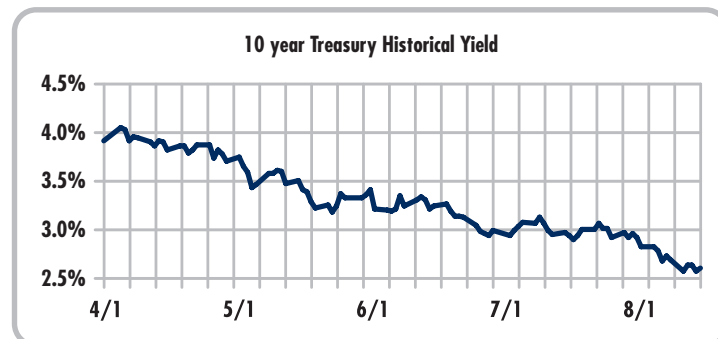


August 25, 2010

Dear Valued Agents,

Three months ago, we communicated details on why we made changes to product features and rates. As a follow up, we'd like to further explain recent changes and why they are relevant for the current rate environment.

If you recall in early 2009, Treasury interest rates reached lows not seen since the 1940s. While these rates began to increase in late 2009 with a rebound in investor confidence, they have slowly moved back to extreme lows (see chart), and could remain low for an extended period of time.



We continue to manage our performance through this prolonged low interest rate environment, which directly impacts product pricing. Lower investment earnings increase the cost of guarantees, reduce the interest rates we can credit and limit the commission we can pay. Lower investment earnings also leave us with a lower amount available to spend on call options that support our fixed indexed annuity products, thus reducing the participation rates and caps and increasing the index margins.

As this low interest rate environment continues, we will look to creative product designs to help counter the downward pressure on rates. Faced with this persistent challenge, we take great pride in our continued financial strength and in managing our business for the long term. We're proud that our ratings were recently affirmed by both A.M. Best and Standard and Poor's.¹ These important ratings are assigned based in part on our financial strength. And we maintain that as we manage our performance, we are committed to interest rate integrity on renewals.

Despite the rate environment, we have strong sales so far this year and we believe our products and services are among the best in the industry. In the second quarter of 2010, North American ranked fifth among fixed index carriers in the US.²

Our commitment to consumer value is our first priority. Satisfying customer needs is vital to our continued success. We remain dedicated to delivering quality products, service and compensation for you and your customers in any environment. Thank you for your continued business with North American.

Sincerely,



Cindy Reed
President, North American Annuity Service Center

1. A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to contract holders. A+ (Superior) is the second highest rating out of 15 rating categories and was affirmed on June 18, 2010 to North American, as part of the Sammons Financial Group (which consists of Midland National Life Insurance Company and North American Company for Life and Health Insurance). For the latest rating, access www.ambest.com. Standard & Poor's Corporation is an independent third-party rating firm that rates on the basis of financial strength. The A+ rating (Strong), which is the fifth highest out of twenty-two, was awarded on February 26, 2009 and affirmed on March 31, 2010 to North American as part of Sammons Financial Group which consists of Midland National Life Insurance Company and North American Company for Life and Health Insurance. 2. Source: AnnuitySpecs Indexed Sales and Marketing Report, 2nd Quarter 2010.

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