

basis. The Contracts may be purchased on a non-qualified tax basis. The Contracts may also be purchased and used in connection with plans qualifying for favorable Federal income tax treatment.

7. The Owner determines in the supplemental application or transmittal form for a Contract how the net premium payments will be allocated among the Investment Divisions of the Midland Account, the Fixed Account and any available dollar cost averaging options of the Fixed Account (the "Fixed Account Options"). The Owner generally may allocate premium payments to each Investment Division and to each Fixed Account Option. The Accumulation Value will vary with the investment performance of the Investment Divisions selected, and the Owner bears the entire risk for amounts allocated to the Investment Division.

8. An Owner may return his or her Contract for a refund. This is called the "Free Look Right." The Free Look Right allows an Owner 10 days (or longer if required by state law) to return his or her Contract. Midland generally will return the Accumulation Value minus any premium bonus credit to the Owner, but may return the full premium payment (not including the bonus credit), if greater and required by state law.

9. An Owner may transfer Accumulation Value among the Investment Divisions and between the Fixed Account and any Investment Division prior to the maturity date. The amount that an Owner may transfer into or out of the Fixed Account is limited. The minimum transfer amount is \$200, or 100% of an Investment Division if less than \$200. The minimum amount does not have to come from or be transferred to just one Investment Division. The only requirement is that the total amount transferred in a day equals at least the transfer minimum. Midland currently allows an unlimited number of transfers of accumulated value in a contract year prior to the maturity date, but Midland reserves the right to charge a transfer fee of \$15 for every transfer after the twelfth in a contract year. After the maturity date, Owners may only make two transfers per contract year and then only among the Investment Divisions of the Midland Account.

10. The Owner may withdraw all or part of his or her surrender value prior to the maturity date. If an Owner surrenders a Contract or takes partial surrender, Midland may deduct a surrender charge to compensate it partially for the selling and distribution expenses of the Contracts, including

commissions and the costs of preparing sales literature and printing prospectuses. An Owner is permitted to withdraw 10% of net premiums (premium minus partial surrenders) once each contract year without incurring a surrender charge. The following chart shows the surrender charges that apply to the Contracts:

Length of time from premium payment (number of years)	Surrender charge (as a percentage of premium withdrawn)
1	9
2	8
3	7
4	6
5	5
6	4
7	3
8	2
9	1
10+	0

11. Under the Contracts, Midland will pay a death benefit under certain circumstances. Midland's death benefit equals the greatest of: (i) The Accumulation Value (less any non-vested premium bonus and premium taxes); or (ii) 100% of the total net premium payments. Future Contracts may provide different death benefits.

12. If an Owner elects the Premium Bonus Rider under the Contracts, then Midland will add a 6% bonus credit to the Owner's premium payments made during the first contract year. Once elected, the Premium Bonus Rider may not be terminated. The Owner will vest in a portion of this bonus over each of the first seven contract years. As requested in the application, Midland intends that if the Owner exercises the Free Look Right, then the Owner will not receive any portion of the bonus amount. In the event of death, annuitization, withdrawal (including any penalty fee withdrawals), or surrender of the Contract in the first seven contract years, the Owner or the Owner's beneficiary(ies) will only be entitled to that portion of the bonus that has vested, and is not retained by Midland, at the time the event occurs. In contract year 8 and thereafter, the Owner will be entitled to 100% of the bonus amount. The vesting schedule is as follows:

Contract year	Amount of bonus vested
1	4/12
2	5/12
3	6/12
4	7/12
5	8/12
6	9/12

Contract year	Amount of bonus vested
7	10/12
8	12/12

13. Midland will assess daily charge during the first nine contract years against the Owner's Accumulation Value in the Midland Account as a charge for the Premium Bonus Rider. The current charge for the Premium Bonus Rider is at an annual rate of 0.65% of the Midland Account Accumulation Value. Midland reserves the right to change the charge for the Premium Bonus Rider, but the guaranteed maximum level of this charge is 0.70% annually.

14. On the maturity date the Owner may take the surrender value in one lump sum or convert the surrender value into an annuity. The owner may elect or change an annuity payment option up until thirty days before the maturity date. The first annuity payment will be made within one month after the maturity date. The first annual payment will be made within one month after the maturity date. The Owner generally may change the maturity date, subject to limits specified in the prospectus.

15. The amount of each annuity payment under the annuity payment plans will depend on which type of plan is selected, and depending on the plan that is chosen, may depend on factors such as the payee's age, sex (if allowed), and length of the payment period between each annuity payment.

16. Midland may offer Owners dollar cost averaging programs, where Midland, on a monthly or quarterly basis, will automatically transfer a predetermined amount of money from any Investment Option or the Fixed Account into one or more of the Investment Divisions; a portfolio rebalancing program, where Midland will automatically rebalance, on a monthly, quarterly, semi-annual or annual basis, the amounts in an Owner's Investment Divisions according to his or her desired asset allocation; a fixed account earnings sweep program, where Midland will transfer, on a monthly or quarterly basis, Fixed Account interest earnings to one or more of the Investment Divisions; and a systematic withdrawal option, where an Owner, on a monthly quarterly semi-annual or annual basis, which basis the Owner shall select may receive regular payments from his or her Contract subject to certain limitations; or other programs.

17. Midland deducts various fees and charges from the Contracts or the