than those for any outstanding policy loans, will be deducted.

employer-owned life insurance policies. Taxpayers should seek the counsel of qualified tax advisors to determine the applicability of IRC §101(j) or other provisions of federal tax law and/or compliance with the requirements of any such law or regulation.

Taxation of Life Insurance

The information contained in this illustration is based on certain tax and legal assumptions. We suggest that you seek professional counsel regarding the interpretation of current tax laws and accounting practices as they relate to your actual situation. The Technical and Miscellaneous Revenue Act (TAMRA) of 1988 classifies some policies as Modified Endowment Contracts (MECs). Distributions from these policies (excluding death benefits but including policy loans and withdrawals) are taxed differently and may be subject to an IRS 10% penalty tax. TAMRA testing has been performed on the current scale only.

Other Considerations

This is an illustration only. An illustration is not intended to predict actual performance. Interest rates and values set forth in the illustration are not guaranteed.

This illustration assumes that the currently illustrated nonguaranteed elements will continue unchanged for all years shown. This is not likely to occur, and the actual results may be more or less favorable. Future credits for interest and deductions for mortality and expenses can vary at the company's discretion depending upon factors such as death claims, investment earnings and expenses.

- The initial annual 7-pay premium for this policy is \$398,713.00.
- Based on our interpretation of TAMRA, this policy as illustrated would not be considered a Modified Endowment Contract (MEC).
- Employer-owned Life Insurance. Where the owner of the policy is the employer of the insured, Section 101(j) of the Internal Revenue Code specifies a number of requirements in order for life insurance death benefits to be excluded from income taxation. Potential insureds must be limited to the employer's directors and "highly compensated" employees (as defined by the law). Also, before the issuance of the policy, the potential insured must (1) be notified in writing that the employer/policyowner intends to insure the employee's life and the maximum face amount for which the employee could be insured; (2) give his or her written consent to being a life insured under the policy, and agree that such coverage may continue after the life insured terminates employment; and (3) be informed in writing that the employer/policyowner will be a beneficiary of any proceeds payable upon the death of the employee. Finally, the policyowner is required to keep records and make an annual report concerning its

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For more than a century, John Hancock has offered security and high quality products to its customers. The company's experience and resources allow it to provide first class financial solutions to customers in every market in which it operates.

John Hancock Life Insurance Company (U.S.A.)

A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL-G Form: 08PROULG

Basic Illustration Summary

Presented By: Female 65 09 Product

Illustration Assumptions

Valued Client

Female - Preferred NonSmoker

Age: 65

Initial Death Benefit \$5,000,000

Initial Planned Premium: \$159,417.70 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Massachusetts

Based on Current Charges and an Initial Current Rate of 4.50%

Coverage Summary

Coverage Description	Initial Amount	Initial Premium
Face Amount - Level for all years	\$5,000,000	\$159,417.70
Additional Coverage On Insured		
Policy Protection Rider - Quick		

Policy Summary

State	Massachusetts	
Death Benefit Option	1	From 1 Thru 56
Definition of Life Insurance	CVAT	
Payment Mode	Annual	
Charges	Current	
Assumed Interest Rate	4.50%	From 1 Thru 56
Loan Interest Rate	6.00%	From 1 Thru 56
Owner Tax Bracket	35.00%	From 1 Thru 56
Initial 7-Pay Premium	\$398,713.00	
Target Premium	\$85,905.60	
Minimum Initial Premium	\$5,739.55	

Interest Adjusted Indexes on Insured at 5%

	-----Payment-----		-----Cost-----	
	10 Year	20 Year	10 Year	20 Year
Guaranteed	29.35	18.18	22.53	18.18
Current	29.35	18.18	16.47	17.11
Non-guaranteed Element	0.00	0.00	6.06	1.07

Interest Adjusted Indexes

These indexes provide a means for evaluating the comparative cost of the policy under stated assumptions. They can be useful in comparing similar plans of insurance, a lower index being better than a higher one. These indexes reflect the time value of money. Indexes are approximate because they involve assumptions, including the rate of interest used.

John Hancock Life Insurance Company (U.S.A.)

A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL-G Form: 08PROULG

Numeric Summary

Presented By: Female 65 09 Product

Illustration Assumptions

Valued Client

Female - Preferred NonSmoker

Age: 65

Initial Death Benefit \$5,000,000

Initial Planned Premium: \$159,417.70 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Massachusetts

GUARANTEED ASSUMPTIONS

These policy benefits and values are based on the guaranteed interest of 3.00% and guaranteed charges. Based on your Planned Premium Outlay, the policy would remain in force until age 121*.

NON-GUARANTEED ASSUMPTIONS

These policy benefits and values are based on non-guaranteed elements that are subject to change by the insurer. Actual results may be more or less favorable.

ASSUMED SCALE:

Policy benefits and values are based on the initial current interest rate of 4.50% and current charges. Based on your Planned Premium Outlay, the policy would remain in force until age 121*.

SUMMARY YEARS	GUARANTEED ASSUMPTIONS	NON-GUARANTEED ASSUMPTIONS	
		Midpoint Scale	Assumed Scale
Years Premium Paid in Cash	9	9	9
Summary Year 5			
Net Surrender Value	234,213	275,405	317,315
Net Death Benefit	5,000,000	5,000,000	5,000,000
Summary Year 10			
Net Surrender Value	450,175	648,753	850,353
Net Death Benefit	5,000,000	5,000,000	5,000,000
Summary Year 20			
Net Surrender Value	0	0	186,464
Net Death Benefit	5,000,000	5,000,000	5,000,000

MIDPOINT SCALE:

Assumes the midpoint interest rate and charges which are halfway between current and guaranteed. Based on your Planned Premium Outlay, the policy would remain in force until age 121*.

Premiums are assumed to be paid at the beginning of each modal period.

Policy values, including surrender values and death benefits, are illustrated as of the end of the year, unless otherwise noted.

* See Policy Continuation at Age 121 on "Valuable Information" page.

Representative's Address:
Female 65 09 Product

*
*
*

I have received a copy of this illustration and understand that any non-guaranteed elements illustrated are subject to change and could be either higher or lower. The representative has told me they are not guaranteed. I further understand that the guarantees provided by the Policy Protection Rider are directly affected by the amount and timing of premiums paid.

Applicant: _____ Date: _____
(Signature) (mm/dd/yyyy)

I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration.

Representative: _____ Date: _____
(Signature) (mm/dd/yyyy)

John Hancock Life Insurance Company (U.S.A.)

A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL-G Form: 08PROULG

Guaranteed and Nonguaranteed Values

Presented By: Female 65 09 Product

Illustration Assumptions

Valued Client

Initial Death Benefit \$5,000,000

Female - Preferred NonSmoker

Initial Planned Premium: \$159,417.70 / Billing Mode: Annual

Age: 65

Death Benefit Option 1; Cash Value Accumulation Test

State: Massachusetts

Policy Year	EOY Age	End of Year Guaranteed Assumptions 3.00% Guaranteed Rate, Guaranteed Charges				End of Year Non-Guaranteed Assumptions 4.50% Current Rate, Current Charges			
		Planned Premium	Policy Value	Net Surrender Value	Net Death Benefit	Policy Value	Net Surrender Value	Net Death Benefit	
1	66	159,418	81,336	0	5,000,000	84,491	0	5,000,000	
2	67	159,418	163,059	0	5,000,000	175,428	0	5,000,000	
3	68	159,418	243,231	55,323	5,000,000	271,492	83,584	5,000,000	
4	69	159,418	321,380	145,987	5,000,000	372,971	197,578	5,000,000	
5	70	159,418	397,068	234,213	5,000,000	480,170	317,315	5,000,000	
6	71	159,418	469,774	319,434	5,000,000	593,413	443,073	5,000,000	
7	72	159,418	538,581	400,779	5,000,000	713,038	575,236	5,000,000	
8	73	159,418	602,659	477,372	5,000,000	839,407	714,120	5,000,000	
9	74	159,418	661,311	548,562	5,000,000	972,899	860,150	5,000,000	
10	75	0	550,386	450,175	5,000,000	950,565	850,353	5,000,000	
Totals:		1,434,759							
11	76	0	422,078	334,382	5,000,000	924,263	836,567	5,000,000	
12	77	0	273,571	198,412	5,000,000	896,461	821,302	5,000,000	
13	78	0	101,446	38,802	5,000,000	861,580	798,936	5,000,000	
14	79	0	0	0	5,000,000	824,661	774,555	5,000,000	
15	80	0	0	0	5,000,000	776,868	739,277	5,000,000	
16	81	0	0	0	5,000,000	710,889	685,836	5,000,000	
17	82	0	0	0	5,000,000	624,576	612,039	5,000,000	
18	83	0	0	0	5,000,000	512,888	512,888	5,000,000	
19	84	0	0	0	5,000,000	369,509	369,509	5,000,000	
20	85	0	0	0	5,000,000	186,464	186,464	5,000,000	
Totals:		1,434,759							
21	86	0	0	0	5,000,000	0	0	5,000,000	
22	87	0	0	0	5,000,000	0	0	5,000,000	
23	88	0	0	0	5,000,000	0	0	5,000,000	
24	89	0	0	0	5,000,000	0	0	5,000,000	
25	90	0	0	0	5,000,000	0	0	5,000,000	
26	91	0	0	0	5,000,000	0	0	5,000,000	
27	92	0	0	0	5,000,000	0	0	5,000,000	
28	93	0	0	0	5,000,000	0	0	5,000,000	
29	94	0	0	0	5,000,000	0	0	5,000,000	
30	95	0	0	0	5,000,000	0	0	5,000,000	
Totals:		1,434,759							

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John Hancock Life Insurance Company (U.S.A.)

A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL-G Form: 08PROULG

Guaranteed and Nonguaranteed Values (cont'd)

Presented By: Female 65 09 Product

Illustration Assumptions

Valued Client

Initial Death Benefit \$5,000,000

Female - Preferred NonSmoker

Initial Planned Premium: \$159,417.70 / Billing Mode: Annual

Age: 65

Death Benefit Option 1; Cash Value Accumulation Test

State: Massachusetts

Policy Year	EOY Age	Planned Premium	End of Year Guaranteed Assumptions 3.00% Guaranteed Rate, Guaranteed Charges			End of Year Non-Guaranteed Assumptions 4.50% Current Rate, Current Charges		
			Policy Value	Net Surrender Value	Net Death Benefit	Policy Value	Net Surrender Value	Net Death Benefit
31	96	0	0	0	5,000,000	0	0	5,000,000
32	97	0	0	0	5,000,000	0	0	5,000,000
33	98	0	0	0	5,000,000	0	0	5,000,000
34	99	0	0	0	5,000,000	0	0	5,000,000
35	100	0	0	0	5,000,000	0	0	5,000,000
36	101	0	0	0	5,000,000	0	0	5,000,000
37	102	0	0	0	5,000,000	0	0	5,000,000
38	103	0	0	0	5,000,000	0	0	5,000,000
39	104	0	0	0	5,000,000	0	0	5,000,000
40	105	0	0	0	5,000,000	0	0	5,000,000
Totals:		1,434,759						
41	106	0	0	0	5,000,000	0	0	5,000,000
42	107	0	0	0	5,000,000	0	0	5,000,000
43	108	0	0	0	5,000,000	0	0	5,000,000
44	109	0	0	0	5,000,000	0	0	5,000,000
45	110	0	0	0	5,000,000	0	0	5,000,000
46	111	0	0	0	5,000,000	0	0	5,000,000
47	112	0	0	0	5,000,000	0	0	5,000,000
48	113	0	0	0	5,000,000	0	0	5,000,000
49	114	0	0	0	5,000,000	0	0	5,000,000
50	115	0	0	0	5,000,000	0	0	5,000,000
Totals:		1,434,759						
51	116	0	0	0	5,000,000	0	0	5,000,000
52	117	0	0	0	5,000,000	0	0	5,000,000
53	118	0	0	0	5,000,000	0	0	5,000,000
54	119	0	0	0	5,000,000	0	0	5,000,000
55	120	0	0	0	5,000,000	0	0	5,000,000
56	121	0	0	0	5,000,000	0	0	5,000,000
57	122	0	0	0	5,000,000	0	0	5,000,000
58	123	0	0	0	5,000,000	0	0	5,000,000
59	124	0	0	0	5,000,000	0	0	5,000,000
60	125	0	0	0	5,000,000	0	0	5,000,000
Totals:		1,434,759						

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John Hancock Life Insurance Company (U.S.A.)

A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL-G Form: 08PROULG

Glossary of Terms

Presented By: Female 65 09 Product

Illustration Assumptions

Valued Client

Female - Preferred NonSmoker

Age: 65

Initial Death Benefit \$5,000,000

Initial Planned Premium: \$159,417.70 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Massachusetts

Based on Current Charges and an Initial Current Rate of 4.50%

Face Amount

The Face Amount is the coverage provided by the base policy. Any decreases to the Face Amount after the first policy year must fall within policy minimums.

certain situations involving large amounts of outstanding loans, you might find yourself having to choose between high premium requirements to keep your policy from lapsing and a significant tax burden if you allow the lapse to occur. Please consult your tax advisor for further information.

Cost Of Insurance

Current insurance charges are based on Company experience. The current rates may change, but are guaranteed never to exceed the maximum rates. Maximum rates reflect the 2001 CSO Smoker and Nonsmoker Mortality Table.

Planned Premium Outlay

The Planned Premium Outlay is the amount which the policyholder plans to pay. This illustration assumes that planned premiums are paid at the beginning of each modal period indicated. Additional premiums may be paid while the policy is in force, subject to our minimum and maximum limits.

Death Benefit Option

Death Benefit Option 1 provides a level amount of coverage. It will increase only when necessary to maintain the definition of life insurance. Death Benefit Option 2 provides coverage equal to the Face Amount plus the Policy Value plus any amount necessary to maintain the definition of life insurance.

Policy Value

When premiums are paid, the balance, after premium charges are deducted, goes into the Policy Value. The Policy Value is credited daily with a guaranteed interest rate of 3.00 % or the current rate, whichever is greater. Also, once each month, administrative and insurance charges are deducted.

Net Death Benefit

The Death Benefit illustrated is the Face Amount plus any Required Additional Death Benefit. This is the value that is payable upon the death of the insured as stated on the front page of the policy. The actual amount payable may be decreased by loans or increased by additional insurance benefits. Death Benefits are illustrated as of the end of the year. Net Death Benefit reflects the total loan plus any loan interest due.

Required Additional Death Benefit

The death benefit will automatically be increased if necessary to maintain the minimum amount of insurance needed to comply with current federal tax law (Section 7702 of the Internal Revenue Code). This will ensure that your policy maintains the favorable tax treatment associated with being a life insurance policy.

Net Income

Net Income reflects any illustrated withdrawal, policy loan and/or loan interest due.

Risk Class

Classifications represent groups of people with similar risk characteristics and help to determine the cost of insurance. Final risk classification for a proposed insured is determined upon completion of the underwriting process, and may vary from what is shown on this illustration. If so, you will receive a Revised Basic Illustration prior to or upon delivery of your insurance contract.

Net Surrender Value

The Net Surrender Value is the Policy Value less surrender charge(s), and is illustrated as of end of the year. This amount is shown net of withdrawals and total loans plus interest due. During the surrender charge period, there is a surrender charge assessed if all or part of the Face Amount is reduced. If the policy terminates for any reason, the amount of any outstanding loan (that was not previously considered income) could result in a considerable tax. Under

John Hancock Life Insurance Company (U.S.A.)

A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL-G Form: 08PROULG

Input Summary ~~ Internal Use Only ~~ Internal Use Only ~~

Presented By: Female 65 09 Product

Illustration Assumptions

Valued Client
Female - Preferred NonSmoker
Age: 65

Initial Death Benefit \$5,000,000
Initial Planned Premium: \$159,417.70 / Billing Mode: Annual
Death Benefit Option 1; Cash Value Accumulation Test
State: Massachusetts

Based on Current Charges and an Initial Current Rate of 4.50%

Product & Concept

Concept Ledger
Approved in Any State
Product Type All Products
Product Protection UL-G 09

Policy Design

Insured Name Valued Client
Sex Female
Issue Age / Birthdate 65
State Massachusetts
Risk Class Preferred NonSmoker
Total Face Amount 5000000
Death Benefit Option Option 1
Definition of Life CVAT
Insurance Test
Premium Schedule
-- PPR Premium 1 9
Premium Duration 9
PPR Duration Lifetime
Premium Mode Annual
Crediting Rate Current
Agent Name Female 65 09 Product

Policy Options

Estimated Policy Issue Date Today + 1 Month
Charges Current
Lump Sum Month First Year 1
MEC Testing Avoid MEC
Withdrawal Cap Basis
Loan Cap None
Loan Interest Payment Type Borrow
Owner Tax Rate 35.00%

Optional Reports

Optional Presentations No Presentation
Optional Pages Yes
Input Summary Yes

John Hancock used the fully allocated expense method to test and verify all products for compliance with the NAIC Life Insurance Illustration Model Regulation.