STATEMENT OF ADDITIONAL INFORMATION

ALLIANZ INDEX ADVANTAGE+ NF® VARIABLE ANNUITY CONTRACT

INDIVIDUAL FLEXIBLE PURCHASE PAYMENT VARIABLE AND INDEX-LINKED DEFERRED ANNUITY CONTRACT

Issued by

ALLIANZ LIFE VARIABLE ACCOUNT B the Separate Account and

ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA (Allianz Life, we, us, our)

This Statement of Additional Information (SAI) is not a prospectus. It should be read in conjunction with the Contract's prospectus, dated May 1, 2025. Definitions of capitalized terms can be found in the glossary of the prospectus.

The prospectus contains important information about the Contract and Allianz Life that you ought to know before investing. For a copy of the Contract's prospectus, visit https://www.allianzlife.com/what-we-offer/annuities/prospectuses, send an email request to contact.us@allianzlife.com, or call or write us at:

Allianz Life Insurance Company of North America
P. O. Box 59060
Minneapolis MN 55459-0060
(800) 624-0197

Dated: May 1, 2025

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ALLIANZ LIFE AS CUSTODIAN

Allianz Life does not have a separate custodian for the assets owned through the Separate Account. Most mutual fund shares are not in certificated form, and as such, Allianz Life in effect acts as self custodian for the non-certificated shares we own through the Separate Account.

LEGAL OPINIONS

John P. Hite, Associate General Counsel, Senior Counsel of Allianz Life, has provided legal advice on certain matters in connection with the issuance of the Contracts.

DISTRIBUTOR

The Contracts, which are offered continuously, are distributed by Allianz Life Financial Services, LLC (ALFS), a wholly owned subsidiary of Allianz Life Insurance Company of North America.

ALFS sells annuity contracts issued by Allianz Life primarily through "wholesaling," in which ALFS sells contracts through a large group of mostly non-affiliated broker/dealer firms. Currently, ALFS has agreements with approximately 506 retail broker/dealers to sell its contracts.

As described in the prospectus, ALFS may pay marketing support payments to certain third-party firms for marketing our contracts. Currently, ALFS makes marketing support payments to approximately 78 broker-dealer firms. These payments vary in amount. In 2024, the five firms receiving the largest payments, ranging from $1,309,570.30 to $16,775,219.99 are listed below.

Firm Name

LPL Financial
MML Investors Services, Inc
OSAIC WEALTH INC
Park Avenue Securities
Cetera Investment Services LLC

ADMINISTRATIVE SERVICE FEES

Allianz Life contracts with Tata Consultancy Services (Tata) to perform certain administrative services as described in prospectus section 13, Other Information – Administration/Allianz Service Center. Allianz Life paid Tata the following amounts for these services during the last three calendar years:

Calendar Year	Total Paid to Tata
2022	$2,015,485
2023	$2,503,039
2024	$2,279,638

ANNUITY PAYMENTS

We base Annuity Payments on the Contract Value. We guarantee the dollar amount of Annuity Payments (equal installments) and this amount does not change except as provided under Annuity Option G. The Contract Value you apply to Annuity Payments is placed in our general account. Annuity Payments are based on an interest rate and mortality table specified in your Contract. These rates are guaranteed and we cannot use lower rates.

Annuity Payments end upon the earliest of the following.

- Under Annuity Option A, the end of the guaranteed period.
- Under Annuity Options B, F, and G, the death of the last surviving Annuitant.
- Under Annuity Option C, the death of the Annuitant and the end of the guaranteed period.

- When the Contract ends.

ANNUITY PAYMENT OPTIONS

The Annuity Payment Options are briefly described in prospectus section 9 – The Annuity Phase, and we included additional information that you may find helpful here.

Option A - Guaranteed Period. We make Annuity Payments for a guaranteed period of ten years. If the Annuitant dies before the end of the guaranteed period, then we continue to make Annuity Payments to the Payee for the rest of the guaranteed period. If the Payee and Annuitant were the same person, we make payments to the Owner. If the Payee, Annuitant and Owner were the same person, we make payments to the Beneficiary(ies).

Option B - Life Annuity. We make Annuity Payments during the life of the Annuitant, and the last payment is the one that is due before the Annuitant's death. If the Annuitant dies shortly after the Annuity Date, the Payee may receive less than your investment in the Contract.

Option C - Life Annuity with Payments Over 5 or 10 Years Guaranteed. We make Annuity Payments during the life of the Annuitant. If the Annuitant dies before the end of the selected guaranteed period, we continue to make Annuity Payments to the Payee for the rest of the guaranteed period. If the Payee and Annuitant were the same person, we make payments to the Owner. If the Payee, Annuitant and Owner were the same person, we make payments to the Beneficiary(ies). If the Annuitant dies after the selected guaranteed period ends, the last payment is the one that is due before the Annuitant's death.

Option F - Joint and Survivor. We make Annuity Payments during the lifetimes of the Annuitant and the joint Annuitant. Upon the death of one Annuitant, Annuity Payments to the Payee continue during the lifetime of the surviving joint Annuitant. Annuity Payments stop with the last payment that is due before the last surviving joint Annuitant's death. If both Annuitants die shortly after the Annuity Date, the Payee may receive less than your investment in the Contract.

Option G - Joint and 2/3 Survivor Annuity. We make Annuity Payments during the lifetimes of the Annuitant and the joint Annuitant. Upon the death of one Annuitant, Annuity Payments to the Payee continue during the lifetime of the surviving joint Annuitant at 2/3 of the original amount. Annuity Payments stop with the last payment that is due before the last surviving joint Annuitant's death. If both Annuitants die shortly after the Annuity Date, the Payee may receive less than your investment in the Contract.

FINANCIAL STATEMENTS

The statutory financial statements of Allianz Life Insurance Company of North America as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, are incorporated herein by reference to Registrant's Form N-VPFS (File No. 811-05618) filed with the SEC have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements of the subaccounts of Allianz Life Variable Account B of Allianz Life Insurance Company of North America as of December 31, 2024, are incorporated herein by reference to Registrant's Form N-VPFS (File No. 811-05618) filed with the SEC have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

APPENDIX A – DEATH OF THE OWNER AND/OR ANNUITANT

The following tables are intended to help you better understand what happens upon the death of any Owner and/or Annuitant under the different portions of the Contract.

UPON THE DEATH OF A SOLE OWNER

Action if the Contract is in the Accumulation Phase

- If this is an Inherited IRA Contract, the death benefit options for the Beneficiary of the Inherited IRA (successor beneficiary, i.e. beneficiary of the original Beneficiary) depend on several factors. For specific information regarding these Contracts, please see section 12, Taxes – Distributions Upon the Owner's Death (or Annuitant's Death if the Owner is a Non-Individual).
- For all other Contracts, we pay a death benefit to the Beneficiary unless the Beneficiary is the surviving spouse and continues the Contract. For a description of the death benefit and payout options, see prospectus section 11, Death Benefit - Death Benefit Payment Options During the Accumulation Phase.
- If the deceased Owner was a Determining Life and the surviving spouse Beneficiary continues the Contract:
  - we increase the Contract Value to equal the Guaranteed Death Benefit Value if greater and available, and the death benefit ends,
  - the surviving spouse becomes the new Owner,
  - the Accumulation Phase continues, and
  - upon the surviving spouse's death, his or her Beneficiary(ies) receives the Contract Value.
- If the deceased Owner was not the Determining Life the Traditional Death Benefit or Maximum Anniversary Value Death Benefit are not available and the Beneficiary(ies) receive the Contract Value.

Action if the Contract is in the Annuity Phase

- The Beneficiary becomes the Payee. If we are still required to make Annuity Payments under the selected Annuity Option, the Beneficiary also becomes the new Owner.
- If the deceased was not an Annuitant, Annuity Payments to the Payee continue. No death benefit is payable.
- If the deceased was the only surviving Annuitant, Annuity Payments end or continue as follows.
  - Annuity Option A or C, payments end when the guaranteed period ends.
  - Annuity Option B, F, or G, payments end.
- If the deceased was an Annuitant and there is a surviving joint Annuitant, Annuity Payments to the Payee continue during the lifetime of the surviving joint Annuitant. No death benefit is payable.
- For a Qualified Contract, the Annuity Payments generally must end no later than ten years after the Owner's death. However, in certain situations, payments may need to end earlier.

UPON THE DEATH OF A JOINT OWNER

Action if the Contract is in the Accumulation Phase

- The surviving Joint Owner is the sole primary Beneficiary. If the Joint Owners were spouses there may also be contingent Beneficiaries.
- We pay a death benefit to the surviving Joint Owner unless he or she is the surviving spouse and continues the Contract. For a description of the death benefit and payout options, see prospectus section 11, Death Benefit - Death Benefit Payment Options During the Accumulation Phase.
- If the deceased Joint Owner was a Determining Life and the surviving spouse/Joint Owner continues the Contract:
  - we increase the Contract Value to equal the Guaranteed Death Benefit Value if greater and available, and the death benefit ends,
  - the surviving spouse/Joint Owner becomes the new sole Owner,
  - the Accumulation Phase continues, and
  - upon the surviving spouse/Joint Owner's death, his or her Beneficiary(s) receives the Contract Value.
- If the deceased Joint Owner was not a Determining Life the Traditional Death Benefit or Maximum Anniversary Value Death Benefit are not available and the Beneficiary(ies) receive the Contract Value.

Action if the Contract is in the Annuity Phase

- If we are still required to make Annuity Payments under the selected Annuity Option, the surviving Joint Owner becomes the sole Owner.
- If the deceased was not an Annuitant, Annuity Payments to the Payee continue. No death benefit is payable.
- If the deceased was the only surviving Annuitant, Annuity Payments end or continue as follows.
  - Annuity Option A or C, payments end when the guaranteed period ends.
  - Annuity Option B, F, or G, payments end.
- If the deceased was an Annuitant and there is a surviving joint Annuitant, Annuity Payments to the Payee continue during the lifetime of the surviving joint Annuitant. No death benefit is payable.

UPON THE DEATH OF AN ANNUITANT AND THERE IS NO SURVIVING JOINT ANNUITANT

Action if the Contract is in the Accumulation Phase

- If the deceased Annuitant was not an Owner, and the Contract is owned only by an individual(s), we do not pay a death benefit. The Owner can name a new Annuitant subject to our approval.
- If the deceased Annuitant was a sole Owner, we pay a death benefit as discussed in the "Upon the Death of a Sole Owner" table. If the Contract is continued by a surviving spouse, the new surviving spouse Owner can name a new Annuitant subject to our approval.
- If the deceased Annuitant was a Joint Owner, we pay a death benefit as discussed in the "Upon the Death of a Joint Owner" table. If the Contract is continued by a surviving Joint Owner who is also a surviving spouse, the surviving spouse Joint Owner can name a new Annuitant subject to our approval.
- If the Contract is owned by a non-individual, we treat the death of the Annuitant as the death of a sole Owner, and we pay a death benefit as discussed in the "Upon the Death of a Sole Owner" table. ***NOTE: For non-individually owned Contracts, spousal continuation is only available if the Contract is Qualified, owned by a qualified plan or a custodian, and the surviving spouse is named as the sole primary beneficiary under the qualified plan or custodial account.***

Action if the Contract is in the Annuity Phase

- No death benefit is payable.
- If the deceased was the only surviving Annuitant, Annuity Payments end or continue as follows.
  - Annuity Option A or C, payments end when the guaranteed period ends.
  - Annuity Option B, F, or G, payments end.
- If we are still required to make Annuity Payments under the selected Annuity Option and the deceased was a sole Owner, the Beneficiary becomes the new sole Owner.
- If we are still required to make Annuity Payments under the selected Annuity Option and the deceased was a Joint Owner, the surviving Joint Owner becomes the sole Owner.

UPON THE DEATH OF THE ANNUITANT DURING THE ANNUITY PHASE AND THERE IS A SURVIVING JOINT ANNUITANT

- Only Annuity Options F and G allow joint Annuitants. Under Annuity Options F and G, Annuity Payments to the Payee continue during the lifetime of the surviving joint Annuitant.

- No death benefit is payable.
- If we are still required to make Annuity Payments under the selected Annuity Option and the deceased was a sole Owner, the Beneficiary becomes the new Owner.
- If we are still required to make Annuity Payments under the selected Annuity Option and the deceased was a Joint Owner, the surviving Joint Owner becomes the sole Owner.

APPENDIX B – DAILY ADJUSTMENT CALCULATION

Generally

We designed the Daily Adjustment to provide an Index Option Value for each Index Option on Business Days other than the Term Start Date or Term End Date. The Daily Adjustment approximates the Performance Credit that will be available on the Term End Date, adjusting for:

(i) any Index gains during the Term subject to the Trigger Rate, Cap, and/or Participation Rate,

(ii) the Index Dual Precision Strategy, any Index losses less than or equal to the 10%, 20%, or 30% Buffer,

(iii) either any Index losses greater than the 10%, 20%, or 30% Buffer, or any Index losses down to the -10% Floor (not applicable to the Index Protection Strategy with Trigger), and

(iv) the number of days until the Term End Date.

The Daily Adjustment formula has two primary components, (i) the change in Proxy Value, and (ii) accumulated proxy interest, which are added together and then multiplied by the Index Option Base. We designed the Daily Adjustment to estimate the present value of positive or negative Performance Credits on the Term End Date taking into account any applicable Buffer, Floor, Trigger Rate, Cap, and/or Participation Rate. You should note that even if your selected Index(es) experience positive growth, the Daily Adjustments may be negative because of other market conditions, such as the expected volatility of Index Values and interest rates. Therefore, the Daily Adjustment could result in a loss beyond the protection of the Buffer or Floor. The Daily Adjustment for Index Options with a Term length of more than 1 year may be more negatively impacted by changes in the expected volatility of Index Values than 1-year Term Index Options due to the difference in Term length. Also, the risk of a negative Daily Adjustment is generally greater for Index Options with a Term length of more than 1 year than for 1-year Term Index Options with the same Buffer because the Buffer is exposed to a longer time period. The impact of the Cap, Trigger Rate, and Buffer on the Daily Adjustment for a 1-year Term Index Option is usually greater than it is for a 3-year or 6-year Term Index Option because we apply the Cap, Trigger Rate, and Buffer for the entire Term length, and the Term length is shorter for a 1-year Term. The Daily Adjustment for the Index Protection Strategy with Trigger cannot be negative.

Daily Adjustment Formula

The formula for the calculation of the Daily Adjustment is as follows:

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base

Where:

(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value)

(b) proxy interest = beginning Proxy Value x (1 – time remaining during the Term)

Calculating Change in Proxy Value

The change in Proxy Value represents the current hypothetical value of the Proxy Investment (current Proxy Value), less the cost of the Proxy Investment on the Term Start Date (beginning Proxy Value).

The current Proxy Value is the Proxy Value calculated on the same day as the Daily Adjustment. The beginning Proxy Value is the Proxy Value calculated on the Term Start Date.

The Proxy Value is calculated differently for each Crediting Method.

For the ***Index Performance Strategy***, the Proxy Value involves tracking three hypothetical derivatives and is calculated using the following formula:

Proxy Value = (at-the-money call) – (out-of-the-money call) – (out-of-the-money put)

With respect to our Proxy Value formula, we designed the at-the-money call and out-of-the-money call to value the potential for Index gains subject to any Participation Rate up to the Cap, and the out-of-the-money put to value the potential for Index losses greater than the Buffer for the Index Performance Strategy. Similar to the Index Precision Strategy and Index Dual Precision Strategy, it is important to note that the out-of-the-money put will almost always reduce the Proxy Value, even when the current Index Value on a Business Day is higher than the Index Value on the Term Start Date. This is because the risk that the Index Value could be lower on the Term End Date is present to some extent whether

or not the current Index Value on a Business Day is lower than the Index Value on the Term Start Date. For purposes of the Proxy Value formula the value of the out-of-the-money call will be zero if an Index Option is uncapped.

For the ***Index Guard Strategy***, the Proxy Value involves tracking four hypothetical derivatives and is calculated using the following formula:

Proxy Value = (at-the-money call) – (out-of-the-money call) – (at-the-money put) + (out-of-the-money put)

With respect to our Proxy Value formula, we designed the at-the-money call and out-of-the-money call to value the potential for Index gains up to the Cap and the at-the-money put to value the potential for Index losses, but add back the out-of-the-money put to mimic the protection of the -10% Floor for the Index Guard Strategy. It is important to note that the at-the-money put will almost always reduce the Proxy Value, even when the current Index Value on a Business Day is higher than the Index Value on the Term Start Date. It is also important to note that the out-of-the-money put will almost always reduce, and never exceed, the negative impact of the at-the-money put for the Index Guard Strategy.

For the ***Index Dual Precision Strategy***, the Proxy Value involves tracking two hypothetical derivatives and is calculated using the following formula:

Proxy Value = [Trigger Rate x (in-the-money binary call)] – (out-of-the-money put)

With respect to our Proxy Value formula, we designed the in-the-money binary call to value the potential for gains equal to the Trigger Rate if on the Term End Date, the Index Value divided by the Index Value on the Term Start Date is greater than or equal to: 90% for a 10% Buffer, 80% for a 20% Buffer, or 70% for a 30% Buffer, and the out-of-the-money put to value the potential for Index losses greater than the Buffer for the Index Dual Precision Strategy. Similar to the Index Performance Strategy and Index Precision Strategy, it is important to note that the out-of-the-money put will almost always reduce the Proxy Value, even when the current Index Value on a Business Day is higher than the Index Value on the Term Start Date. This is because the risk that the Index Value could be lower on the Term End Date is present to some extent whether or not the current Index Value on a Business Day is lower than the Index Value on the Term Start Date.

For the ***Index Precision Strategy***, the Proxy Value involves tracking two hypothetical derivatives and is calculated using the following formula:

Proxy Value = [Trigger Rate x (at-the-money binary call)] – (out-of-the-money put)

With respect to our Proxy Value formula, we designed the at-the-money binary call to value the potential for gains equal to the Trigger Rate if on the Term End Date, the Index Value is greater than or equal to the Index Value on the Term Start Date, and the out-of-the-money put to value the potential for Index losses greater than the Buffer for the Index Precision Strategy. Similar to the Index Performance Strategy and Index Dual Precision Strategy, it is important to note that the out-of-the-money put will almost always reduce the Proxy Value, even when the current Index Value on a Business Day is higher than the Index Value on the Term Start Date. This is because the risk that the Index Value could be lower on the Term End Date is present to some extent whether or not the current Index Value on a Business Day is lower than the Index Value on the Term Start Date.

For the ***Index Protection Strategy with Trigger***, the Proxy Value involves tracking one hypothetical derivative and is calculated using the following formula:

Proxy Value = Trigger Rate x (at-the-money binary call)

With respect to our Proxy Value formula, we designed the at-the-money binary call to value the potential for gains equal to the Trigger Rate if on the Term End Date, the Index Value is greater than or equal to the Index Value on the Term Start Date.

Derivative Descriptions

At-the-money binary call (AMBC)
This is an option with payoff of either one or zero on the Term End Date at the strike price of one. On a Term End Date the AMBC's value is equal to one if the Index Value on the Term End Date is greater than or equal to the Index Value on the Term Start Date, or zero otherwise.

In-the-money binary call (IMBC)
This is an option with payoff of either one or zero on the Term End Date at the strike price of one minus the Buffer. On a

Term End Date the IMBC's value is equal to one if the Index Value on the Term End Date divided by the Index Value on the Term Start Date is greater than or equal to one minus the Buffer, or zero otherwise.

At-the-money call (AMC)
This is an option to buy a position in the Index on the Term End Date at the strike price of one. On a Term End Date the AMC's value is equal to the Index Value on the Term End Date divided by the Index Value on the Term Start Date, then minus one, the difference being no less than zero.

At-the-money put (AMP)
This is an option to sell a position in the Index on the Term End Date at the strike price of one. On a Term End Date the AMP's value is equal to one minus the quotient of the Index Value on the Term End Date divided by the Index Value on the Term Start Date, the difference being no less than zero.

Out-of-the-money call (OMC)
This is an option to buy a position in the Index on the Term End Date at the strike price of (one plus the Cap, or one plus the Cap divided by the Participation Rate for Index Options with a Participation Rate). On a Term End Date the OMC's value is equal to the Index Value on the Term End Date divided by the Index Value on the Term Start Date, then minus the sum of (one plus the Cap, or one plus the Cap divided by the Participation Rate for Index Options with a Participation Rate), the difference being no less than zero. For purposes of the Proxy Value formula if an Index Option is uncapped the OMC will be zero.

Out-of-the-money-put (OMP)
This is an option to sell a position in the Index on the Term End Date at the strike price of (one either minus the Buffer or plus the Floor, depending on the Index Option). On a Term End Date the OMP's value is equal to one either minus the Buffer or plus the Floor, then minus the quotient of the Index Value on the Term End Date divided by the Index Value on the Term Start Date, the difference being no less than zero.

Calculating Proxy Interest

The proxy interest is an amount of interest that is earned to provide compensation for the cost of the Proxy Investment on the Term Start Date. The proxy interest is approximated by the value of amortizing the cost of the Proxy Investment over the Term to zero. The formula for proxy interest involves the calculation of: (i) the beginning Proxy Value (the formula for which varies depending on the Crediting Method, as previously discussed), and (ii) the time remaining during the Term. The time remaining during the Term is equal to the number of days remaining in the Term divided by the Term length. The Term length is equal to the number of days from the Term Start Date to the Term End Date. The proxy interest may be significantly different from current interest rates available on interest bearing investments.

Proxy Value Calculation

Throughout the Term, on Business Days other than the Term Start Date or Term End Date, we calculate each hypothetical derivative daily using a fair market value methodology. The purpose of this calculation is to determine the market value of your allocation. Changes in Proxy Value inputs can result in a negative Daily Adjustment even with a positive return in the Index.

Proxy Value Inputs

Term TD return – The Index Value at the end of the current Business Day divided by the Index Value on the Term Start Date, minus one and expressed as a percent. The Index Values are provided daily by Bloomberg or another market source.

Dividend yield – The expected dividend yield as approximated by a market source, including any adjustments for exchange rates. We use dividend yields consistent with the market pricing of options. Since dividends typically reduce Index Values, a higher dividend yield will lead to a lower expected Index Value.

Strike price – This varies for each derivative investment as follows.

- For an AMBC, AMC or AMP the strike price is equal to 1.
- For an OMC:
  - For Index Options without a Participation Rate, the strike price is equal to 1 plus the Cap.
  - For Index Options with a Participation Rate, the strike price is equal to 1 plus the Cap divided by the Participation Rate.
- For an OMP or IMBC the strike price is equal to 1 either minus the Buffer or plus the Floor, depending on the Index Option.

If an Index Option is uncapped, we do not use the OMC.

Notional amount – For Index Options with a Participation Rate, the notional amount reflects the increase in the amount of derivative instruments required within the Proxy Investment due to the Participation Rate. The notional amount varies for each derivative investment as follows:

- For an AMC or OMC the notional amount is equal to the Participation Rate.
- For an OMP, AMBC, AMP, or IMBC the notional amount is equal to 1.

If an Index Option is uncapped, we do not use the OMC.

Interest rate –The interest rate is used to calculate the present value of the strike price from the next Term End Date to the time of calculation. We use interest rates consistent with market pricing of options.

Time remaining – This is equivalent to the portion of time remaining during the Term. It is equal to the number of days in the Term from the Term End Date to the time of the calculation divided by the Term length.

Volatility – The volatility of an Index as approximated using observed option prices by a market source. The volatility is used in determining the likelihood and expected amount that the Index Value will differ from the strike price on the next Index Anniversary. As volatility increases, the value of call and put options generally increase. We use volatility consistent with market pricing of options.

EXAMPLE: INDEX PERFORMANCE STRATEGY 1-YEAR TERM WITH 10% BUFFER USING S&P 500® INDEX

Assume you purchase a Contract and allocate your total initial Purchase Payment of $10,000 to the Index Option for the Index Performance Strategy 1-year Term with 10% Buffer using S&P 500® Index. On the Term Start Date the Index Option Base is $10,000, the Cap is 12%, and the Index Value is 1,000. ***Please note that these examples may differ from your actual results due to a variety of market factors.***

Term Start Date

On the Term Start Date we calculate the beginning Proxy Value as follows.

Strike price	AMC = 1.00	OMC = 1.12	OMP = 0.90
Index Value	1,000		
Term TD return	NA		
Time remaining	1.00		
Value of derivatives	AMC = 5.10%	OMC = 0.66%	OMP = 3.37%

Beginning Proxy Value = AMC – OMC – OMP = 5.10% – 0.66% – 3.37% = 1.06%

End of month one

Assume the Index Value increased to 1,010 by the end of month one. We calculate the current Proxy Value as follows:

Strike price	AMC = 1.00	OMC = 1.12	OMP = 0.90
Index Value	1,010		
Term TD return	1.00%		
Time remaining	0.92		
Value of derivatives	AMC = 5.41%	OMC = 0.72%	OMP = 2.83%

Current Proxy Value = AMC – OMC – OMP = 5.41% – 0.72% – 2.83% = 1.86%

In this example the Index Value increased since the Term Start Date, which generally increases the Proxy Value. We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:

(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (1.86% - 1.06%) = 0.80%

(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 1.06% x (1 - 0.92) = 0.09%

= [(a) 0.80% + (b) 0.09%] x $10,000 = **$89.16**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + $89.16 = **$10,089.16**

End of month one with changes to Proxy Value inputs

Proxy Value inputs can result in a negative Daily Adjustment even with a positive return in the Index. As in the previous example, assume the Index Value increased to 1,010 by the end of month one. In addition, assume changes in volatility, interest rates, and dividend yields impact the value of the derivatives. We calculate the current Proxy Value as follows:

Strike price	AMC = 1.00	OMC = 1.12	OMP = 0.90
Index Value	1,010		
Term TD return	1.00%		
Time remaining	0.92		
Value of derivatives	AMC = 6.37%	OMC = 2.23%	OMP = 3.50%

Current Proxy Value = AMC – OMC – OMP = 6.37% – 2.23% – 3.50% = 0.63%

In this example the Index Value increased since the Term Start Date, which generally increases the Proxy Value. Changes to inputs for valuing derivatives decreased the Proxy Value despite the positive Index return. We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:

(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (0.63% - 1.06%) = -0.43%

(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 1.06% x (1 - 0.92) = 0.09%

= [(a) -0.43% + (b) 0.09%] x $10,000 = **-$33.76**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + -$33.76 = **$9,966.24**

End of month three

Assume the Index Value decreased to 950 by the end of month three. We calculate the current Proxy Value as follows:

Strike price	AMC = 1.00	OMC = 1.12	OMP = 0.90
Index Value	950		
Term TD return	-5.00%		
Time remaining	0.75		
Value of derivatives	AMC = 2.50%	OMC = 0.12%	OMP = 3.99%

Current Proxy Value = AMC – OMC – OMP = 2.50% – 0.12% – 3.99% = -1.61%

In this example the Index Value decreased, which generally decreases the Proxy Value. We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:

(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (-1.61% - 1.06%) = -2.67%

(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 1.06% x (1 - 0.75) = 0.27%

= [(a) -2.67% + (b) 0.27%] x $10,000 = **-$240.54**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + -$240.54 = **$9,759.46**

End of month six

Assume the Index Value increased to 1,100 by the end of month six. We calculate the current Proxy Value as follows:

Strike price	AMC = 1.00	OMC = 1.12	OMP = 0.90
Index Value	1,100		
Term TD return	10.00%		
Time remaining	0.50		
Value of derivatives	AMC = 10.33%	OMC = 2.16%	OMP = 0.36%

Current Proxy Value = AMC – OMC – OMP = 10.33% – 2.16% – 0.36% = 7.82%

In this example the Index Value increased, which generally increases the Proxy Value. We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:

(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (7.82% - 1.06%) = 6.75%

(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 1.06% x (1 - 0.50) = 0.53%

= [(a) 6.75% + (b) 0.53%] x $10,000 = **$728.51**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + $728.51= **$10,728.51**

Now instead, assume the Index Value decreased to 900 by the end of month six. We calculate the current Proxy Value as follows:

Strike price	AMC = 1.00	OMC = 1.12	OMP = 0.90
Index Value	900		
Term TD return	-10.00%		
Time remaining	0.50		
Value of derivatives	AMC = 0.72%	OMC = 0.00%	OMP = 4.93%

Current Proxy Value = AMC – OMC – OMP = 0.72% – 0.00% – 4.93% = -4.21%

In this example the Index Value decreased, which generally decreases the Proxy Value. We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:

(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (-4.21% - 1.06%) = -5.27%

(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 1.06% x (1 - 0.50) = 0.53%

= [(a) -5.27% + (b) 0.53%] x $10,000 = **-$473.86**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + -$473.86 = **$9,526.14**

End of month eleven

Assume the Index Value increased to 1,095 by the end of month eleven. We calculate the current Proxy Value as follows:

Strike price	AMC = 1.00	OMC = 1.12	OMP = 0.90
Index Value	1,095		
Term TD return	9.50%		
Time remaining	0.08		
Value of derivatives	AMC = 9.37%	OMC = 0.46%	OMP = 0.00%

Current Proxy Value = AMC – OMC – OMP = 9.37% – 0.46% – 0.00% = 8.92%

In this example the Index Value increased, which generally increases the Proxy Value. We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:

(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (8.92% - 1.06%) = 7.86%

(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 1.06% x (1 - 0.08) = 0.97%

= [(a) 7.86% + (b) 0.97%] x $10,000 = **$882.86**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + $882.86 = **$10,882.86**

The following table summarizes each month during a 1-year Term what the hypothetical Proxy Values, Daily Adjustments, and Index Option Values would be for different Index Values for the Index Performance Strategy 1-year Term with 10% Buffer using S&P 500® Index. At the end of month one, the table uses the example with initial Proxy Value inputs. At the end of month six, it uses the example where the Index Value is 900. For simplicity we assume the Index Option Base is $10,000 throughout the Term. In reality your Index Option Base changes throughout the Term with the deduction of any partial withdrawal you request and when we deduct applicable Contract fees and charges.

Month	Index Values	AMC	OMC	OMP	Proxy Value	Daily Adjustment	Index Option Value
Term Start Date	1,000	5.10%	0.66%	3.37%	1.06%	$ 0.00	$10,000.00
1	1,010	5.41%	0.72%	2.83%	1.86%	$ 89.16	$10,089.16
2	975	3.62%	0.29%	3.50%	-0.16%	-$104.73	$ 9,895.27
3	950	2.50%	0.12%	3.99%	-1.61%	-$240.54	$ 9,759.46
4	925	1.59%	0.04%	4.60%	-3.05%	-$376.16	$ 9,623.84
5	850	0.30%	0.00%	8.22%	-7.92%	-$853.97	$ 9,146.03
6	900	0.72%	0.00%	4.93%	-4.21%	-$473.86	$ 9,526.14
7	980	2.61%	0.07%	1.62%	0.92%	$ 47.62	$10,047.62
8	1,015	3.95%	0.14%	0.67%	3.13%	$277.54	$10,277.54
9	1,100	9.95%	1.39%	0.05%	8.51%	$824.60	$10,824.60
10	1,125	12.25%	2.10%	0.00%	10.15%	$996.95	$10,996.95
11	1,095	9.37%	0.46%	0.00%	8.92%	$882.86	$10,882.86
Term End Date	1,080						$10,800.00

EXAMPLE: INDEX PERFORMANCE STRATEGY 3-YEAR TERM WITH 20% BUFFER USING S&P 500® INDEX

This example uses the same assumptions as the Index Option for the Index Performance Strategy 1-year Term with 10% Buffer using S&P 500® Index example, but with a 3-year Term, 20% Buffer, 50% Cap, and 100% Participation Rate. ***Please note that these examples may differ from your actual results due to a variety of market factors.***

Term Start Date

On the Term Start Date we calculate the beginning Proxy Value as follows.

Strike price	AMC = 1.00	OMC = 1.50	OMP = 0.80
Notional amount	AMC = 1.00	OMC = 1.00	OMP = 1.00
Index Value	1,000		
Term TD return	NA		
Time remaining	1.00		
Value of derivatives	AMC = 10.82%	OMC = 0.76%	OMP = 6.97%

Beginning Proxy Value = AMC – OMC – OMP = 10.82% - 0.76% - 6.97% = 3.09%

End of month six

Assume the Index Value increased to 1,100 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMC = 1.00	OMC = 1.50	OMP = 0.80
Notional amount	AMC = 1.00	OMC = 1.00	OMP = 1.00
Index Value	1,100		
Term TD return	10.00%		
Time remaining	0.83		
Value of derivatives	AMC = 15.61%	OMC = 1.28%	OMP = 3.95%

Current Proxy Value = AMC – OMC – OMP = 15.61% - 1.28% - 3.95% = 10.38%

In this example the Index Value increased since the Term Start Date, which generally increases the Proxy Value. We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (10.38% - 3.09%) = 7.29%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 3.09% x (1 - 0.83) = 0.51%
= [(a) 7.29% + (b) 0.51%] x $10,000 = **$780.33**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + $780.33 = **$10,780.33**

Now instead, assume the Index Value decreased to 900 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMC = 1.00	OMC = 1.50	OMP = 0.80
Notional amount	AMC = 1.00	OMC = 1.00	OMP = 1.00
Index Value	900		
Term TD return	-10.00%		
Time remaining	0.83		
Value of derivatives	AMC = 5.81%	OMC = 0.16%	OMP = 8.53%

Current Proxy Value = AMC – OMC – OMP = 5.81% - 0.16% - 8.53% = -2.88%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (-2.88% - 3.09%) = -5.97%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 3.09% x (1 - 0.83) = 0.51%
= [(a) -5.97% + (b) 0.51%] x $10,000 = **-$545.59**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + -$549.59 = **$9,454.41**

Term Start Date if 3-year Term Index Option is uncapped

This example uses the same assumptions as the prior Term Start Date example, but has no Cap. Because this 3-year Term Index Option is uncapped the OMC is zero.

On the Term Start Date we calculate the beginning Proxy Value as follows.

Strike price	AMC = 1.00	OMC = NA	OMP = 0.80
Notional amount	AMC = 1.00	OMC = NA	OMP = 1.00
Index Value	1,000		
Term TD return	NA		
Time remaining	1.00		
Value of derivatives	AMC = 10.82%	OMC = 0.00%	OMP = 6.97%

Beginning Proxy Value = AMC – OMC – OMP = 10.82% - 0.00% - 6.97% = 3.85%

End of month six

Assume the Index Value increased to 1,100 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMC = 1.00	OMC = NA	OMP = 0.80
Notional amount	AMC = 1.00	OMC = NA	OMP = 1.00
Index Value	1,100		
Term TD return	10.00%		
Time remaining	0.83		
Value of derivatives	AMC = 15.61%	OMC = 0.00%	OMP = 3.95%

Current Proxy Value = AMC – OMC – OMP = 15.61% - 0.00% - 3.95% = 11.66%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (11.66% - 3.85%) = 7.81%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 3.85% x (1 - 0.83) = 0.64%
= [(a) 7.81% + (b) 0.64%] x $10,000 = **$845.55**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + $845.55 = **$10,845.55**

Now instead, assume the Index Value decreased to 900 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMC = 1.00	OMC = NA	OMP = 0.80
Notional amount	AMC = 1.00	OMC = NA	OMP = 1.00
Index Value	900		
Term TD return	-10.00%		
Time remaining	0.83		
Value of derivatives	AMC = 5.81%	OMC = 0.00%	OMP = 8.53%

Current Proxy Value = AMC – OMC – OMP = 5.81% - 0.00% - 8.53% = -2.72%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (-2.72% - 3.85%) = -6.57%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 3.85% x (1 - 0.83) = 0.64%
= [(a) -6.57% + (b) 0.64%] x $10,000 = **-$592.50**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + -$592.5 = **$9,407.50**

EXAMPLE: INDEX PERFORMANCE STRATEGY 6-YEAR TERM WITH 10% BUFFER USING S&P 500® INDEX

This example uses the same assumptions as the Index Performance Strategy 3-year Term with 20% Buffer using S&P 500® Index example, but has a 6-year Term, 10% Buffer, no Cap, and a 110% Participation Rate. ***Please note that these examples may differ from your actual results due to a variety of market factors.***

Term Start Date

On the Term Start Date we calculate the beginning Proxy Value as follows.

Strike price	AMC = 1.00	OMC = NA	OMP = 0.90
Notional amount	AMC = 1.10	OMC = NA	OMP = 1.00
Index Value	1,000		
Term TD return	NA		
Time remaining	1.00		
Value of derivatives	AMC = 18.91%	OMC = 0.00%	OMP = 15.47%

Beginning Proxy Value = AMC – OMC – OMP = 18.91% - 0.00% - 15.47% = 3.44%

End of month six

Assume the Index Value increased to 1,100 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMC = 1.00	OMC = NA	OMP = 0.90
Notional amount	AMC = 1.10	OMC = NA	OMP = 1.00
Index Value	1,100		
Term TD return	10.00%		
Time remaining	0.92		
Value of derivatives	AMC = 24.31%	OMC = 0.00%	OMP = 11.94%

Current Proxy Value = AMC – OMC – OMP = 24.31% - 0.00% - 11.94% = 12.37%

In this example the Index Value increased since the Term Start Date, which generally increases the Proxy Value. We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (12.37% - 3.44%) = 8.94%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 3.44% x (1 - 0.92) = 0.29%
= [(a) 8.94% + (b) 0.29%] x $10,000 = **$922.20**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + $922.20 = **$10,922.20**

Now instead, assume the Index Value decreased to 900 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMC = 1.00	OMC = NA	OMP = 0.90
Notional amount	AMC = 1.10	OMC = NA	OMP = 1.00
Index Value	900		
Term TD return	-10.00%		
Time remaining	0.92		
Value of derivatives	AMC = 13.18%	OMC = 0.00%	OMP = 18.16%

Current Proxy Value = AMC – OMC – OMP = 13.18% - 0.00% - 18.16% = -4.98%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (-4.98% - 3.44%) = -8.42%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 3.44% x (1 - 0.92) = 0.29%
= [(a) -8.42% + (b) 0.29%] x $10,000 = **-$813.35**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + -$813.35 = **$9,186.65**

EXAMPLE: INDEX GUARD STRATEGY 1-YEAR TERM WITH -10% FLOOR USING THE S&P 500® INDEX

Assume you purchase a Contract and allocate your total initial Purchase Payment of $10,000 to the Index Option with the Index Guard Strategy 1-year Term with -10% Floor using S&P 500® Index. On the Term Start Date the Index Option Base is $10,000, the Cap is 10%, and the Index Value is 1,000. ***Please note that these examples may differ from your actual results due to a variety of market factors.***

Term Start Date

On the Term Start Date we calculate the beginning Proxy Value as follows.

Strike price	AMC = 1.00	OMC = 1.10	AMP = 1.00	OMP = 0.90
Index Value	1,000			
Term TD return	NA			
Time remaining	1.00			
Value of derivatives	AMC = 5.10%	OMC = 1.17%	AMP = 6.77%	OMP = 3.37%

Beginning Proxy Value = AMC – OMC – AMP + OMP = 5.10% – 1.17% – 6.77% + 3.37% = 0.53%

End of month six

Assume the Index Value increased to 1,100 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMC = 1.00	OMC = 1.10	AMP = 1.00	OMP = 0.90
Index Value	1,100			
Term TD return	10.00%			
Time remaining	0.50			
Value of derivatives	AMC = 10.33%	OMC = 3.25%	AMP = 1.28%	OMP = 0.36%

Current Proxy Value = AMC – OMC – AMP + OMP = 10.33% – 3.25% – 1.28% + 0.36% = 6.15%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (6.15% - 0.53%) = 5.62%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 0.53% x (1 - 0.5) = 0.27%
= [(a) 5.62% + (b) 0.27%] x $10,000 = **$588.96**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + $588.96 = **$10,588.96**

Now instead, assume the Index Value decreased to 900 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMC = 1.00	OMC = 1.10	AMP = 1.00	OMP = 0.90
Index Value	900			
Term TD return	-10.00%			
Time remaining	0.50			
Value of derivatives	AMC = 0.72%	OMC = 0.02%	AMP = 11.46%	OMP = 4.93%

Current Proxy Value = AMC – OMC – AMP + OMP = 0.72% – 0.02% – 11.46% + 4.93% = -5.83%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (-5.83% - 0.53%) = -6.36%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 0.53% x (1 - 0.5) = 0.27%
= [(a) -6.36% + (b) 0.27%] x $10,000 = **-$609.42**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + -$609.24 = **$9,390.76**

EXAMPLE: INDEX PRECISION STRATEGY 1-YEAR TERM WITH 10% BUFFER USING THE S&P 500® INDEX

Assume you purchase a Contract and allocate your total initial Purchase Payment of $10,000 to the Index Option with the Index Precision Strategy 1-year Term with 10% Buffer using S&P 500® Index. On the Term Start Date the Index Option Base is $10,000, the Trigger Rate is 10%, and the Index Value is 1,000. ***Please note that these examples may differ from your actual results due to a variety of market factors.***

Term Start Date

On the Term Start Date we calculate the beginning Proxy Value as follows.

Strike price	AMBC = 1.00	OMP = 0.90
Index Value	1,000	
Term TD return	NA	
Time remaining	1.00	
Value of derivatives	AMBC = 42.32%	OMP = 3.37%

Beginning Proxy Value = (Trigger Rate x AMBC) – OMP = (10% x 42.32%) – 3.37% = 0.86%

End of month six

Assume the Index Value increased to 1,100 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMBC = 1.00	OMP = 0.90
Index Value	1,100	
Term TD return	10.00%	
Time remaining	0.50	
Value of derivatives	AMBC = 77.60%	OMP = 0.36%

Current Proxy Value = (Trigger Rate x AMBC) – OMP = (10% x 77.60%) – 0.36% = 7.40%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (7.40% - 0.86%) = 6.54%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 0.86% x (1 - 0.50) = 0.43%
= [(a) 6.54% + (b) 0.43%] x $10,000 = **$697.11**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + $697.11 = **$10,697.11**

Now instead, assume the Index Value decreased to 900 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMBC = 1.00	OMP = 0.90
Index Value	900	
Term TD return	-10.00%	
Time remaining	0.50	
Value of derivatives	AMBC = 12.96%	OMP = 4.93%

Current Proxy Value = (Trigger Rate x AMBC) – OMP = (10% x 12.96%) – 4.93% = -3.63%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (-3.63% - 0.86%) = -4.49%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 0.86% x (1 - 0.50) = 0.43%
= [(a) -4.49% + (b) 0.43%] x $10,000 = **-$405.91**
Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 - $405.91 = **$9,594.09**

EXAMPLE: INDEX DUAL PRECISION STRATEGY 1-YEAR TERM WITH 10% BUFFER USING THE S&P 500® INDEX

Assume you purchase a Contract and allocate your total initial Purchase Payment of $10,000 to the Index Option with the Index Dual Precision Strategy 1-year Term with 10% Buffer using S&P 500® Index. On the Term Start Date the Index Option Base is $10,000, the Trigger Rate is 7%, and the Index Value is 1,000. ***Please note that these examples may differ from your actual results due to a variety of market factors.***

Term Start Date

On the Term Start Date we calculate the beginning Proxy Value as follows.

Strike price	IMBC = 0.90	OMP = 0.90
Index Value	1,000	
Term TD return	NA	
Time remaining	1.00	
Value of derivatives	IMBC = 65.25%	OMP = 3.37%

Beginning Proxy Value = (Trigger Rate x IMBC) – OMP = (7% x 65.25%) – 3.37% = 1.19%

End of month six

Assume the Index Value increased to 1,100 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	IMBC = 0.90	OMP = 0.90
Index Value	1,100	
Term TD return	10.00%	
Time remaining	0.50	
Value of derivatives	IMBC = 92.36%	OMP = 0.36%

Current Proxy Value = (Trigger Rate x IMBC) – OMP = (7% x 92.36%) – 0.36% = 6.11%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (6.11% - 1.19%) = 4.91%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 1.19% x (1 - 0.50) = 0.60%
= [(a) 4.91% + (b) 0.60%] x $10,000 = **$550.83**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + $550.83 = **$10,550.83**

Now instead, assume the Index Value decreased to 900 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	IMBC = 0.90	OMP = 0.90
Index Value	900	
Term TD return	-10.00%	
Time remaining	0.50	
Value of derivatives	IMBC = 44.70%	OMP = 4.93%

Current Proxy Value = (Trigger Rate x IMBC) – OMP = (7% x 44.70%) – 4.93% = -1.80%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (-1.80% - 1.19%) = -2.99%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 1.19% x (1 - 0.50) = 0.60%
= [(a) -2.99% + (b) 0.60%] x $10,000 = **-$239.44**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 - $239.44 = **$9,760.56**

EXAMPLE: INDEX PROTECTION STRATEGY WITH TRIGGER RATE 1-YEAR TERM USING THE S&P 500® INDEX

Assume you purchase a Contract and allocate your total initial Purchase Payment of $10,000 to the Index Option with the Index Protection Strategy with Trigger Rate using S&P 500® Index. On the Term Start Date the Index Option Base is $10,000, the Trigger Rate is 3% and the Index Value is 1,000. ***Please note that these examples may differ from your actual results due to a variety of market factors.***

Term Start Date

On the Term Start Date we calculate the beginning Proxy Value as follows.

Strike price	AMBC = 1.00
Index Value	1,000
Term TD return	NA
Time remaining	1.00
Value of derivatives	AMBC = 42.32%

Beginning Proxy Value = Trigger Rate x AMBC = (3% x 42.32%) = 1.27%

End of month six

Assume the Index Value increased to 1,100 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMBC = 1.00
Index Value	1,100
Term TD return	10.00%
Time remaining	0.50
Value of derivatives	AMBC = 77.60%

Current Proxy Value = Trigger Rate x AMBC = (3% x 77.60%) = 2.33%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (2.33% - 1.27%) = 1.06%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 1.27% x (1 – 0.5) = 0.63%
= [(a) 1.06% + (b) 0.63%] x $10,000 = **$169.34**

Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + $169.34 = **$10,169.34**

Now instead, assume the Index Value decreased to 900 by the end of month six. We calculate the current Proxy Value as follows.

Strike price	AMBC = 1.00
Index Value	900
Term TD return	-10.00%
Time remaining	0.50
Value of derivatives	AMBC = 12.96%

Current Proxy Value = Trigger Rate x AMBC = (3% x 12.96%) = 0.39%

We calculate the Daily Adjustment and Index Option Value as follows.

Daily Adjustment = [(a) change in Proxy Value + (b) proxy interest] x Index Option Base:
(a) change in Proxy Value = (current Proxy Value – beginning Proxy Value) = (0.39% - 1.27%) = -0.88%
(b) proxy interest = beginning Proxy Value x (1 - Time remaining) = 1.27% x (1 - 0.5) = 0.63%
Because the negative change in Proxy Value is greater than the proxy interest, we floor the Daily Adjustment at **$0.00**.
Index Option Value = Index Option Base + Daily Adjustment = $10,000.00 + $0.00 = **$10,000.00**

EXAMPLE: SUMMARY

The following table summarizes hypothetical effects on the Daily Adjustment from the examples above and compares them to the hypothetical Performance Credits that would be received on the Term End Date assuming no future market changes. Percentages shown represent the Daily Adjustment as a percentage of the Index Option Base. ***Please note that these examples may differ from your actual results due to a variety of market factors.***

Crediting Method/Term Length/ Negative Index Performance Protection	Assumed Rate	Hypothetical Daily Adjustment when:		Hypothetical Performance Credit when:	
		The Index is up 10% at the end of month six	The Index is down 10% at the end of month six	The Index is up 10% at the end of the Term	The Index is down 10% at the end of the Term
Index Performance Strategy 1-year Term with 10% Buffer	12% Cap	7.29%	-4.74%	10.00%	0.00%
Index Performance Strategy 3-year Term with 20% Buffer	50% Cap	7.80%	-5.46%	10.00%	0.00%
Index Performance Strategy 3-year Term with 20% Buffer	Uncapped with a 100% Participation Rate	8.46%	-5.93%	10.00%	0.00%
Index Performance Strategy 6-year Term with 10% Buffer	Uncapped with a 110% Participation Rate	9.22%	-8.13%	11.00%	0.00%
Index Guard Strategy 1-year Term with -10% Floor	10% Cap	5.89%	-6.10%	10.00%	-10.00%
Index Precision Strategy 1-year Term with 10% Buffer	10% Trigger Rate	6.97%	-4.06%	10.00%	0.00%
Index Dual Precision Strategy 1-year Term with 10% Buffer	7% Trigger Rate	5.51%	-2.39%	7.00%	7.00%
Index Protection Strategy with Trigger 1-year Term with 100% downside protection	3% Trigger Rate	1.69%	0.00%	3.00%	0.00%