MIDLAND NATIONAL LIFE INSURANCE COMPANY • VARIABLE ANNUITY DIVISION

MIDLAND NATIONAL®
Life Insurance Company • Variable Annuities

A Member of the Sammons Financial Group

VARIABLE ANNUITY II

MAY 1, 2012 PROSPECTUS

www.midlandannuity.com

MIDLAND NATIONAL
LIFE INSURANCE COMPANY
VARIABLE ANNUITY DIVISION
4350 Westown Parkway
West Des Moines, IA 50266

NOT FDIC INSURED.
NO BANK GUARANTEE.

This disclosure is required by the OCC when fixed and variable annuities are sold through a financial institution. Subject to investment risk, including loss of principal.

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Variable Annuity II Prospectus
May 1, 2012
Flexible Premium Deferred Variable Annuity Contract
issued by: Midland National Life Insurance Company
through Midland National Life Separate Account C
Phone: (877) 586-0240 (toll-free) Fax: (866) 270-9565 (toll-free)

Please read this prospectus for details on the contract being offered to You and keep it for future reference. This prospectus sets forth the information that a prospective investor should know before investing.

Variable Annuity II (the "contract") offers You benefits that may be particularly useful to You in meeting Your long-term savings and retirement needs. The contract allows You to accumulate **contract value**, and later apply that **contract value** to receive fixed or variable annuity payments.

A Statement of Additional Information ("SAI") about the contract and the Midland National Life **Separate Account** C is available without charge by checking the appropriate box on the application form or contacting Us at the number above, or by writing to Us at Midland National Life Insurance Company, 4350 Westown Parkway, West Des Moines, IA 50266. The SAI, dated May 1, 2012, has been filed with the U.S. Securities and Exchange Commission ("SEC") and is incorporated herein by reference. The table of contents of the SAI is included at the end of this prospectus. The SEC maintains a website (http://www.sec.gov) that contains the SAI, material incorporated by reference, and other information regarding registrants that file electronically with the SEC.

You may allocate Your **contract value** to Our General Account and up to ten **investment divisions**. Each division invests in a specified mutual fund portfolio. You can generally choose among the thirty-eight **investment divisions** listed on the following page. The mutual fund portfolios are part of the following series funds or trusts:

- AIM Variable Insurance Funds (Invesco Variable Insurance Funds)
- The Alger Portfolios
- American Century Variable Portfolios, Inc.
- Fidelity® Variable Insurance Products Initial Class
- Goldman Sachs Variable Insurance Trust
- Lord Abbett Series Fund, Inc.
- MFS® Variable Insurance Trust℠
- Neuberger Berman Advisers Management Trust
- PIMCO Variable Insurance Trust
- Van Eck VIP Trust

Your **contract value** in the **investment divisions** will increase or decrease based on investment performance. You bear this risk. No one insures or guarantees any of these investments. Separate prospectuses describe the investment objectives, policies and risks of the portfolios.

The SEC has not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The contracts involve investment risk, including possible loss of principal. The contracts are not a deposit of, or guaranteed or endorsed by, any bank or depository institution, and the contracts are not federally insured by the federal deposit insurance corporation or any other agency.

SEPARATE ACCOUNT INVESTMENT PORTFOLIOS

1. Alger Capital Appreciation Portfolio	20. Fidelity VIP Mid Cap Portfolio
2. Alger Large Cap Growth Portfolio	21. Fidelity VIP Money Market Portfolio
3. Alger Mid Cap Growth Portfolio	22. Fidelity VIP Overseas Portfolio
4. American Century VP Balanced Fund	23. Goldman Sachs VIT Structured Small Cap Equity Fund
5. American Century VP Capital Appreciation Fund	24. Invesco V.I. Diversified Dividend Fund[1]
6. American Century VP Income & Growth Fund	25. Invesco V.I. Global Health Care Fund
7. American Century VP International Fund	26. Lord Abbett Series Fund, Inc. Growth and Income Portfolio
8. American Century VP Value Fund	27. Lord Abbett Series Fund, Inc. International Opportunities Portfolio
9. Fidelity VIP Asset Manager^{SM} Portfolio	28. Lord Abbett Series Fund, Inc. Mid Cap Stock Portfolio[2]
10. Fidelity VIP Asset Manager: Growth® Portfolio	29. MFS VIT Growth Series
11. Fidelity VIP Balanced Portfolio	30. MFS VIT Investors Trust Series
12. Fidelity VIP Contrafund® Portfolio	31. MFS VIT New Discovery Series
13. Fidelity VIP Equity-Income Portfolio	32. MFS VIT Research Series
14. Fidelity VIP Growth & Income Portfolio	33. Neuberger Berman AMT Mid Cap Intrinsic Value Portfolio[3]
15. Fidelity VIP Growth Opportunities Portfolio	34. PIMCO VIT High Yield Portfolio
16. Fidelity VIP Growth Portfolio	35. PIMCO VIT Low Duration Portfolio
17. Fidelity VIP High Income Portfolio	36. PIMCO VIT Real Return Portfolio
18. Fidelity VIP Index 500 Portfolio	37. PIMCO VIT Total Return Portfolio
19. Fidelity VIP Investment Grade Bond Portfolio	38. Van Eck VIP Global Hard Assets Fund

[1]Formerly Invesco V.I. Dividend Growth Fund
[2]Formerly Lord Abbett Series Fund, Inc. Mid Cap Value Portfolio
[3]Formerly Neuberger Berman AMT Regency Portfolio

This prospectus generally describes only the variable portion of the contract, except where the General Account is specifically mentioned.

You should read this prospectus carefully and keep it for future reference. You should also have and read the current prospectuses for the funds.

Table of Contents

DEFINITIONS

For Your convenience, below is a glossary of the special terms We use in this prospectus. In this prospectus, these words and phrases are generally in bold type.

Accumulation Unit means the units credited to each **investment division** in the **Separate Account** before the **maturity date**.

Administrative Office means Our office located at One Sammons Plaza, Sioux Falls, SD 57193. Please use Our **Principal Office** address and telephone and fax numbers for all correspondence, transaction requests, payments, and inquiries.

Annuitant means the person(s), designated by the **owner**, to whom periodic income will be paid (**Payee**). This is the person whose life is used to determine the amount and duration of any periodic income involving life contingencies. After the **maturity date** the **annuitant** will be considered the **owner** unless otherwise stated.

Annuity Unit means the units in the **Separate Account**, after the **maturity date**, that are used to determine the amount of the annuity payment.

Annuitization means an election of an annuity payment option.

Annuitize means an election to receive regular income payments from Your contract under one of the annuity payment options. An election to **annuitize** Your contract may be irrevocable. If You elect to **annuitize** Your contract, You will no longer be able to exercise any liquidity provision that may have previously been available.

Attained Age means the **issue age** plus the number of complete **contract years** since the **contract date**.

Beneficiary means the person or persons to whom the contract's **death benefit** will be paid in the event of the death of the **annuitant** or an **owner**.

Business Day means any day the New York Stock Exchange is open for regular trading. Our **business day** ends when the New York Stock Exchange closes for regular trading (generally 3:00 p.m. Central Time).

Cash Surrender Value means the **contract value** on the date of surrender minus the contract maintenance charge, any contingent deferred sales charge and the premium tax charge.

Contract Anniversary means the same month and day of the **contract date** in each year following the **contract date**.

Contract Date means the date the contract goes into effect and from which contract anniversaries and **contract years** are determined.

Contract Month means a month that starts on the same date as the **contract date** in each month. For this purpose, the calendar days of 29, 30 and 31 are not used and We look forward to the first day of the next calendar month. For example, assume a contract is issued on January 29th. Subsequent **contract month**s will begin on the first of each month (February 1, March 1, April 1, etc.).

Contract Value means the sum of amounts You have in Our General Account and in the **investment divisions** of Our **Separate Account** C under Your **inforce** contract.

Contract Year means a year that starts on the **contract date** or on each anniversary thereafter.

Death Benefit means the amount that We will pay to the **beneficiary** in the event of the death of the **annuitant** or an **owner** if the contract is still **inforce**. The **death benefit** will be paid when We receive due proof of the death of the **annuitant** or an **owner,** an election of how the **death benefit** is to be paid, and any other required documents or forms.

Good Order means all of the information necessary to process a transaction, as described in more detail under "Administrative Procedures" on page 11.

Inforce means the **annuitant's** life remains insured under the terms of the contract.

Investment Division means a division of **Separate Account** C, which invests exclusively in the shares of a specified portfolio of the funds.

Issue Age means the age of the **annuitant** on the birthday nearest to the **contract date**.

Issue Date means the date the contract goes into effect and from which contract anniversaries, **contract months** and **contract years** are determined.

Maturity Date means the date specified in the contract on which income payments will begin. The earliest possible **maturity date** is the 10th **contract anniversary** at which time You may **annuitize** Your full **contract value**. The maximum **maturity date** is the **contract anniversary** immediately following the **annuitant's** 90th birthday.

Net Premium means Your premium payment minus any premium tax charge.

Owner means the person(s) or entity that is named in the application or on the latest change filed with Us who is entitled to exercise all rights and privileges provided in the contract. **Owner** is referred to as "You" in the contract.

Payee means the person who is entitled to receive annuity payments after **annuitization**. On or after the **maturity date**, the **annuitant** will be the **payee**. If the **annuitant** or an **owner** dies prior to the **maturity date**, then the **beneficiary** is the **payee**.

Principal Office means where You must send correspondence and inquiries and pay premiums, make transfers between **investment divisions**, and send other transaction requests.
The address is:

Midland National Life Insurance Company
4350 Westown Parkway
West Des Moines, IA 50266
Phone: (877) 586-0240 (toll free)
Fax: (866) 270-9565 (toll free)

Proof of Death means a certified copy of the death certificate or any other proof satisfactory to the Company.

Separate Account means the Midland National Life **Separate Account** C, which receives and invests Your premiums under the contract.

Valuation Period means the time beginning at the close of regular trading on the New York Stock Exchange (generally 3:00 p.m., Central Time) on one **business day** and ending at the close of regular trading on the New York Stock Exchange on the next **business day**.

Written Notice means a notice or request submitted in a written form satisfactory to Us, that is signed by the **owner** and received by Us in **good order** at the address shown on the Specification Page of Your contract.

SUMMARY

In this prospectus "We", "Our", "Us", "Midland National" and "Company" mean Midland National Life Insurance Company. "You" and "Your" mean the **owner** of the contract. We refer to the person who is covered by the contract as the "**annuitant**", because the **annuitant** and the **owner** might not be the same.

This summary provides only a brief overview of the more important features of the contract. The detailed information appearing later in this prospectus further explains the following summary. Please read this entire prospectus, Your contract, and the Statement of Additional Information for more detailed information. Unless otherwise indicated, the description of the contract in this prospectus assumes the contract is **inforce**.

FEATURES OF VARIABLE ANNUITY II

The individual flexible premium deferred variable annuity contracts described in this prospectus provide for accumulation of the **contract value** and payment of annuity payments on a fixed or variable basis. Variable payment options are not available in certain states. The contracts are designed to aid individuals in long-term planning for retirement or other long-term purposes.

The contracts are available for retirement plans that qualify for the special federal tax advantages available under the Internal Revenue Code (qualified contracts) and for retirement plans which do not qualify for those tax advantages (nonqualified contracts). This contract does not offer any additional tax benefits when purchased under a qualified plan. See "Suitability of the Contracts" on page 15 for more detailed information.

The contract is designed for people seeking long-term tax-deferred accumulation of assets, generally for retirement or other long-term purposes. You should not buy this contract:

(a) if You are looking for a short-term investment; or
(b) if You cannot risk getting back less money than You put in.

Replacing an existing annuity with the contract may not be of financial benefit to You. Your existing annuity may be subject to fees or penalties on surrender, and the contract may have new charges.

This prospectus generally describes only the variable portion of the contract, except where the General Account is specifically mentioned.

YOUR "FREE LOOK" RIGHT

You have a right to examine the contract and return it to Us for any reason within 30 days after You receive it for a refund of the **contract value** (which may be more or less than the premium payments You paid), or if greater and required by Your state, the original amount of Your premium payment. Longer free look periods apply in some states and in certain situations. See "Free Look" on page 26 for more details.)

<u>Your Contract Value</u>
Your **contract value** depends on:

- The amount and frequency of premium payments,
- The selected portfolio's investment experience,
- Interest earned on amounts allocated to the General Account,
- Withdrawals, and
- Charges and deductions.

You bear the investment risk under the contract (except for amounts in the General Account). There is no minimum guaranteed **contract value** with respect to any amounts allocated to the **Separate Account** (See "Your Contract Value" on page 27).

<u>Flexible Premium Payments</u>
You can make additional premiums prior to **annuitization** and whenever You want in whatever amount You want, within certain limits. Your initial investment must be at least $10,000 for a non-qualified contract and at least $2,000 for a qualified contract. Additional investments must be at least $50.

Unless You receive approval from Us, the maximum amount of premium You can pay into this contract prior to the **maturity date** is $2,000,000. In addition, the maximum amount of variable annuity premium that may be deposited with Midland National is limited to $5,000,000 per **annuitant** or **owner** (calculation based upon all active contracts).

<u>Investment Choices</u>
You may allocate Your **contract value** to up to ten of the **investment divisions** of Our **Separate Account** available under this contract or to Our General Account, which pays interest at a declared rate, or to a combination of these options. For limitations on premium allocations to the General Account, see "The General Account" on page 24.

For a full description of the portfolios, see the funds' prospectuses, which accompany this prospectus. (See "The Funds" on page 17).

Each portfolio pays a different investment management or advisory fee and has different operating expenses. The portfolios may also impose redemption fees, which We would deduct from Your **contract value**. More detail concerning each portfolio company's fees and expenses is contained in the prospectus for each portfolio company. See "Investment Policies of The Funds' Portfolios" on page 18.

We allocate Your premiums to the **investment division**s You choose. The value of Your Contract will fluctuate prior to **annuitization**, depending on the investment options You have chosen. You bear the investment risk of any portfolio You choose.

<u>Transfers</u>
You may transfer Your **contract value** among the **investment division**s and between the General Account and the **investment divisions** before the **maturity date** (although We reserve the right to eliminate and/or strictly restrict the transfer privilege in any manner We deem appropriate for some, all or specific contract owners). The amount that You can transfer into the General Account is limited. See "The General Account" on page 24. After the **maturity date**, You may make one transfer each year among the **Separate Account investment divisions**. We

currently do not charge You for transfers made during a **contract year**. We also reserve the right to charge for each transfer after the fifteenth transfer in a **contract year**. We also reserve the right to limit the number of transfers You may make and We may otherwise modify or terminate transfer privileges if required by Our business judgment or in accordance with applicable law or pursuant to Our agreements with the funds.

Frequent or Disruptive Transfers

Frequent, large, programmed, or short-term transfers among the **investment divisions** or between the **investment divisions** and the General Account ("Harmful Trading") can cause risks with adverse effects for other contract **owners** (and beneficiaries and portfolios). These risks and harmful effects include: (1) dilution of the interests of long-term investors in an **investment division** if transfers into the division are made at unit values that are priced below the true value or transfers out of the **investment division** are made at unit values priced higher than the true value (some "market timers" attempt to do this through methods known as "time-zone arbitrage" and "liquidity arbitrage"); (2) an adverse effect on portfolio management, such as causing the portfolio to maintain a higher level of cash than would otherwise be the case, or causing a portfolio to liquidate investments prematurely (or otherwise at an inopportune time) in order to pay withdrawals; and (3) increased brokerage and administrative expenses.

In addition, because other insurance companies and/or retirement plans may invest in the portfolios, the risk exists that that the portfolios may suffer harm from frequent, programmed large or short-term transfers among **investment divisions** of variable contracts issued by other insurance companies or among investment options available to retirement plan participants.

Individuals or organizations that use market-timing strategies and make frequent transfers should not purchase the contract.

For restrictions on transfers due to market timing, see "Transfer Limitations" on page 28.

Withdrawals

You may generally withdraw all or part of Your **cash surrender value** at any time before annuity payments begin. You may also elect a systematic withdrawal option (See "Systematic Withdrawals" on page 32.). (Your retirement plan may restrict withdrawals.)

We may impose a contingent deferred sales charge on any withdrawal (including withdrawals to begin annuity payments), and upon full withdrawal. We may also deduct a contract maintenance charge. The amount You request plus any contingent deferred sales charge will be deducted from Your **contract value**. Three years after the **contract date**, the contingent deferred sales charge will be waived upon the withdrawal of **contract value** to effect a life annuity. You may take a withdrawal in a lump sum or use it to purchase an annuity that will continue as long as You live or for some other period You select. A withdrawal may have negative tax consequences, including a 10% tax penalty on certain withdrawals prior to age 59 ½. Under nonqualified contracts, earnings, if any, are withdrawn first for tax purposes and are taxed as ordinary income. (See "Sales Charges on Withdrawals" on page 39, "FEDERAL TAX STATUS" on page 42, and "ELECTING AN ANNUITY PAYMENT OPTION" on page 49.) Withdrawals from contracts used in connection with tax-qualified retirement plans may be restricted or penalized by the terms of the plan or applicable law. For certain withdrawals, a signature guarantee might be required. See "Administrative Procedures" below.

Withdrawals will reduce Your **accumulation value**. Withdrawals, especially those taken during periods of poor investment performance, could considerably reduce or eliminate some benefits or guarantees of the contract.

Administrative Procedures

We may accept a request for contract service in writing, by telephone, or other approved electronic means, subject to Our administrative procedures, and may require proper completion of certain forms, providing appropriate identifying information and/or other administrative requirements. We will process Your request at the **contract value** next determined only after You have met all administrative requirements, commonly known as "in **good order**."

Good Order means that any required forms are accurately filled out and that We have all the signatures and other information We require. To the extent applicable, this information and documentation generally includes Your completed application, the contract number, the transaction amount (in dollars), the full names of and allocations to and/or from the **investment divisions** affected by the requested transaction, the signatures of all contract **owners**, exactly as registered on the contract, social security number or taxpayer I.D. and any other information or supporting documentation that We may require. With respect to purchase requests, **good order** also generally includes receipt of sufficient funds by Us to effect the purchase. We may, in Our sole discretion, determine whether any particular transaction request is in **good order**, and We reserve the right to change or waive any **good order** requirements at any time.

Signature guarantees are required for withdrawals or surrenders of $100,000 or more.

Signature guarantees are relied upon as a means of preventing the perpetuation of fraud in financial transactions, including the disbursement of funds or assets from a victim's account with a financial institution or a provider of financial services. They provide protection to investors by, for example, making it more difficult for a person to take another person's money by forging a signature on a written request for the disbursement of funds.

An investor can obtain a signature guarantee from more than 7,000 financial institutions across the United States and Canada that participate in a Medallion signature guarantee program. This includes many:

- national and state banks;
- savings banks and savings and loan associations;
- securities brokers and dealers; and
- credit unions.

The best source of a signature guarantee is a bank, savings and loan association, brokerage firm, or credit union with which You do business. Guarantor firms may, but frequently do not, charge a fee for their services.

A notary public cannot provide a signature guarantee. Notarization will not substitute for a signature guarantee.

Death Benefit

The Variable Annuity II pays a **death benefit** when the **annuitant** or an **owner** dies before the **maturity date** if the contract is still **inforce**. The **death benefit** is equal to the greater of (a) the **contract value** less any outstanding loan and loan interest, (b) **net premiums** paid less any outstanding loan and loan interest less withdrawals, or (c) the guaranteed minimum **death**

benefit less any outstanding loan and loan interest; at the time We receive due **proof of death**, an election of how the **death benefit** is to be paid and any other documents or forms required in **good order**. Premium taxes may be deducted from the **death benefit** proceeds.

If the **annuitant** or an **owner** dies on or after the **maturity date**, then any remaining amounts, must be paid at least as rapidly as the benefits were being paid at the time of the **annuitant's** or **owner's** death. Other rules relating to distributions at death apply to qualified contracts.

FEE TABLE

The following tables list the fees and expenses that You will pay when buying, owning, and surrendering the contract. The first table lists the fees and expenses that You will pay at the time that You buy the contract, surrender the contract, or transfer **contract value** between investment options. State premium taxes may also be deducted.

Contract Owner Transaction Expenses	**Charge**
Sales Load Imposed on Premiums	None
Maximum Contingent Deferred Sales Charge or "Surrender Charge"(as a percentage of premiums withdrawn)	8.00%
Transfer Fee	$0-$25[1]
Maximum TSA Net Loan Interest Annual Rate* (of amount in loan account)	2%

* The net loan interest rate is the maximum interest rate We charge (5.0%) less the amount We credit to the General Account balance (3.0%).

Periodic Charges Other Than Portfolio Expenses

The next table lists the fees and expenses that You will pay periodically during the time that You own the contract, not including portfolio company fees and expenses.

	Charge
Contract Maintenance Charge	$35
Separate Account Annual Expenses (as a percentage of average contract value)	
Mortality and Expense Risk Charge	1.25%
Administration Fees	0.15%
Total Separate Account Expenses	1.40%

[1]There is currently no charge for transfers. We reserve the right to impose a $25 charge for each transfer in excess of fifteen (15) in one **contract year**

[2]The contract maintenance charge is deducted proportionally from the **contract value** at the time of the charge. The contract maintenance charge is deducted only when the **contract value** is less than $50,000. The contract maintenance charge is reflected in the examples below by a method intended to show the "average" impact of the contract maintenance charge on contracts that have a **contract value** of less than $50,000. In the examples, the contract maintenance charge is approximated as an annual asset charge of 0.13% (current and guaranteed) based on the average **accumulation value** of $27,000 as of 12/31/2011.

Range of Annual Operating Expenses for the Portfolios[1]

The next item shows the lowest and highest total operating expenses charged by the portfolio companies for the year ended December 31, 2011 (before any fee waiver or expense reimbursement). Expenses may be higher or lower in the future. More detail concerning each portfolio company's fees and expenses is contained in the prospectus for each portfolio company.

Total Annual Portfolio Company Operating Expenses	Lowest	Highest
(expenses that are deducted from portfolio company assets, including management fees, distribution, and/or service (12b-1) fees and other expenses)	0.10%	1.51%

[1]The portfolio expenses used to prepare this table were provided to Us by the fund(s). We have not independently verified such information. The expenses are those incurred as of the fiscal year ending December 31, 2011. Current or future expenses may be higher or lower than those shown.

For information concerning compensation paid for the sale of contracts, see "Distribution of the Contracts" on page 57.

EXPENSE EXAMPLES

The following examples are intended to help You compare the cost of investing in the contract with the cost of investing in other variable annuity contracts. These costs include contract **owner** transaction expenses, annual maintenance fees, **Separate Account** annual expenses, and portfolio company operating expenses for the year ended December 31, 2011.

Both examples assume that You invest $10,000 in the contract for the time periods indicated.

The examples also assume that Your investment has a 5% return each year. Although Your actual costs may be higher or lower, based on these assumptions, Your costs would be (without voluntary waivers of fees or expenses):

<u>Example 1:</u> Highest portfolio expenses.

(1) If You surrender Your contract at the end of the applicable time period:

1 Year	3 Years	5 Years	10 Years
$1,027	$1,596	$2,137	$3,355

(2) If You annuitize at the end of the applicable time period:

1 Year	3 Years	5 Years	10 Years
$1,027	$939	$1,597	$3,355

(3) If You do NOT surrender Your contract:

1 Year	3 Years	5 Years	10 Years
$307	$939	$1,597	$3,355

<u>Example 2:</u> Lowest portfolio expenses.

(1) If You surrender Your contract at the end of the applicable time period:

1 Year	**3 Years**	**5 Years**	**10 Years**
$886	$1,145	$1,427	$1,933

(2) If You annuitize at the end of the applicable time period:

1 Year	**3 Years**	**5 Years**	**10 Years**
$886	$515	$887	$1,933

(3) If You do NOT surrender Your contract:

1 Year	**3 Years**	**5 Years**	**10 Years**
$166	$515	$887	$1,933

The examples do not reflect transfer fees or premium taxes (which may range up to 3.5%, depending on the jurisdiction).

These examples should not be considered a representation of past or future expenses. Actual expenses may be greater or lower than those shown. The assumed 5% annual rate of return is purely hypothetical; past or future returns may be greater or less than the assumed hypothetical return.

FINANCIAL INFORMATION

Our financial statements, and financial statements for the **Separate Account**, are in the Statement of Additional Information. You may obtain a free copy of the Statement of Additional Information by checking the appropriate box on the application form, calling Us toll-free at (877) 586-0240, faxing Us at (866) 270-9565, or writing Us at Midland National Life Insurance Company, 4350 Westown Parkway**,** West Des Moines, IA 50266. Condensed financial information for the **Separate Account** is located on page 61.

CHARGES UNDER THE CONTRACTS

<u>Sales Charge</u>

Sales expenses are not deducted from premium payments. However, a contingent deferred sales charge may be assessed against premium payments when they are withdrawn, including withdrawals to effect an annuity and systematic withdrawals. The amount of any sales charge depends on the number of years between the premium payment and the withdrawal. (See “Sales Charges on Withdrawals” on page 39.)

Mortality and Expense Risk Charge
We deduct a 1.25% per annum charge against all **contract values** held in the **Separate Account** for assuming the mortality and expense risks under the contract. (See "Mortality and Expense Risk Charge" on page 41.)

Administration and Maintenance Fee
We currently deduct an administration charge of 0.15% per annum from all **contract values** held in the **Separate Account**. In addition, a contract maintenance charge of $35 is deducted annually from each contract. Currently, We waive the $35 annual contract maintenance charge for contracts with a **contract value** of $50,000 or more on the **contract anniversary**. (See "CHARGES, FEES AND DEDUCTIONS" on page 39.)

Transfer Fee
There may be a $25 charge for each transfer in excess of 15 in any one **contract year**.

Premium Taxes
We will deduct the amount of any premium taxes levied by a state or any government entity from all premium payments. (See "Premium Taxes" on page 42).

Loan Charge (TSA Contracts Only)
Loan interest is charged in arrears on any outstanding loan. Loan interest that is unpaid when due will be added to the outstanding loan on each **contract anniversary** (or, if earlier, on the date of loan repayment, surrender, contract termination, or the death of the **owner** or **annuitant**) and will bear interest at the same rate of the loan. We charge an annual interest rate of 5.0% on loans.

After offsetting the 3.0% annual interest rate that We guarantee We will credit to the portion of Our General Account securing the loan against the maximum loan interest rate of 5.0%, the maximum guaranteed net cost of the loans is 2.0% annually.

ADDITIONAL INFORMATION ABOUT VARIABLE ANNUITY II

SUITABILITY OF THE CONTRACTS

Because of the contingent deferred sales charge and other expenses, the contracts are not appropriate for short-term investment. In addition, non-qualified contracts may be most appropriate for those who have already made maximum use of other tax favored investment plans such as IRAs and 401(k) plans. The tax-deferred feature of the contracts is most favorable to those in high tax brackets. The tax-deferred feature is not necessary for a tax-qualified plan. In such instances, purchasers should consider whether other features, such as the **death benefit** and lifetime annuity payments, make the contract appropriate for their purposes. Before purchasing a contract for use in a qualified plan, You should obtain competent tax advice both as to the tax treatment of the contract and the suitability of the investment.

This contract, or any of its riders, is not designed for resale or speculation, arbitrage, viatical settlements or any type of collective investment scheme. This contract may not be traded on any stock exchange or secondary market. By purchasing this contact, You represent and warrant that You are not purchasing or intending to use this contract, or any of its riders, for resale, speculation, arbitrage, viatical settlements or any type of collective investment scheme.

OTHER PRODUCTS

We may offer other variable annuity contracts through Our **Separate Account** that also invest in some of the same portfolios. These contracts may have different charges and may offer different benefits. We encourage You to carefully consider the costs and benefits of the contract to ensure that it is consistent with Your personal investment goals and needs. To obtain more information about these contracts, contact Your agent, or call Us at (877) 586-0240.

INQUIRIES AND CORRESPONDENCE

If You have any questions about Your contract or need to make changes, please contact Your financial representative who sold You the contract, or contact Us at Our **Principal Office** at:

Midland National Life Insurance Company
4350 Westown Parkway
West Des Moines, IA 50266
Phone: (877) 586-0240 (toll-free)
Fax: (866) 270-9565 (toll-free)

You currently may send correspondence and transaction requests to Us at the above address or by facsimile or telephone at the numbers listed above. Our Service Representatives are available between the hours of 7:30 a.m. and 5:00 p.m. (Central Standard Time) Monday through Thursday, and 7:30 a.m. to 3:00 p.m. (Central Standard Time) on Friday, excluding holidays and any day the New York Stock Exchange is not open. Any requests for partial withdrawals, transfers, and surrenders sent to another number or address will not be considered received at Our **Principal Office** and will not receive that day's price. The procedures We follow for facsimile requests include a written confirmation sent directly to You following any transaction request. We will employ reasonable procedures to confirm that instructions communicated by telephone or facsimile are genuine. We may revoke facsimile and telephone transaction privileges at any time for some or all contract **owners**.

The procedures We follow for transactions initiated by telephone may include requirements that callers identify themselves and the contract **owner** by name, social security number, date of birth of the **annuitant** or an **owner** or the Insured, or other identifying information. We disclaim any liability for losses resulting from unauthorized or allegedly unauthorized facsimile, internet, or telephone requests that We believe to be genuine. We may record all telephone requests. There are risks associated with requests made by facsimile, internet, or telephone when the original request is not sent to Our **Principal Office**. You bear those risks.

Facsimile, internet, and telephone correspondence and transaction requests may not always be available. Facsimile, internet, and telephone systems can experience outages or slowdowns for a variety of reasons. These outages or slowdowns may prevent or delay Our receipt of Your request. If You are experiencing problems, You should mail Your correspondence and transaction request to Our **Principal Office**.

STATE VARIATIONS

Certain provisions of the contracts may be different than the general description in this prospectus because of legal restrictions in Your state. See Your contract for specific variations since any such variations will be included in Your contract or in riders or endorsements attached to Your contract. See Your agent or contact Our **Principal Office** for additional information that may be applicable to Your state.

OUR SEPARATE ACCOUNT C AND ITS INVESTMENT DIVISIONS

The "**Separate Account**" is the Midland National Life **Separate Account** C, established under the insurance laws of the State of South Dakota in March 1991 and now governed by Iowa law. It is a unit investment trust registered with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940. This registration does not involve any SEC supervision of its management or investment policies. The **Separate Account** has a number of **investment divisions**, each of which invests in shares of a corresponding portfolio of the funds. You may allocate part or all of Your premiums to any 10 of the 38 **investment divisions** of Our **Separate Account** at any one time.

THE FUNDS

Each of the 38 portfolios available under the contract is commonly called a mutual fund. Each one is a "series" of one of the following open-end diversified investment companies:

(a) AIM Variable Insurance Funds (Invesco Variable Insurance Funds),
(b) The Alger Portfolios,
(c) American Century Variable Portfolios, Inc.,
(d) Fidelity® Variable Insurance Products Fund,
(e) Goldman Sachs Variable Insurance Trust,
(f) Lord Abbett Series Fund, Inc.,
(g) MFS® Variable Insurance Trust℠,
(h) Neuberger Berman Advisers Management Trust,
(i) PIMCO Variable Insurance Trust, and
(j) Van Eck VIP Trust.

Our **Separate Account** buys and sells the shares of each portfolio at net asset value (with no sales charge). More detailed information about the portfolios and their investment objectives, policies, risks, expenses and other aspects of their operations, appear in their prospectuses, which accompany this prospectus and in the portfolios' Statements of Additional Information. You should read the portfolios' prospectuses carefully before allocating or transferring money to any portfolio.

You should carefully consider the investment objectives, risks, and charges and expenses of the portfolios before investing. The portfolios' prospectuses contain this and other information and should be read carefully before investing. You can receive a current copy of a prospectus for each of the portfolios by contacting Your registered representative and by contacting Us at:

Midland National Life Insurance Company
4350 Westown Parkway
West Des Moines, IA 50266
Phone: (877) 586-0240 (toll-free)
Fax: (866) 270-9565 (toll-free)

The funds, their managers, or affiliates thereof, may make payments to Midland National and/or its affiliates. These payments may be derived, in whole or in part, from the advisory fee deducted from fund assets and/or from "Rule 12b-1" fees deducted from fund assets. Contract owners, through their indirect investment in the funds, bear the costs of these advisory and 12b-1 fees. The amount of these payments may be substantial, may vary between funds and portfolios, and generally are based on a percentage of the assets in the funds that are attributable to the contracts and other variable insurance products issued by Midland National. These percentages currently range up to 0.50% annually. Midland National may use these payments for any corporate purpose, including payment of expenses that Midland National and/or its affiliates incur in promoting, marketing, and administering the contracts, and, in its role as an intermediary, the funds. Midland National and its affiliates may profit from these payments.

Investment Policies of The Funds' Portfolios

Each portfolio tries to achieve a specified investment objective by following certain investment policies. **No one can promise that any portfolio will meet its investment objective.** A portfolio's objectives and policies affect its returns and risks. Each **investment division's** performance depends on the experience of the corresponding portfolio. You bear the risk that the portfolios You have allocated amounts to will not meet their investment objectives. The objectives of the portfolios are as follows:

Portfolio	**Investment Objective**
AIM Variable Insurance Funds (Invesco Variable Insurance Funds)	
Invesco V.I. Diversified Dividend Fund (Formerly Invesco V.I. Dividend Growth Fund)	The Fund's investment objective is to provide reasonable current income and long-term growth of income and capital. The Fund will normally invest at least 80% of net assets (plus any borrowings for investment purposes) in common stocks of companies which pay dividends and have the potential for increasing dividends.
Invesco V.I. Global Health Care Fund – Series I Shares	The Fund's investment objective is long-term growth of capital. The Fund invests, under normal circumstances, at least 80% of net assets (plus borrowings for investment purposes) in securities issued by domestic and foreign companies and governments engaged primarily in the healthcare industry.
The Alger Portfolios	
Alger Capital Appreciation Portfolio	Seeks long-term capital appreciation.
Alger Large Cap Growth Portfolio	Seeks long-term capital appreciation.
Alger Mid Cap Growth Portfolio	Seeks long-term capital appreciation.
Alger Small Cap Growth Portfolio**	Seeks long-term capital appreciation.
American Century Variable Portfolios, Inc.	
American Century VP Balanced Fund	Seeks capital growth and current income. Invests approximately 60 percent of its assets in common stocks and the remainder in fixed income securities.
American Century VP Capital Appreciation Fund	Seeks capital growth.
American Century VP Income & Growth Fund	Seeks capital growth by investing in common stocks. Income is a secondary objective.
American Century VP International Fund	Seeks capital growth.
American Century VP Value Fund	Seeks long-term capital growth. Income is a secondary objective.
Fidelity® Variable Insurance Products Initial Class	
VIP Asset Manager℠ Portfolio	Seeks to obtain high total return with reduced risk over the long term by allocating its assets among stocks, bonds, and short-term instruments.
VIP Asset Manager: Growth® Portfolio	Seeks to maximize total return by allocating its assets among stocks, bonds, short-term instruments, and other investments.

Portfolio	Investment Objective
VIP Balanced Portfolio	Seeks income and capital growth consistent with reasonable risk.
VIP Contrafund® Portfolio	Seeks long-term capital appreciation.
VIP Equity-Income Portfolio	Seeks reasonable income. The fund will also consider the potential for capital appreciation. The fund's goal is to achieve a yield which exceeds the composite yield on the securities comprising the S&P 500® Index.
VIP Growth & Income Portfolio	Seeks high total return through a combination of current income and capital appreciation.
VIP Growth Opportunities Portfolio	Seeks to provide capital growth.
VIP Growth Portfolio	Seeks to achieve capital appreciation.
VIP High Income Portfolio	Seeks a high level of current income, while also considering growth of capital.
VIP Index 500 Portfolio	Seeks to provide investment results that correspond to the total return of common stocks publicly traded in the United States, as represented by the S&P 500® Index.
VIP Investment Grade Bond Portfolio	Seeks as high a level of current income as is consistent with the preservation of capital.
VIP Mid Cap Portfolio	Seeks long-term growth of capital.
VIP Money Market Portfolio*	Seeks as high a level of current income as is consistent with preservation of capital and liquidity.
VIP Overseas Portfolio	Seeks long-term growth of capital.
Goldman Sachs Variable Insurance Trust	
Goldman Sachs VIT Structured Small Cap Fund	Seeks long-term growth of capital.
Lord Abbett Series Fund, Inc.	
Lord Abbett Growth and Income Portfolio	Seeks long-term growth of capital and income without excessive fluctuations in market value.
Lord Abbett International Opportunities Portfolio	Seeks long-term capital appreciation.
Lord Abbett Mid Cap Stock Portfolio (Formerly Lord Abbett Series Fund, Inc. Mid Cap Value Portfolio)	Seeks capital appreciation through investments, primarily in equity securities, which are believed to be undervalued in the marketplace.
MFS Variable Insurance Trusts	
MFS Growth Series	Seeks capital appreciation. The fund's objective may be changed without shareholder approval.
MFS Investors Trust Series	Seeks capital appreciation. The fund's objective may be changed without shareholder approval.
MFS New Discovery Series	Seeks capital appreciation. The fund's objective may be changed without shareholder approval.
MFS Research Series	Seeks capital appreciation. The fund's objective may be changed without shareholder approval.
Neuberger Berman Advisers Management Trust	
Neuberger Berman AMT Mid Cap Intrinsic Value Portfolio (Formerly Neuberger Berman AMT Regency Portfolio)	Seeks growth of capital.
PIMCO Variable Insurance Trust	
PIMCO VIT High Yield Portfolio***	Seeks maximum total return, consistent with preservation of capital and prudent investment management.
PIMCO VIT Low Duration Portfolio	Seeks maximum total return consistent with preservation of capital and prudent investment management.
PIMCO VIT Real Return Portfolio	Seeks maximum real return, consistent with preservation of real capital and prudent investment management.

Portfolio	Investment Objective
PIMCO VIT Total Return Portfolio	Seeks maximum total return, consistent with preservation of capital and prudent investment management.
Van Eck VIP Trust	
Van Eck VIP Global Hard Assets Fund	Seeks long-term capital appreciation by investing primarily in “hard asset” securities. Income is a secondary consideration. Hard assets include precious metals (including gold), base and industrial metals, energy, natural resources and other commodities.

*During extended periods of low interest rates, the yields of the money market **investment division** may become extremely low and possibly negative.
This **investment division was closed to new investors as of June 15, 2007. If You had money invested in this **investment division** as of the close of business on Thursday, June 14, 2007, You may continue to make additional investments into the portfolio. However, if You redeem or transfer completely out of this **investment division** after this date, You will not be able to reinvest in the portfolio.
***Under normal circumstances, the fund invests at least 80% of its assets in a diversified portfolio of high yield securities (commonly known as "junk bonds").

American Century Investment Management, Inc. manages the American Century VP Portfolios. Fidelity Management & Research Company (FMR) is the manager for the Fidelity Variable Insurance Products (VIP) Portfolios. Fidelity Investments Money Management, Inc. (FIMM), FMR Co., Inc. (FMRC), and other affiliates of FMR serve as sub-advisers for the Fidelity VIP Portfolios. Fred Alger Management, Inc. manages The Alger Portfolios. Goldman Sachs Asset Management, L.P. serves as an investment adviser to the Goldman Sachs Variable Insurance Trust Funds. Invesco Advisers, Inc. manages the AIM Variable Insurance Funds (Invesco Variable Insurance Funds). Lord Abbett & Co. LLC manages the Lord, Abbett Series Fund, Inc. MFS® Investment Management manages the MFS Variable Insurance Trust. Neuberger Berman Management LLC manages the Neuberger Berman AMT Portfolios. Pacific Investment Management Company LLC manages the PIMCO Variable Insurance Trust. Van Eck Associates Corporation manages the Van Eck VIP Trust.

The funds may make a material change in their investment policies. In that case, We will send You notice of the change. Within 60 days after You receive the notice, or within 60 days after the effective date of the change, if later, You may transfer any amount that You have in that **investment division** to another **investment division**. Such a transfer will not count as a transfer allowed after maturity, nor will it be counted for the purpose of determining whether a $25 transfer fee will be assessed (see “Transfers of Contract Value” on page 27).

The funds sell their shares to **Separate Accounts** of various insurance companies to support both the variable life insurance and variable annuity contracts, and to qualified retirement plans. We currently do not foresee any disadvantages to Our contract **owners** arising from this use of the funds for mixed and shared funding. The funds will monitor for possible conflicts arising out of this practice. If any such conflict or disadvantage does arise, We and/or the applicable Fund may take appropriate action to protect Your interests.

The Fund portfolios available under the contracts are not available for purchase directly by the general public, and are not the same as the mutual funds with very similar or nearly identical names that are sold directly to the public. However, the investment objectives and policies of the portfolios are very similar to the investment objectives and policies of other (publicly available) mutual fund portfolios that have very similar or nearly identical names and that are or may be managed by the same investment adviser or manager. Nevertheless, the investment performance and results of any of the Funds’ portfolios that are available under the contracts may be lower, or higher, than the investment results of such other (publicly available) portfolios. There can be no assurance, and no representation is made, that the investment results of any of the funds' portfolios will be comparable to the investment results of any other portfolio or mutual fund, even if the other portfolio or mutual fund has the same investment adviser or manager and the same investment objectives and policies and a very similar or nearly identical name.

The fund portfolios offered through the contract are selected by Midland National based on several criteria, including asset class coverage, the strength of the manager's reputation and tenure, brand recognition, performance, and the capability and qualification of each sponsoring investment firm. Another factor that We consider during the selection process is whether the fund or one of its service providers (*e.g.*, the investment adviser) make payments to Us, and the amount of any such payments. We may use such payments for any corporate purpose, including payment of expenses that We incur in promoting, marketing, and administering the contracts, and, in Our role as an intermediary, the funds. We may profit from these payments.

Other funds (or available classes) may have lower fees and better overall investment performance.

You are responsible for choosing the fund portfolios, and the amounts allocated to each, that are appropriate for Your own individual circumstances and by Your investment goals, financial situation, and risk tolerance. Since investment risk is borne by You, decisions regarding investment allocations should be carefully considered.

In making Your investment selections, We encourage You to thoroughly investigate all of the information regarding the fund portfolios that is available to You, including each fund's prospectus, statement of additional information and annual and semi/annual reports. Other sources such as the fund's website or newspapers and financial and other magazines provide more current information, including information about any regulatory actions or investigations relating to a fund or portfolio. You should monitor and periodically re-evaluate Your allocations to determine if they are still appropriate.

If You use a third party registered investment adviser, in connection with allocations among the **investment divisions**, You can request that We take withdrawals from Your contract to pay Your advisory fees provided We have received documentation from You and Your adviser. This does not constitute Us providing investment advice.

If the total withdrawals exceed the 10% free surrender amount, then surrender charges are applied on the withdrawal amount that exceeds the 10% free surrender amount. Before taking a withdrawal, You should consult a tax adviser to consider the tax consequences of a withdrawal on Your variable annuity contract. See "FEDERAL TAX STATUS" on page 42.

You bear the entire risk for the allocation of Your premiums and accumulation value among the funds whether or not You use the service of an adviser. We are not responsible for any investment or other advice or services that You may receive.

You bear the risk of any decline in the **contract value** of Your contract resulting from the performance of the portfolios You have chosen.

We do not recommend or endorse any particular portfolio or portfolios and We do not provide investment advice.

<u>Availability of the Portfolios</u>
We cannot guarantee that each portfolio will always be available for investment through the contracts.

We reserve the right, subject to applicable law, to make additions to, deletions from, or substitutions for the shares of a portfolio that are held in the **Separate Account**. New or substitute portfolios may have different fees and expenses and their availability may be limited to certain classes of purchasers. If the shares of a portfolio are no longer available for investment or if, in Our judgment, further investment in any portfolio should become inappropriate, We may redeem the shares of that portfolio and substitute shares of another portfolio. We will not substitute any shares without notice and prior approval of the SEC and state insurance authorities, to the extent required by the Investment Company Act of 1940, as amended, or other applicable law.

AMOUNTS IN OUR SEPARATE ACCOUNT

The amount You have in each **investment division** is represented by the value of the **accumulation units** credited to Your **contract value** for that **investment division**. The value You have in an **investment division** is the **accumulation unit** value times the number of **accumulation units** credited to You. Amounts allocated, transferred or added to the **investment divisions** are used to purchase **accumulation units**. **Accumulation units** of an **investment division** are purchased when You allocate **net premiums** or transfer amounts to that division. **Accumulation units** are sold or redeemed when You make withdrawals or transfer amounts from an **investment division**, and to pay the **death benefit** when the **annuitant** or **owner** dies. We also redeem units to pay for certain charges.

We calculate the number of **accumulation units** purchased or redeemed in an **investment division** by dividing the dollar amount of the transaction by the **investment division's accumulation unit** value at the end of that day, if it is a **business day**. If it is not a **business day**, We will use the **accumulation unit** value on the next **business day**. The number of **accumulation units** credited to You will not vary because of changes in **accumulation unit** values.

The **accumulation units** of each **investment division** have different **accumulation unit** values. We determine **accumulation unit** values for the **investment divisions** at the end of each **business day**. The **accumulation unit** value for each **investment division** is initially set at $10.00. **Accumulation unit** values fluctuate with the investment performance of the corresponding portfolios of the funds. They reflect investment income, the portfolios' realized and unrealized capital gains and losses, and the funds' expenses. The **accumulation unit** values also reflect the daily asset charges We deduct from Our **Separate Account** currently at an effective annual rate of 1.40% of the **accumulation value** in the **Separate Account**. Additional information on the **accumulation unit** values is contained in the Statement of Additional Information.

WE OWN THE ASSETS OF OUR SEPARATE ACCOUNT

We own the assets of Our **Separate Account** and use them to support Your contract and other variable annuity contracts. We may permit charges owed to Us to stay in the **Separate Account**. Thus, We may also participate proportionately in the **Separate Account**. These accumulated amounts belong to Us and We may transfer them from the **Separate Account** to Our General

Account. The assets in the **Separate Account** equal to the reserves and other liabilities of the **Separate Account** may not be charged with liabilities arising out of Our other business. The obligations under the contracts are Our obligations. The income, gains and losses (realized and unrealized) of the **Separate Account** are credited to or charged against the **Separate Account** without regard to Our other income, gains, or losses. Under certain unlikely circumstances, one **investment division** of the **Separate Account** may be liable for claims relating to the operations of another division.

OUR RIGHT TO CHANGE HOW WE OPERATE OUR SEPARATE ACCOUNT

We have the right to modify how We operate **Separate Account** C. In making any changes, We may not seek approval of contract **owners** (unless approval is required by law). We have the right to:

- add **investment divisions** to, or remove **investment divisions** from Our **Separate Account**;
- combine two or more divisions within Our **Separate Account**;
- withdraw assets relating to Our variable annuities from one **investment division** and put them into another;
- eliminate a portfolio's shares and substitute shares of another portfolio of the funds or another open-end, registered investment company. This may happen if the portfolio's shares are no longer available for investment or, if in Our judgment, further investment in the portfolio is inappropriate in view of **Separate Account** C's purposes. However, if required, We would first seek approval from the SEC and the insurance regulator where the contract is delivered;
- end the registration of Our **Separate Account** under the Investment Company Act of 1940;
- operate Our **Separate Account** under the direction of a committee or discharge such committee at any time (the committee may be composed entirely of "interested persons" of Midland National under the Investment Company Act of 1940); and
- operate Our **Separate Account** or one or more of the **investment divisions** in any other form the law allows, including a form that allows Us to make direct investments. In addition, We may disapprove any change in investment advisers or investment policies unless a law or regulation provides differently.

If any changes are made that result in a material change in the underlying investments of any **investment division**, then You will be notified. We may, for example, cause the **investment division** to invest in a mutual fund other than or in addition to the current portfolios.

If automatic allocations (such as premiums automatically deducted from Your paycheck or bank account, or dollar cost averaging or automatic rebalancing) are being made into an **investment division** that is removed or no longer available, and if You do not give Us other instructions, then any amounts that would have gone into the removed or closed **investment division** will be allocated to the Fidelity VIP Money Market **investment division**.

You may want to transfer the amount in that **investment division** as a result of changes We have made. If You do wish to transfer the amount You have in that **investment division** to another division of Our **Separate Account**, or to Our General Account, then You may do so, without charge, by writing to Our **Principal Office**. At the same time, You may also change how Your **net premiums** are allocated.

THE GENERAL ACCOUNT

You may allocate some or all of Your **contract value** to the General Account, subject to certain limitations described below. The General Account pays interest at a declared rate. We guarantee the principal after charges and deductions. Your **cash surrender value** from the General Account is guaranteed to be equal to or higher than 100% of the premium accumulated at a guaranteed interest rate of at least 3.0% per year minus any surrender charges, partial withdrawals, transfers, or fees and expenses.

The General Account supports Our insurance and annuity obligations. Certain states do not permit allocations to and transfers from the General Account. Any amounts in the General Account are subject to Our financial strength and claims-paying ability. Because of applicable exemptive and exclusionary provisions, interests in the General Account have not been registered under the Securities Act of 1933, and the General Account has not been registered as an investment company under the Investment Company Act of 1940. Accordingly, neither the General Account nor any interests therein are generally subject to regulation under the 1933 Act or the 1940 Act.

You may accumulate amounts in the General Account by:

- allocating **net premiums**,
- transferring amounts from the **investment divisions**, or
- earning interest on amounts You already have in the General Account.

The maximum increase to the General Account in any **contract year** is limited to a total of $5,000, which cannot be exceeded without prior Company approval. The sum of new premiums allocated plus any amount transferred from the **Separate Account** to the General Account cannot exceed a total of $5,000 in any **contract year** without prior Company approval. Each request to exceed this maximum will be reviewed on a case-by-case basis.

Transfers, withdrawals and allocated deductions reduce this amount. $250,000 is the maximum amount that, over the contract's life, You can allocate to the General Account through allocating **net premiums** and net transfers (amounts transferred in minus amounts transferred out).

We pay interest on all Your amounts in the General Account. The annual interest rate has a minimum guarantee of 3.0%. We have complete discretion regarding the rate of interest, if any, that We will credit above the minimum guaranteed rate on the General Account, regardless of the investment performance of any part or all of Our General Account assets. **You assume the risk that interest credited may not exceed 3.0%.** Currently, We intend to guarantee the interest rate for one-year periods, starting at the beginning of each calendar year. Interest is compounded daily at an effective annual rate that equals the annual rate We declare. We have complete discretion regarding the rate of interest, if any, that We will credit above the minimum guaranteed rate on the General Account, regardless of the investment performance of any part or all of Our General Account assets.

You may transfer amounts between the General Account and any **investment divisions** (subject to "Transfer Limitations" below). However, only 2 transfers are allowed out of the General Account per **contract year**. The total amount transferred out of the General Account in any **contract year** is limited to the larger of:

(a) 25% of the unloaned amount in the General Account at the beginning of the **contract year**, or
(b) $25,000 (We reserve the right to lower this to $1,000).

These restrictions may prolong the period of time it takes to transfer Your total **accumulation value** in the General Account to **investment divisions** and, therefore, You should carefully consider whether investment in the General Account meets your needs and investment criteria.

These limits do not apply to transfers made in a Dollar Cost Averaging (DCA) program that occurs over a period of 12 or more months.

The General Account may not be available in all states. Your state of issue will determine if the General Account is available on Your contract. Please check Your contract form to see if the General Account is available on Your contract.

DETAILED INFORMATION ABOUT THE CONTRACT

REQUIREMENTS FOR ISSUANCE OF A CONTRACT

Any person wishing to purchase a Contract may submit an application form and an initial premium payment of at least $10,000 for a non-qualified contract, or $2,000 for a qualified contract. By current company practice, We will waive the initial premium for group list bill contracts if each premium payment is at least $50. This sale must take place through a registered representative who is licensed and registered to sell the Contract. The maximum **issue age** for the contract is 80 (the **annuitant'**s age).

If Your application is complete and in **good order** (see "Administrative Procedures" on page 11), then We will accept or reject it within two **business days** of receipt. If the application is incomplete, then We will attempt to complete it within five **business days**. If it is not complete at the end of this period (or cannot be accepted for some reason), then We will inform You of the reason for delay and the premium payment will be returned immediately unless You let Us keep the premium until the application is complete. Your initial premium is held in a non-interest bearing suspense account (which is part of Our general account) until Your contract is issued or Your premium is refunded. While Your premium is in that account, Your premium is not protected from claims of Our general creditors.

Your initial **net premium** payment (premium payments minus any state premium taxes) will be allocated to the Fidelity VIP Money Market **Investment Division** as of the **business day** We receive it or accept Your application (whichever is later) at Our **Principal Office** in **good order** before the New York Stock Exchange closes for regular trading (usually, 3:00 p.m. Central Time). We will then price the **accumulation units** purchased with Your premium payment at the unit value determined at the close of that regular trading session of the New York Stock Exchange. If We receive Your initial premium payment or accept Your application (whichever is later) after the close of regular trading on the New York Stock Exchange, We will credit **accumulation units** at the unit value determined at the close of the next regular trading session of the New York Stock Exchange.

There may be delays in Our receipt of applications that are outside of Our control because of the failure of the selling agent to forward the application to Us promptly, or because of delays in determining that the contract is suitable for You. Any such delays will affect when Your contract can be issued and when Your premium payment is allocated among Our General Account and/or **investment divisions** of Our **Separate Account**.

We offer other variable annuity contracts that have different **death benefits**, contract features, and optional benefits. However, these other contracts also have different charges that would affect Your investment performance and **contract value**. To obtain more information about these other contracts, contact Our **Principal Office**.

This contract, or any of its riders, is not designed for resale or speculation, arbitrage, viatical settlements or any type of collective investment scheme. This contract may not be traded on any stock exchange or secondary market. By purchasing this contact, You represent and warrant that You are not purchasing or intending to use this contract, or any of its riders, for resale, speculation, arbitrage, viatical settlements or any type of collective investment scheme.

FREE LOOK

You may cancel Your contract within Your 30-day Free Look period. We deem the Free Look period to expire 30 days after You have received Your contract. Some states and situations may require a longer Free Look period. To cancel Your contract, You need to return Your contract to the agent who sold it to You or to Our **Principal Office**. If You cancel Your contract, then We will return:

a. The **contract value** (which may be more or less than the premium payments You paid), or
b. If greater and required by Your state, the original amount of Your premium payment

The **accumulation value** will reflect both the positive and negative investment performance of the **investment divisions** of Our **Separate Account** chosen by You in the contract application.

TAX-FREE “SECTION 1035” EXCHANGES

You can generally exchange one annuity contract for another in a “tax-free exchange” under Section 1035 of the Internal Revenue Code. Before making an exchange, You should compare both annuities carefully. Remember that if You exchange another annuity for the one described in this prospectus, You might have to pay a surrender charge on Your old annuity, <u>and</u> there will be a new surrender charge period for this contract and other charges may be higher (or lower) and the benefit may be different. You should not exchange another annuity for this one unless You determine, after knowing all the facts, that the exchange is in Your best interest and not just better for the person trying to sell You this contract (that person will generally earn a commission if You buy this contract through an exchange or otherwise). If You purchase the contract in exchange for an existing annuity contract from another company, We may not receive Your premium payment from the other company for a substantial period of time after You sign the application and send it to Us, and We cannot credit Your premium to the contract until We receive it. You should consult with and rely upon a tax advisor if You are considering a contract exchange.

PREMIUM PAYMENTS

Premium payments will be credited as of the end of the **valuation period** in which they are received in **good order** by Us. Investments after the initial payment may be made at any time prior to the **maturity date**, so long as the **annuitant** is living. We may refuse to accept certain forms of premium payments or loan repayments (third party checks, traveler’s checks, money orders, for example). We reserve the right to accept or reject any form of payment.

Allocation of Premium Payments

Allocation percentages may be any whole number (from 0 to 100) and the sum must equal 100. The allocation instructions in Your application will apply to all other premiums You pay, unless You change subsequent premium allocations by providing Us with written instructions. You may not allocate Your **contract value** to more than 10 **investment divisions** of Our **Separate Account** at any point in time. In certain states, allocations to and transfers from the General Account are not permitted.

We allocate Your entire **contract value** to the Fidelity VIP Money Market **Investment Division** during the "Free Look" period. You will specify Your desired premium allocation on the contract's application form. Your instructions in Your application will dictate how to allocate Your **contract value** at the end of the Free Look period (which is administratively assumed to be 15 days after the **contract date** for reallocation purposes).

Changing Your Premium Allocation Percentages

You may change the allocation percentages of Your premiums by writing to Our **Principal Office** and telling Us what changes You wish to make. These changes will affect transactions as of the **business day** We receive Your request at Our **Principal Office**. Changing Your allocation instructions will not change the way Your existing **accumulation value** is apportioned among the **investment divisions** or the General Account. While the Dollar Cost Averaging (DCA) program is in effect, the allocation percentages that apply to any premiums received will be the DCA allocation percentages unless You specify otherwise (See "Dollar Cost Averaging " on page 35).

YOUR CONTRACT VALUE

Your **contract value** is the sum of Your amounts in the various **investment divisions** and in the General Account (including any amount in Our General Account securing a contract loan). Your **contract value** will vary daily to reflect the investment performance of the **investment division**(s) You select, any interest credited to Your allocations in the General Account, any premium payments, surrenders, loans, withdrawals, and charges assessed in connection with the contract. There is no guaranteed minimum **contract value**. Transaction and sales charges are made on the effective date of the transaction. Charges against Our **Separate Account** are reflected daily.

We guarantee amounts allocated to the General Account. Your **contract value** in the General Account will be reduced by the contract fees and charges We deduct and the effects of any contract transactions (loans, surrenders, and transfers) on Your **contract value** in the General Account.

There is no guaranteed minimum **contract value** for amounts allocated to the **investment divisions** of Our **Separate Account**. You bear the investment risk. An **investment division's** performance will cause Your **contract value** to go up or down.

Transfers of Contract Value

You generally may transfer amounts among the **investment divisions** and between the General Account and any **investment division** prior to **maturity date**, unless otherwise noted. Write to Our **Principal Office** to make a transfer of **contract value**. Currently, You may make an unlimited number of transfers of **contract value** in each **contract year** (subject to "Transfer Limitations" below) before the **maturity date**. But, We reserve the right to assess a $25 charge for each transfer after the 15th transfer in a **contract year**. The amount that You can transfer into or out of the General Account is limited. See "The General Account" on page 24 for details.

The minimum transfer amount is $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 that day equals the minimum transfer amount. Completed transfer requests received in **good order** at Our **Principal Office** before the New York Stock Exchange closes for regular trading (usually, 3:00 P.M. Central Time) are priced at the unit value determined at the close of that regular trading session of the New York Stock Exchange. If We receive Your completed transfer request in **good order** after the close of regular trading on the New York Stock Exchange, We will process the transfer request at the unit value determined at the close of the next regular trading session of the New York Stock Exchange. For information regarding telephone or facsimile requests, see "Inquiries And Correspondence" on page 16. For limitations on transfers to and from the General Account, see "The General Account" on page 24. Transfers may be delayed under certain circumstances. See "When We Pay Proceeds From This Contract" on page 56.

After the **maturity date**, You can only make one transfer per **contract year** and only among the **investment divisions** of the **Separate Account**.

We also reserve the right to eliminate and/or severely restrict the transfer privilege in any manner We deem appropriate for some, all or specific contract **owners**.

TRANSFER LIMITATIONS

Frequent, large, programmed or short-term transfers among **investment divisions**, such as those associated with "market timing" transactions, can adversely affect the portfolios and the returns achieved by contract **owners**. In particular, such transfers may dilute the value of the portfolios shares, interfere with the efficient management of the portfolios' investments, and increase brokerage and administrative costs of the portfolios. In order to try to protect Our contract **owners** and the portfolios from potentially harmful trading activity, We have implemented certain market timing policies and procedures (the "Market Timing Procedures"). Our Market Timing Procedures are designed to detect and prevent frequent or short-term transfer activity among the **investment divisions** of the **Separate Account** that may adversely affect other contract **owners** or portfolio shareholders.

More specifically, currently Our Market Timing Procedures are intended to detect potentially harmful trading or transfer activity by monitoring for any two interfund transfer requests on a contract within a five **business day** period, in which the requests are moving to and from identical subaccounts (for example, a transfer from MFS VIT New Discovery Series to Fidelity VIP Money Market, followed by a transfer from Fidelity VIP Money Market back to MFS VIT New Discovery within five **business days**).

We will review transfer requests, daily blotters, and transaction logs in an attempt to identify transfers that exceed these transfer parameters. When We identify a second trade within five days of the first, We will review those transfers (and other transfers in the same contract) to determine if, in Our judgment, the transfers are part of a market timing strategy or otherwise have the potential to be harmful. We will honor and process the second transfer request, but if We believe that the activity is potentially harmful, We will suspend that contract's transfer privileges and We will not accept another transfer request for 14 **business days**. We will attempt to inform the contract **owner** (or registered representative) by telephone that their transfers have been deemed potentially harmful to others and that their transfer privilege is suspended for 14 days. If We do not succeed in reaching the contract **owner** or registered representative by phone, We will send a letter by first class mail to the contract **owner's** address of record.

In addition to Our own Market Timing Procedures, managers of the investment portfolios might contact Us if they believe or suspect that there is market timing or other potentially harmful trading, and if so We will take appropriate action to protect others. In particular, We may, and We reserve the right to, reverse a potentially harmful transfer. If so, We will inform the contract **owner** and/or registered representative. The contract **owner** will bear any investment loss involved in a reversal.

To the extent permitted by applicable law, We reserve the right to delay or reject a transfer request at any time that We are unable to purchase or redeem shares of any of the portfolios available through **Separate Account** C, because of any refusal or restriction on purchases or redemptions of their shares on the part of the managers of the investment portfolios as a result of their own policies and procedures on market timing activities or other potentially abusive transfers. If this occurs, We will attempt to contact You by telephone for further instructions. If We are unable to contact You within 5 business days after We have been advised that Your transfer request has been refused or delayed by the investment portfolio manager, the amount intended for transfer will be retained in or returned to the originating **investment division**. You should also be aware that We are contractually obligated to prohibit purchases and transfers by contract **owners** identified by a portfolio and to provide contract **owner** transaction data to the portfolios. You should read the prospectuses of the portfolios for more details on their ability to refuse or restrict purchases or redemptions of their shares.

In Our sole discretion, We may revise Our Market Timing Procedures at any time without prior notice as We deem necessary or appropriate to better detect and deter frequent, programmed, large, or short-term transfers that may adversely affect other contract **owners** or portfolio shareholders, to comply with state or federal regulatory requirements, or to impose additional or alternate restrictions on market timers (such as dollar or percentage limits on transfers). We may change Our parameters to monitor for a different number of transfers with different time periods, and We may include other factors such as the size of transfers made by contract **owners** within given periods of time, as well as the number of "round trip" transfers into and out of particular **investment divisions** for purposes of applying the parameters used to detect potential market timing and other potentially harmful activity, We may aggregate transfers made in two or more contracts that We believe are connected (for example, two contracts with the same **owner**, or owned by spouses, or owned by different partnerships or corporations that are under common control, etc.).

We do not include transfers made pursuant to the Dollar Cost Averaging program and Portfolio Rebalancing program in these limitations. We may vary Our Market Timing Procedures from **investment division** to **investment division**, and may be more restrictive with regard to certain **investment divisions** than others. We may not always apply these detection methods to **investment divisions** investing in portfolios that, in Our judgment, would not be particularly attractive to market timers or otherwise susceptible to harm by frequent transfers.

We reserve the right to place restrictions on the methods of implementing transfers for all contract **owners** that We believe might otherwise engage in trading activity that is harmful to others. For example, We might only accept transfers by original 'wet' contract **owner** signature conveyed through the U.S. mail (that is, We can refuse transfer requests submitted by phone, facsimile, e-mail or by any other electronic means, or overnight courier services). We also reserve the right to implement and administer redemption fees imposed by one or more of the portfolios in the future.

Contract **owners** seeking to engage in frequent, programmed, large, or short-term transfer activity may deploy a variety of strategies to avoid detection. Our ability to detect and deter such transfer activity is limited by operational systems and technological limitations. In addition, the terms of the contract may also limit Our ability to restrict or deter harmful transfers. Furthermore, the identification of contract **owners** determined to be engaged in transfer activity that may adversely affect other contract **owners** or portfolios shareholders involves judgments that are inherently subjective. Accordingly, despite Our best efforts, We cannot guarantee that Our Market Timing Procedures will detect every potential market timer. Some market timers may get through Our controls undetected and may cause dilution in unit values for others. We apply Our Market Timing Procedures consistently to all contract **owners** without special arrangement, waiver, or exception. We may vary Our Market Timing Procedures among Our other variable insurance products to account for differences in various factors, such as operational systems and contract provisions. In addition, because other insurance companies and/or retirement plans may invest in the portfolios, We cannot guarantee that the portfolios will not suffer harm from frequent, programmed large, or short-term transfers among **investment divisions** of variable contracts issued by other insurance companies or among investment options available to retirement plan participants.

WITHDRAWALS

You may withdraw all or part of Your **cash surrender value** by sending Us a written request at Our **Principal Office**. The **cash surrender value** is the **contract value** minus the contract maintenance charge and any applicable contingent deferred sales charges. In some states, a premium tax charge may also be deducted (Withdrawals may be restricted by a retirement arrangement under which You are covered). Partial withdrawals from an **investment division** or the General Account, however, must be made in amounts of $500 or more (except for systematic withdrawals described above) and cannot reduce Your **contract value** to less than $1,000. If a withdrawal results in less than $1,000 remaining, then the entire **contract value** must be withdrawn. For a full surrender, You must send in Your contract with Your surrender request.

Any applicable contingent deferred sales charge and any required tax withholding will be deducted from the amount paid. In addition, upon full withdrawal a contract maintenance charge (and possibly a premium tax charge) may also be subtracted.

Completed surrender requests received in **good order** at Our **Principal Office** before the New York Stock Exchange closes for regular trading (usually, 3:00 p.m. Central Time) are priced at the unit value determined at the close of that regular trading session of the New York Stock Exchange. If We receive Your completed surrender request after the close of regular trading on the New York Stock Exchange, We will process the surrender request at the unit value determined at the close of the next regular trading session of the New York Stock Exchange after receipt in **good order**.

We will generally pay the withdrawal amount from the **Separate Account** within seven days after We receive a properly completed withdrawal request in **good order**. In some cases, '**good order**' requires a signature guarantee. We may defer payment for more than seven days when:

- trading on the New York Stock Exchange is restricted as defined by the SEC;
- the New York Stock Exchange is closed (other than customary weekend and holiday closing);
- an emergency exists as defined by the SEC as a result of which disposal of the **Separate Account's** securities or determination of the net asset value of each **investment division** is not reasonably practicable;
- for such other periods as the SEC may by order permit for the protection of **owners**; or
- Your premium check has not cleared Your bank.

See "When We Pay Proceeds From This Contract" on page 56.

If We defer payment for 30 or more days, then during the period of deferment, We will pay interest at the rate required by the jurisdiction in which this contract is delivered.

We expect to pay the surrender amount from the General Account promptly, but We have the right to delay payment for up to six months. See "When We Pay Proceeds From This Contract" on page 56.

Unless You specify otherwise, Your withdrawal will be allocated among all **investment divisions** and the General Account in the same proportion as Your **contract value** bears to each **investment division** and the General Account. This allocation is subject to minimum amount requirements. The contingent deferred sales charge will be determined without reference to the source of the withdrawal. The charge will be based on the length of time between premium payments and withdrawals. (See "CHARGES, FEES AND DEDUCTIONS" on page 39.)

If Your contract was issued pursuant to a 403(b) plan, We generally are required to confirm, with Your 403(b) plan sponsor or otherwise, that withdrawals, loans or transfers You request comply with applicable tax requirements and to decline requests that are not in compliance. We will defer such payments You request until all information required under the tax law has been received. By requesting a withdrawal, loan or transfer, You consent to the sharing of confidential information about You, the contract, and transactions under the contract and any other 403(b) contracts or accounts You have under the 403(b) plan among Us, Your employer or plan sponsor, any plan administrator or recordkeeper, and other product providers.

A withdrawal will generally have Federal income tax consequences that can include income tax penalties and tax withholding. Withdrawals may be restricted under certain qualified contracts. You should consult Your tax advisor before making a withdrawal. (See "FEDERAL TAX STATUS" on page 42.)

Surrenders may be restored under certain types of qualified contracts. If allowed, the restoration will be effective as of the date that surrender proceeds are returned to Midland National. Under certain types of retirement arrangements, the Retirement Equity Act of 1984 provides that, in the case of a married participant, a withdrawal request must include the consent of the participant's spouse. This consent must contain the participant's signature and the notarized or properly witnessed signature of the participant's spouse. These spousal consent requirements generally apply to married participants in most qualified pension plans, including plans for self-employed individuals and the Section 403(b) annuities that are considered employee pension benefit plans under the Employee Retirement Income Security Act of 1974 (ERISA). You should check the terms of Your retirement plan and consult with a tax advisor before making a withdrawal.

Participants in the Texas Optional Retirement Program may not make a withdrawal from a contract (including withdrawals to establish an annuity) prior to age 70 ½ except in the case of termination of employment in the Texas public institutions of higher education, death, or total disability. Such proceeds may, however, be used to fund another eligible vehicle.

Withdrawals from Section 403(b) plans are also severely restricted. Pursuant to tax regulations, We generally are required to confirm, with Your 403(b) plan sponsor or otherwise, that withdrawals You request from a 403(b) contract comply with applicable tax requirements before We process Your request. (See "FEDERAL TAX STATUS" on page 42.)

FREE WITHDRAWAL AMOUNT

Generally, You may withdraw 10% of the total **net premiums** paid (premiums after deduction for premium tax) without incurring a contingent deferred sales charge. The value of 10% of the **net** premiums paid is determined on the date of the requested withdrawal in the **contract year**. The full 10% is available only if no other withdrawals have been taken in the prior 12-month period. Any withdrawal taken within the last 12 months will reduce the amount that can be taken without incurring a contingent deferred sales charge. No more than 10% of **net premiums** paid will be available in any 12-month period without incurring a contingent deferred sales charge. **The free withdrawal amount is not subject to the $500 minimum withdrawal amount. However, all withdrawals must be at least $100.**

A withdrawal may have Federal income tax consequences that can include income tax penalties and tax withholding. (See "FEDERAL TAX STATUS" on page 42.)

If You use a third party registered investment adviser, in connection with allocations among the **investment divisions**, You can request that We take withdrawals from Your contract to pay Your advisory fees provided We have received documentation from You and Your adviser. This does not constitute Us providing investment advice.

If the total withdrawals exceed the 10% free surrender amount, then surrender charges are applied on the withdrawal amount that exceeds the 10% free surrender amount. Before taking a withdrawal, You should consult a tax adviser to consider the tax consequences of a withdrawal on Your variable annuity contract. See "FEDERAL TAX STATUS" on page 42.

SYSTEMATIC WITHDRAWALS

The Systematic Withdrawal feature allows You to have a portion of the **contract value** withdrawn automatically. Under this feature, You may elect to receive preauthorized scheduled partial withdrawals. These payments can be made only while the **annuitant** is living, before the **maturity date**, and after the Free Look period. You may elect this option by sending a properly completed Preauthorized Systematic Withdrawal Request Form in **good order** to Our **Principal Office**. You may designate the systematic withdrawal amount or the period for systematic withdrawal payments. You will also designate the desired frequency of the systematic withdrawals, which may be monthly, quarterly, semi-annually or annually. See Your contract for details on systematic withdrawal options and when each begins.

Each systematic withdrawal is made at the end of the scheduled **business day**. If the New York Stock Exchange is closed for regular trading on the day when the withdrawal is to be made, then We will process Your withdrawal at the unit value determined at the close of the next regular trading session of the New York Stock Exchange. You should designate the investment(s) from which the withdrawals should be made. Otherwise, the deduction caused by the systematic withdrawal will be allocated proportionately to Your **contract value** in the **investment divisions** and the General Account.

You can stop or modify the systematic withdrawals by sending Us a **written notice**, with at least 30 days notice. A proper **written notice** must include the written consent of any effective assignee or irrevocable **beneficiary**, if applicable. Systematic withdrawals over a fixed period or over the **annuitant's** life expectancy generally cannot be changed unless otherwise permitted by law.

Each systematic withdrawal must be at least $100. We reserve the right to increase the required minimum systematic withdrawal amount. Upon payment, We reduce the **contract value** by an amount equal to the payment proceeds plus any applicable contingent deferred sales charge. (See "Sales Charges on Withdrawals" on page 39.) The contingent deferred sales charge applies to systematic withdrawals in the same manner as it applies to other withdrawals with the exception that the free surrender amount can be received more than once per year, as long as the full 10% of Your **net premiums** has not been withdrawn.

Under Midland National's current Company practice, systematic withdrawals taken to satisfy IRS required minimum surrenders and paid under a life expectancy option will not be subject to a contingent deferred sales charge. Amounts withdrawn to comply with IRS minimum distribution rules will reduce the amount available under the free surrender amount. Any systematic withdrawal that would equal or exceed the **surrender value** will be treated as a complete withdrawal. In no event will the payment of a systematic withdrawal exceed the **cash surrender value**. The contract will automatically terminate if a systematic withdrawal causes the contract's **surrender value** to equal zero.

To the extent, if any, that there are earnings in the contract, systematic withdrawals generally are included in the contract **owner's** gross income for tax purposes (as ordinary income) in the year in which the withdrawal occurs, and may be subject to a penalty tax of 10% before age 59-½. (See "Annuity Contracts in General" on page 43.) Additional terms and conditions for the systematic withdrawal program are set forth in Your contract and in the application for the program.

LOANS

Loans are only available if You purchase this contract in connection with a qualified plan under Section 403(b) of the Internal Revenue Code. After the first **contract anniversary** and prior to the **maturity date**, **owners** of contracts issued in connection with Section 403(b) qualified plans may request a loan using the contract as security for the loan. Loans are subject to provisions of the Internal Revenue Code and the terms of the retirement program. Pursuant to tax regulations, We generally are required to confirm, with Your 403(b) plan sponsor or otherwise, that loans You request from a 403(b) contract comply with applicable tax requirements before We process Your request. You should consult a tax advisor before requesting a loan.

Only one loan may be outstanding at any time and only one loan can be made within a 12-month period. The loan amount must be at least $2,000.

Such loan, when added to the outstanding balance of loans from this contract or other contracts maintained by the employee, will be limited to the lesser of the following:

1. $50,000 reduced by the excess (if any) of:
   (i) the highest outstanding balance of loans from this contract or other contracts maintained by the employee during the one year period ending on the day before the date on which the loan is made; over
   (ii) the outstanding balance of loans from this contract or other contracts maintained by the employee on the date which such loan is made; or
2. the greater of:
   (i) one half of the present value of the nonforfeitable **cash surrender value** of this contract; or
   (ii) $10,000.

The portion of the **contract value** that is equal to the loan amount will be held in the General Account and will earn interest at the General Account minimum interest rate of 3% per year. You should tell Us how much of the loan You want taken from Your unloaned amount in the General Account or from the **Separate Account investment divisions**. If You do not tell Us how to allocate Your loan, the loan will be allocated among all **investment divisions** and the General Account in the same proportion as the value of Your interest in each division bears to Your total **contract value**. We will redeem units from each **investment division** equal in value to the amount of the loan allocated to that **investment division** and transfer that amount to the General Account.

We charge interest on loans at the rate of 5% per year. Loan interest is due on each **contract anniversary**. Unpaid interest will be added to the loan and accrue interest. If the total loan plus loan interest equals or exceeds the **contract value** minus any applicable contingent deferred sales charge, then the contract will terminate with no further value. In such case, We will give You at least 31 days **written notice**. Termination under these circumstances may adversely affect the treatment of the contract under the Internal Revenue Code section 401(k) or 403(b).

The total loan plus loan interest will be deducted from any amount applied under a payment option or otherwise payable under the contract.

The loan agreement will describe the amount, duration, and restrictions on the loan. In general, loans must be repaid in monthly or quarterly installments within 5 years. If a quarterly installment is not received by the end of the calendar quarter following the calendar quarter in which the payment was due, then a deemed distribution of the entire amount of the outstanding loan principal, interest due, and any applicable charges under the contract, including any withdrawal charge, will be made. This deemed distribution may be subject to income and penalty tax under the Internal Revenue Code and may adversely affect the treatment of the contract under the Internal Revenue Code section 401(k) or 403(b).

If the amount or duration of the loan violates Internal Revenue Code requirements, then You may be subject to income tax or a tax penalty. IRS authorities and the Department of Labor suggest that in certain circumstances a loan may result in adverse tax and ERISA consequences for Section 403(b) programs. A loan issued in connection with a 403(b) plan is generally subject to a limit of the lesser of $50,000 or 50% of the participant's vested ownership in the 403(b) plan. The maximum loan amount may be lower if You currently have had a plan loan in the last 12 months.

In addition, the Department of Labor has issued regulations governing plan participant loans under the retirement plans subject to ERISA and the Department of Labor's regulations contain requirements for plan loans relating to their availability, amount and other matters. These requirements require, in part, that a loan from an ERISA-governed plan be made under an enforceable agreement, bear a reasonable rate of interest, be adequately secured, provide a reasonable payment schedule, and be made available on a basis that does not discriminate in favor of employees who are officers or shareholders or who are highly compensated. Failure to comply with these requirements may result in penalties under the Code and ERISA. You are responsible for determining whether Your plan is subject to, and complies with, ERISA and the Department of Labor's regulations governing plan loans.

A loan has a permanent effect on the **contract value** because the investment experience of the **investment divisions** will apply only to the unborrowed portion of the **contract value**. The longer the loan is outstanding, the greater the effect is likely to be. The effect could be favorable or unfavorable. If the net investment results are greater than 3% per year while the loan is outstanding, then the **contract value** will not increase as rapidly as it would have if no debt were outstanding. If net investment results are below 3% per year, then the **contract value** will be higher than it would have been had no loan been outstanding. In addition, a loan costs You a net interest charge of 2% per year.

DOLLAR COST AVERAGING

The Dollar Cost Averaging (DCA) program enables You to make monthly transfers of a predetermined dollar amount from the DCA source account (any **investment division** or the General Account) into one or more of the **investment divisions**. This program may reduce the impact of market fluctuations by allocating monthly, as opposed to allocating the total amount at one time. This plan of investing does not insure a profit or protect against a loss in declining markets and You should consider Your tolerance for investing through periods of fluctuating price levels. The minimum monthly or quarterly amount to be transferred using DCA is $200.

You can elect the DCA program at any time. Only one active DCA program is allowed at a time. You must complete the proper request form and send it to Our **Principal Office**, and there must be a sufficient amount in the DCA source account. DCA is only available if the amount in the DCA account is at least $2,400 at the time DCA is to begin. You can get a sufficient amount by paying a premium with the DCA request form, allocating premiums, or transferring amounts to the DCA source account. Copies of the DCA request form can be obtained by contacting Us at Our **Principal Office**. The DCA election will specify:

(a) the DCA source account from which transfers will be made,
(b) that any money received with the form is to be placed into the DCA source account,
(c) the total monthly amount to be transferred to the other **investment divisions**, and
(d) how that monthly or quarterly amount is to be allocated among the **investment divisions**.

The DCA request form must be received with any premium payment You intend to apply to DCA.

Once You elect DCA, additional **net premium**s can be allocated to the DCA source account by sending them in with a DCA request form. All amounts in the DCA source account will be available for transfer under the DCA program.

Any **net premium** payments received while the DCA program is in effect will be allocated using the allocation percentages from the DCA request form, unless You specify otherwise. You may change the DCA allocation percentages or DCA transfer amounts twice during a **contract year**.

If it is requested when the contract is issued, then DCA will start at the beginning of the second **contract month**. If it is requested after issue, then DCA will start at the beginning of the first **contract month**, which occurs at least 30 days after the day the request is received.

If a DCA program is elected after issue and the source account is the General Account, the minimum number of months for the program is 12 months.

DCA will last until total monies for DCA are exhausted or until We receive Your written termination request. DCA automatically terminates on the **maturity date**.

You may stop the DCA program at any time by sending Us **written notice**. We reserve the right to end the DCA program by sending You one month's notice.

We do not charge any specific fees for You to participate in a DCA program. However, transfers made through a DCA program, which only extends for fewer than 12 months, will be included in counting the number of transfers of contract fund. While We currently do not charge for transfers, We do reserve the right to charge for each transfer after the 15^{th} one in any **contract year**. However, initiating a DCA program will only count once in determining the $25 charge for each transfer after the 15^{th} in a **contract year**.

PORTFOLIO REBALANCING

The Portfolio Rebalancing option allows contract **owners**, who are not Dollar Cost Averaging, to have Us automatically reset the percentage of **contract value** allocated to each **investment division** to a pre-set level. (For example, an **owner** may specify 30% in the Fidelity VIP Growth **Investment Division**, 40% in the Fidelity VIP High Income **Investment Division** and 30% in the Fidelity VIP Overseas **Investment Division**) Portfolio Rebalancing does not apply to loaned monies in the General Account. If You elect this option, then each **contract anniversary** We will transfer the amounts needed to "rebalance" the **contract value** to Your specified percentages. Rebalancing may result in transferring amounts from an **investment division** earning a relatively high return to one earning a relatively low return. The Portfolio Rebalancing option is subject to the General Account premium and transfer limitations.

Even with the Portfolio Rebalancing option, the **contract value** may only be allocated to up to 10 **investment divisions** at any one time. We reserve the right to end the Portfolio Rebalancing option by sending You one month's notice. Contact Us at Our **Principal Office** to elect the Portfolio Rebalancing option.

Transfers out of the General Account which occur due to the Portfolio Rebalancing option are still subject to the limits of transfers out of the General Account discussed in "The General Account" section on page 24.

DEATH BENEFIT

If the **annuitant** or an **owner** dies before the **maturity date** and while the contract is still **inforce**, We will pay the **death benefit** to the **beneficiary** once We receive (at Our **Principal Office**) satisfactory proof of the **annuitant's** or an **owner's** death, an election of how the **death benefit** is to be paid, and any other documents or forms required all in **good order**.

If the **annuitant**, who is not an **owner**, dies prior to the **maturity date**, the **death benefit** must be paid within one year of the **annuitant's** death. For joint **annuitant**s, the **death benefit** is paid upon the second death.

If an **owner** dies prior to the **maturity date**, the **death benefit** must be paid within 5 years of the **owner's** death (other than amounts payable to, or for the benefit of, the surviving spouse of the **owner**). For joint **owners** the **death benefit** is paid upon the first death.

The value of the **death benefit**, as described below, will be determined based on the **contract value** on the **business day** that Our **Principal Office** receives **proof of death**, an election of how the **death benefit** is to be paid and any other documents or forms required all in **good order**. The **death benefit** will be paid once We receive the required information, in **good order**, from *all* beneficiaries.

Unless a payment option is selected and all required forms and documentation are received within 90 days after We receive due **proof of death**, the **death benefit** will be paid as a lump sum calculated as of that date.

When a **death benefit** is paid on the death of the **annuitant** and a payment option is selected within 60 days after the **annuitant's** death, the payment option must be an annuity for the life of the **payee** or for a period extending no longer than the **payee's** life expectancy, and payments must begin within one year of the date of death.

When a **death benefit** is paid on the death of an **owner** or joint **owner** and a payment option is selected, the payment option must be an annuity for the life of the **payee** or for a period extending no longer than the **payee's** life expectancy, and payments must begin within one year of the date of death.

If the **annuitant** or an **owner** dies on or after the **maturity date**, then any remaining amounts, must be paid at least as rapidly as the benefits were being paid at the time of the **annuitant's** or an **owner's** death. Other rules relating to distributions at death apply to qualified contracts.

If joint **annuitant**s or joint **owners** die within 24 hours of one another, they are considered to have died simultaneously and the eldest is presumed to have died first. In the event of simultaneous death of the **annuitant** and an **owner**, the **owner** is presumed to have died first, and the **owner's beneficiary** would be paid the **death benefit**.

The **death benefit** paid to the **beneficiary** will be the greatest of:

1. The **contract value** less any outstanding loan and loan interest, when We receive due **proof of death**, an election of how the **death benefit** is to be paid, and any other documentation or forms required; or
2. The **net premiums** paid, less any outstanding loan and loan interest, less any withdrawals, at the time We receive due **proof of death**, an election of how the **death benefit** is to be paid and any other documentation or forms required; or
3. The Guaranteed Minimum Death Benefit.

If the **annuitant** or an **owner** dies on or after the **maturity date**, We will pay any remaining guaranteed payments to the **beneficiary** as provided in the annuity option selected.

Naming different persons as **annuitant** and **owner** can affect whether the **death benefit** is payable, the amount of the benefit, and who will receive it. Use care when naming **annuitants**, **owners**, and beneficiaries, and consult Your registered representative if You have questions.

Premium taxes may be deducted from the **death benefit** proceeds.

<u>Guaranteed Minimum Death Benefit (GMDB)</u>

In general, the guaranteed minimum **death benefit** is the highest **contract value** on any **contract anniversary** prior to death and prior to the **annuitant's** or **owner's attained age** 81, adjusted for any withdrawals (see the example below for how withdrawals impact the guaranteed minimum **death benefit**).

The guaranteed minimum **death benefit** is zero upon issuance of the contract. The guaranteed minimum **death benefit** is recalculated on the first **contract anniversary** and every year thereafter, until the **contract anniversary** when the **annuitant** reaches an **attained age** of 80. The purpose of the recalculation is to give You the benefit of any positive investment experience under Your contract. Your contract's investment experience can cause the guaranteed minimum **death benefit** to increase on the recalculation date, but cannot cause it to decrease. The guaranteed minimum **death benefit** on a recalculation date is the larger of:

a) the guaranteed minimum **death benefit** that applied to Your contract immediately prior to the recalculation date, or
b) the **contract value** on the recalculation date.

The new guaranteed minimum **death benefit** applies to Your contract until the next **contract anniversary**, or until You make a premium payment or withdrawal. Any subsequent premium payments will immediately increase Your guaranteed minimum **death benefit** by the amount of the **net premium** payment. Any partial withdrawal will immediately decrease Your guaranteed minimum **death benefit** by the percentage of the **contract value** being withdrawn. (The decrease in GMDB could be more or less than the dollar amount withdrawn.)

Example: Assume that a contract is issued with a $10,000 premium on 5/1/2000 to an **owner** at **attained age** 55. No further premiums are made and no withdrawals are made during the first year. Assume that on the **contract anniversary** on 5/1/2001 the **contract value** is $12,000. The guaranteed **death benefit** is reset on 5/1/2001 to $12,000.

Assume that the **contract value** increases to $15,000 on 5/1/2002 and decreases to $13,000 on 5/1/2003. The guaranteed **death benefit** on 5/1/2003 is $15,000.

Assume that by 7/1/2003, the **contract value** increases to $14,000 and You request a partial withdrawal of $2,800 or 20% of Your **contract value** on that date. The guaranteed minimum **death benefit** immediately follow the partial withdrawal is $12,000=[$15,000-.20($15,000)]. (In this example, the contingent deferred sales charge would be taken out of the $2,800 withdrawn.)

Assume that on 9/1/2003 the **contract value** decreases to $8,000. The guaranteed minimum **death benefit** remains at $12,000 and the death proceeds payable on 9/1/2003 are $12,000.

<u>Payment of Death Benefits and Lump Sum Payments</u>

When a **death benefit** is paid in a lump sum the **beneficiary** has two options available to them. The first option is payment in a lump sum check in the amount of the **death benefit** proceeds. The other option is payment of the **death benefit** by establishing an interest bearing draft account, called the "Midland National Access Account," for the **beneficiary**, in the amount of the **death benefit** proceeds. We will send the **beneficiary** a draft account book and the **beneficiary** will have access to the account simply by writing a draft for all or any part of the amount of the **death benefit**. We do not guarantee to credit a minimum interest rate on amounts left in the Midland National Access Account. Any interest paid on amounts in the Midland National Access Account are currently taxable to the **beneficiary**. The Midland National Access Account is not available in all jurisdictions.

The Midland National Access Account is a draft account and is part of Our General Account. It is not a bank account or a checking account and it is not insured by the FDIC or any government agency. As part of Our General Account, it is subject to the claims of Our creditors. We receive a benefit from all amounts left in the Midland National Access Account.

CHARGES, FEES AND DEDUCTIONS

SALES CHARGES ON WITHDRAWALS

We may deduct a contingent deferred sales charge from any full or partial withdrawal of premiums (including a withdrawal to effect an annuity and on systematic withdrawals) that exceeds the free surrender amount. This charge partially reimburses Us for the selling and distributing costs of this contract. These include commissions and the costs of preparing sales literature and printing prospectuses. If the contingent deferred sales charge is insufficient to cover all distribution expenses, then the deficiency will be met from Our surplus that may be, in part, derived from mortality and expense risks charges (described below). For the purpose of determining the contingent deferred sales charge, any amount that You withdraw will be treated as being from premiums first, and then from investment income, if any. There is no sales charge on the investment income withdrawn.

The length of time between each premium payment and withdrawal determines the amount of the contingent deferred sales charge. Premium payments are considered withdrawn in the order that they were received and all withdrawals will be taken first from premium payments and then from other **contract value**s.

The charge is a percentage of the gross (premiums before deduction for premium tax) premiums withdrawn and equals:

Length of Time from Premium Payment (number of years)	Contingent Deferred Sales Charge
1	8%
2	8%
3	7%
4	7%
5	6%
6	5%
7	4%
8	2%
9+	0%

Example: Assume that a contract is issued with a $10,000 premium (for which no premium tax is applicable) on 5/1/2000 to an **owner** at an **attained age** of 55. No further premiums are made and no withdrawals are made until 9/1/2001. Assume that on 9/1/2001, You request a full surrender and the value of Your contract is $12,000. The contingent deferred sales charge of $720.00 would be determined as shown below:

10% of the $10,000 of premium is allowed to be withdrawn free of the contingent deferred sales charge. Since it has been between 1 and 2 years from the time of the $10,000 premium contribution, the contingent deferred sales charge percentage would be 8%.

8% of $9,000 ($10,000 less $1,000 withdrawn free of charge) = $720.00.

If the value of Your contract had been $8,000 on 9/1/2001 and You requested a full surrender, the contingent deferred sales would still be $720.00 as the charge is based on the amount of the premiums and not on the value of the contract.

We will waive the contingent deferred sales charge on either a full or partial surrender after the first **contract anniversary** if:

(1) written proof is given to Us at Our **Principal Office** that the **owner** is confined in a state licensed inpatient nursing facility for a total of 90 days, provided We receive Your withdrawal request within 90 days after discharge from such facilities; or
(2) a licensed physician provides an acceptable written statement to Us that the **owner** is expected to die with the next 12 months due to a non-correctable medical condition. The licensed physician cannot be the **owner** or part of the **owner's** immediate family.

These waivers are subject to certain conditions as detailed in the contract and to approval of state insurance authorities.

If You make a full surrender after the contract has been **inforce** for 3 years, and use the proceeds to purchase a life income annuity option from Us, then We will waive the contingent deferred sales charge.

No contingent deferred sales charge will be assessed upon:

a) payment of **death benefit**s;
b) exercise of the free look right; and
c) surrender of the Free Withdrawal Amount.

Under current company practice, amounts withdrawn under the contract to comply with IRS minimum distribution rules and paid under a life expectancy option will not be subject to a contingent deferred sales charge. Amounts withdrawn to comply with IRS minimum distribution rules will reduce the amount available under the Free Withdrawal Amount.

ADMINISTRATIVE CHARGE

We deduct a daily charge for Our administrative expenses in operating the **Separate Account** at an effective annual rate of 0.15% of the value of the assets in the **Separate Account** until the **maturity date** if You have selected an annuity option offering fixed payments or interest. If You have selected a variable annuity option, We will continue to assess this charge after the **maturity date**. The **investment divisions' accumulation unit** values and **annuity unit** values reflect this charge. We cannot increase this charge.

MORTALITY AND EXPENSE RISK CHARGE

We deduct a daily charge for mortality and expense risks at an effective annual rate to 1.25% of the **accumulation value** in the **Separate Account**. This charge compensates Us for assuming certain mortality and expense risks. No mortality and expense charge is deducted from the fixed account or from an annuity option offering fixed payments or interest. The **investment division's accumulation unit** values and **annuity unit** values reflect this charge. We expect to profit from this charge. We may use the profit for any purpose, including paying distribution expenses. However, the level of this charge is guaranteed for the life of the contract and may not be increased. We will continue to deduct this charge after the **maturity date** if You select a variable annuity option.

The mortality risk We bear arises, in part, from Our obligation to make monthly annuity payments regardless of how long all **annuitants** or any individual may live. These payments are guaranteed in accordance with the annuity tables and other provisions contained in Your contract. This assures You that neither the longevity of the **annuitant**, nor an unanticipated improvement in general life expectancy, will have any adverse effect on the monthly annuity payments the **annuitant** will receive under the contract. Our obligation, therefore, relieves the **annuitant** from the risk that he or she will outlive the funds accumulated for retirement. The mortality risk also arises, in part, because of the risk that the **death benefit** may be greater than the **accumulation value**. We also assume the risk that other expense charges may be insufficient to cover the actual expenses We incur. We may also use proceeds from this charge to cover distribution expenses and payments to third parties who provide advisory or other services to contract **owners**.

CONTRACT MAINTENANCE CHARGE

We deduct an annual contract maintenance charge of $35 on each **contract anniversary** on or before the **maturity date**. We waive this charge if Your **contract value** is $50,000 or more on the **contract anniversary**. This charge is for Our record keeping and other expenses incurred in maintaining the contracts. We deduct this charge from each **investment division** and the General Account in the same proportion as the value of Your interest in each has to the total **contract value**. If the contract is surrendered during a **contract year** and the **contract value** is less than $50,000, then We will deduct the full contract maintenance charge for the current **contract year** at that time.

We may reduce the annual contract maintenance charge for contracts issued in a manner that results in a savings of administrative expenses. The amount of reductions will be considered on a case-by-case basis and reflect Our expected reductions in administrative expenses.

TRANSFER CHARGE

Currently, We do not charge You for making transfers of **contract value** among **investment divisions**. We reserve the right to assess a $25 charge for each transfer after the 15th transfer in a **contract year**. For example, if We experienced an unexpectedly large number of transfers resulting in higher than anticipated administrative costs, We would impose this fee.

If We charge You for making a transfer, then We will allocate the charge to the investment from which the transfer is being made. All transfers included in one transfer request count as only one transfer for purposes of any fee. For example, if the transfer is made from two **investment divisions** then a $12.50 transfer charge will be allocated to each of the **investment divisions**.

LOAN CHARGE (TSA CONTRACTS ONLY)

Loan interest is charged in arrears on any outstanding loan. Loan interest that is unpaid when due will be added to the outstanding loan on each **contract anniversary** (or, if earlier, on the date of loan repayment, surrender, contract termination, or the death of the **annuitant** or an **owner**) and will bear interest at the same rate of the loan. We charge an annual interest rate of 5.0% on loans.

After offsetting the 3.0% annual interest rate that We guarantee We will credit to the portion of Our General Account securing the loan against the maximum loan interest rate of 5.0%, the maximum guaranteed net cost of the loans is 2.0% annually.

CHARGES IN THE FUNDS

The funds charge their portfolios for managing investments and providing services. The portfolios may also pay operating expenses. Each portfolio's charges and expenses vary. The funds may also impose redemption fees, which We would deduct from Your **contract value**.

See the funds' prospectuses for more information.

PREMIUM TAXES

Midland National will deduct from all premium payments a charge for any premium taxes levied by a state or any other government entity. Premium taxes currently levied by certain jurisdictions vary from 0% to 3.5%. This range is subject to change. The Company currently deducts such charges from contracts issued in the states of California, Maine, Nevada, South Dakota, West Virginia, Wyoming and the territory of Puerto Rico. These states and jurisdictions are subject to change.

OTHER TAXES

At the present time, We do not make any charges to the **Separate Account** for any federal, state, or local taxes (other than premium taxes) that We incur which may be attributable to such account or to the contracts. We reserve the right to make a charge for any such tax or economic burden resulting from the application of the tax laws.

If such a charge is made, it would be set aside as a provision for taxes, which We would keep in the effected **Investment Division** rather than in Our General Account.

FEDERAL TAX STATUS

INTRODUCTION

NOTE: We have prepared the following information on federal income taxes as a general discussion of the subject. It is not intended as tax advice to any individual. No attempt is made to consider any applicable state or other income tax laws, any state and local estate or inheritance tax, or other tax consequences of ownership or receipt of distributions under a contract. You should consult Your own tax advisor about Your own circumstances. We have included an additional discussion regarding taxes in the SAI.

ANNUITY CONTRACTS IN GENERAL

Deferred annuities are a way of setting aside money for future needs like retirement. Congress recognized how important saving for retirement is and provided special rules in the Internal Revenue Code for annuities.

Simply stated, these rules provide that generally You will not be taxed on the gain, if any, on the money held in Your annuity contract until You take the money out. This is referred to as tax deferral. There are different rules as to how You will be taxed depending on how You take the money out and the type of contract – qualified or nonqualified (discussed below).

You will generally not be taxed on increases in the value of Your contract until a distribution occurs – either as a surrender or as annuity payments.

When a non-natural person (e.g., corporation or certain other entities other than tax-qualified trusts) owns a nonqualified contract, the contract will generally not be treated as an annuity for tax purposes and any increase in the excess of the account value (*i.e.*, **accumulation value**) over the investment in the contract during the taxable year must generally be included in income. There are some exceptions to this rule and a prospective **owner** that is not a natural person should discuss these with a tax advisor.

Qualified and Nonqualified Contracts

If You invest in a variable annuity as part of an individual retirement plan, pension plan or employer-sponsored retirement program, Your contract is called a *Qualified Contract.* If Your annuity is independent of any formal retirement or pension plan, it is termed a *Non-qualified Contract*. The tax rules applicable to qualified contracts vary according to the type of retirement plan and the terms and conditions of the plan.

Qualified contracts are issued in connection with the plans listed below. There is additional information about qualified contracts in the Statement of Additional Information.

- Individual Retirement Annuity (IRA): A traditional IRA allows individuals to make contributions, which may be deductible, to the contract.
- Roth IRAs, as described in Code section 408A, permit certain eligible individuals to make non-deductible contributions to a Roth IRA in cash or as a rollover or transfer from another Roth IRA or other IRA. A rollover from or conversion of an IRA to a Roth IRA is generally subject to tax. A special rule permits taxation of Roth IRA conversions made during the 2010 tax year to be split between 2011 and 2012. The **owner** may wish to consult a tax adviser before combining any converted amounts with any other Roth IRA contributions, including any other conversion amounts from other tax years. Distributions from a Roth IRA generally are not taxed, except that, once aggregate distributions exceed contributions to the Roth IRA, income tax and a 10% penalty tax may apply to distributions made (1) before age 59½ (subject to certain exceptions) or (2) during the five taxable years starting with the year in which the first contribution is made to any Roth IRA. A 10% penalty tax may apply to amounts attributable to a conversion from an IRA if they are distributed during the five taxable years beginning with the year in which the conversion was made.
- Under Code section 403(b), payments made by public school systems and certain tax-exempt organizations to purchase annuity contracts for their employees are

excludable from the gross income of the employee, subject to certain limitations. However, these payments may be subject to FICA (Social Security) taxes. A Qualified Contract issued as a tax-sheltered annuity under section 403(b) will be amended as necessary to conform to the requirements of the Code. Code section 403(b)(11) restricts the distribution under Code section 403(b) annuity contracts of:

1. elective contributions made in years beginning after December 31, 1988;
2. earning on those contributions; and
3. earnings in such years on amounts held as of the last year beginning before January 1, 1989.

Distribution of those amounts may only occur upon death of the employee, attainment of age 59 ½, disability, severance from employment, or hardship. In addition, income attributable to elective contributions may not be distributed in the case of hardship. Other restrictions may apply. For contracts issued after 2008, amounts attributable to nonelective contributions may be subject to distribution restrictions specified in the employer's section 403(b) plan.

If Your contract was issued pursuant to a 403(b) plan, We generally are required to confirm, with Your 403(b) plan sponsor or otherwise, that withdrawals or transfers You request comply with applicable tax requirements and to decline requests that are not in compliance. We will defer such payments You request until all information required under the tax law has been received. By requesting a withdrawal or transfer, You consent to the sharing of confidential information about You, the contract, and transactions under the contract and any other 403(b) contracts or accounts You have under the 403(b) plan among Us, Your employer or plan sponsor, any plan administrator or recordkeeper, and other product providers.

- Under Code section 401(a), corporate employers and self-employed individuals can establish various types of retirement plans.
- Under Code section 457, governmental and tax-exempt organizations can establish deferred compensation plans.

The contract contains **death benefit** features that in some cases may exceed the greater of the premium payments or the **contract value**. These **death benefit** features could be characterized as an incidental benefit, the amount of which is limited in any pension, profit-sharing plan, or 403(b) plan. Because the **death benefit** may exceed this limitation, and its value may need to be considered in calculating required minimum distributions under all qualified contracts, employers using the contract in connection with such plans should consult their tax advisor. The Internal Revenue Service has not reviewed the contract for qualification as an IRA, and has not addressed in a ruling of general applicability whether a **death benefit** provision, such as the provisions in the contract, comports with IRA qualification requirements.

Minimum Distribution Rules and Eligible Rollover Distributions

Qualified contracts have minimum distribution rules that govern the timing and amount of distributions. If You are attempting to satisfy these rules before the **maturity date**, the value of any enhanced **death benefit** may need to be included in calculating the amount required to be distributed. Consult with and rely upon Your tax advisor. In addition, the **income for a specified period** option may not always satisfy minimum required distribution rules. Consult with and rely upon Your tax advisor before electing this option.

Distributions before age 59 ½ may be subject to a 10% penalty tax. Also, distributions from qualified contracts are generally subject to withholding. “Eligible rollover distributions” from corporate pension, profit sharing and H.R. 10 plans, 403(b) plans, and governmental 457 plans are subject to a mandatory federal income tax withholding of 20%. An eligible rollover distribution is any distribution from such a plan, except certain distributions such as distributions required by the Code, distributions in a specified annuity form, or hardship distributions.

The 20% withholding does not apply, however, to nontaxable distributions or if (i) the employee (or employee's spouse or former spouse as **beneficiary** or alternate **payee**) chooses a “direct rollover” from the plan to a tax-qualified plan, IRA, Roth IRA or tax sheltered annuity or to a governmental 457 plan that agrees to separately account for rollover contributions; or (ii) a non-spouse **beneficiary** chooses a “direct rollover” from the plan to an IRA established by the direct rollover.

Loans

If the amount or duration of the loan violates Internal Revenue Code requirements, then You may be subject to income tax or a penalty. Pursuant to new tax regulations, We generally are required to confirm, with Your 403(b) plan sponsor or otherwise, that loans You request from a 403(b) contract comply with applicable tax requirements before We process Your request. IRS authorities and the Department of Labor suggest that in certain circumstances a loan may result in adverse tax and ERISA consequences for Section 403(b) programs. A loan issued in connection with a 403(b) plan is generally subject to a limit of the lesser of $50,000 or 50% of the participant’s vested ownership in the 403(b) plan. The maximum loan amount may be lower if You currently have or have had a plan loan in the last 12 months. In addition, the Department of Labor has issued regulations governing plan participant loans under the retirement plans subject to ERISA and the Department of Labor’s regulations contain requirements for plan loans relating to their availability, amount and other matters. These requirements require, in part, that a loan from an ERISA-governed plan be made under a enforceable agreement, bear a reasonable rate of interest, be adequately secured, provide a reasonable payment schedule, and be made available on a basis that does not discriminate in favor of employees who are officers or shareholders or who are highly compensated. Failure to comply with these requirements may result in penalties under the Code and ERISA. You are responsible for determining whether Your plan is subject to, and complies with, ERISA and the Department of Labor’s regulations governing plan loans. You should consult a tax advisor before taking a loan.

Diversification and Distribution Requirements

The Internal Revenue Code provides that the underlying investments for a nonqualified variable annuity must satisfy certain diversification requirements in order to be treated as an annuity. The annuity must also meet certain distribution requirements at the death of an **owner** in order to be treated as an annuity contract. These diversification and distribution requirements are discussed in the SAI. Midland National may modify the contract to attempt to maintain favorable tax treatment.

Surrenders

If You make a partial surrender from a nonqualified contract before the annuity commencement date, the Internal Revenue Code treats that surrender as first coming from gain and then from Your premium payments for the purpose of tax reporting. When You make a partial surrender You are taxed on the amount of the surrender that is gain. If You make a full surrender, You are generally taxed on the amount that Your surrender proceeds exceed the “investment in the contract,” which is generally Your premiums paid (adjusted for any prior partial surrenders that came out of the premiums). Different rules apply for annuity payments. See "Annuity Payments" below.

In the case of a withdrawal under a qualified contract, a ratable portion of the amount received is taxable, generally based on the ratio of the "investment in the contract" to the individual's total account balance or accrued benefit under the retirement plan. The "investment in the contract" generally equals the amount of Your non-deductible premium payments. In many cases, the "investment in the contract" under a qualified contract can be zero.

The Internal Revenue Code also provides that surrendered gain may be subject to a penalty. The amount of the penalty is equal to 10% of the amount that is includable in income. Some surrenders will be exempt from the penalty. In general, in the case of a distribution from a non-qualified contract, this includes any amount:

- paid on or after the taxpayer reaches age 59½;
- paid after an **owner** dies;
- paid if the taxpayer becomes totally disabled (as that term is defined in the Internal Revenue Code);
- paid in a series of substantially equal payments made annually (or more frequently) under a lifetime annuity;
- paid under an immediate maturity; or
- which come from premium payments made prior to August 14, 1982.

Special rules may be applicable in connection with the exceptions enumerated above. Also, additional exceptions apply to distributions from a qualified contract. You should consult with and rely on Your tax advisor with regard to exceptions from the penalty tax.

Multiple Contracts
All nonqualified deferred contracts that are issued by Midland National (or its affiliates) to the same **owner** during any calendar year are treated as one annuity for purposes of determining the amount includable in the **owner's** income when a taxable distribution occurs.

Withholding
Distributions from qualified and nonqualified contracts are generally subject to withholding for Your federal income tax liability. The withholding rate varies according to the type of distribution and Your tax status. Except with respect to eligible rollover distributions, as described above, You will be provided the opportunity to elect not to have tax withheld from distributions when allowed by law.

Annuity Payments
Although the tax consequences may vary depending on the annuity payment option You select, in general, for nonqualified and certain qualified contracts, only a portion of the annuity payments You receive will be includable in Your gross income.

In general, the excludable portion of each annuity payment You receive will be determined as follows:

- Fixed payments – by dividing the "investment in the contract" on the **maturity date** by the total expected value of the annuity payments for the term of the payments. This is the percentage of each annuity payment that is excludable.

- Variable payments – by dividing the "investment in the contract" on the **maturity date** by the total number of expected periodic payments. This is the amount of each annuity payment that is excludable.

The remainder of each annuity payment is includable in gross income. Once the "investment in the contract" has been fully recovered, the full amount of any additional annuity payments is includable in gross income.

If You select more than one annuity payment option, special rules govern the allocation of the contract's entire "investment in the contract" to each such option, for purposes of determining the excludable amount of each payment received under that option. We advise You to consult a competent tax advisor as to the potential tax effects of allocation amounts to any particular annuity payment option.

If, after the annuity commencement date, annuity income payments stop because an **annuitant** has died, the excess (if any) of the "investment in the contract" as of the **annuitization** date over the aggregate amount of annuity payments received that was excluded from gross income is generally allowable as a deduction for Your last taxable year.

Medicare Tax

Beginning in 2013, distributions from non-qualified annuity contracts will be considered "investment income" for purposes of the newly enacted Medicare tax on investment income. Thus, in certain circumstances, a 3.8% tax may be applied to some or all of the taxable portion of distributions (*e.g.*, earnings) to individuals whose income exceeds certain threshold amounts. Please consult a tax advisor for more information.

Federal Defense of Marriage Act

The contract provides that upon your death, a surviving spouse may have certain continuation rights that he or she may elect to exercise for the contract's death benefit and any joint-life coverage under an optional living benefit. All contract provisions relating to spousal continuation are available only to a person who meets the definition of "spouse" under federal law. The federal Defense of Marriage Act currently does not recognize same-sex marriages or civil unions, even those which are permitted under individual state laws. Therefore, spousal continuation provisions in this contract will not be available to such partners or same-sex marriage spouses. Consult a tax adviser for more information on this subject.

Annuity Contracts Purchased by Nonresident Aliens and Foreign Corporations

The discussion above provided general information regarding U.S. federal income tax consequences to annuity **owners** that are U.S. persons. Taxable distributions made to **owners** who are not U.S. persons will generally be subject to U.S. federal income tax withholding at a 30% rate, unless a lower treaty rate applies. In addition, distributions may be subject to state and/or municipal taxes and taxes that may be imposed by the **owner's** country of citizenship or residence. Prospective foreign **owners** are advised to consult with a qualified tax advisor regarding U.S., state, and foreign taxation for any annuity contract purchase.

Taxation of Death Benefit Proceeds

Amounts may be distributed from the contract because of the death of the **annuitant** or an **owner**. Generally, such amounts should be includable in the income of the recipient:

- if distributed in a lump sum, these amounts are taxed in the same manner as a full surrender; or
- if distributed under an annuity payment option, these amounts are taxed in the same manner as annuity payments.

Transfers, Assignments or Exchange of Contracts

A transfer of ownership or absolute assignment of a contract, the designation of an **annuitant** or **payee** or other **beneficiary** who is not also the **owner**, the selection of certain **maturity dates**, or a change of **annuitant**, may result in certain income or gift tax consequences to the **owner** that are beyond the scope of this discussion. An **owner** contemplating any such transfer, assignment, selection, or change should contact a competent tax advisor with respect to the potential tax effects of such a transaction.

Possible Tax Law Changes

Although the likelihood of legislative changes is uncertain, there is always the possibility that the tax treatment of the contract could change by legislation or otherwise. You should consult a tax advisor with respect to legal developments and their effect on the contract.

Federal Estate Taxes

While no attempt is being made to discuss the Federal estate tax implications of the contract, a purchaser should keep in mind that the value of an annuity contract owned by a decedent and payable to a **beneficiary** by virtue of surviving the decedent is included in the decedent's gross estate. Depending on the terms of the annuity contract, the value of the annuity included in the gross estate may be the value of the lump sum payment payable to the designated **beneficiary** or the actuarial value of the payments to be received by the **beneficiary**. Consult with and rely on an estate-planning advisor for more information.

Generation- Skipping Transfer Tax

Under certain circumstances, the Code may impose a "generation-skipping transfer tax" when all or part of an annuity contract is transferred to, or a **death benefit** is paid to, an individual two or more generations younger than the **owner**. Regulations issued under the Code may require Us to deduct the tax from Your contract, or from any applicable payment, and pay it directly to the IRS.

Federal Estate, Gift and Generation-Skipping Transfer Taxes

For 2012, the federal estate tax, gift tax and generation-skipping transfer ("GST") tax exemptions and maximum rates are $5,120,000 and 35%, respectively. After 2012, in the absence of legislative action, the federal estate tax, gift tax and GST tax exemptions and rates will return to their 2001 levels (with inflation adjustments for the GST tax exemption but not for the estate or gift tax exemptions). This would result in significantly lower exemptions and significantly higher tax rates. Between now and the end of 2012, Congress may make the current exemptions and rates permanent, it may do nothing and allow the 2001 levels to go into effect, or it may change the applicable exemptions and/or tax rates.

The uncertainty as to how the current law might be modified in coming years underscores the importance of seeking guidance from a qualified adviser to help ensure that your estate plan adequately addresses your needs and those of your beneficiaries under all possible scenarios.

Separate Account Charges

It is possible that the Internal Revenue Service may take a position that fees for certain optional benefits are deemed to be taxable distributions to You. Although We do not believe that the fees associated with any optional benefit provided under the contract should be treated as taxable surrenders, You should consult Your tax advisor prior to selecting any optional benefit under the contract.

Foreign Tax Credits

We may benefit from any foreign tax credits attributable to taxes paid by certain funds to foreign jurisdictions to the extent permitted under federal tax law.

Annuity Purchases by Residents of Puerto Rico

The Internal Revenue Service has announced that income received by residents of Puerto Rico under life insurance or annuity contracts issued by a Puerto Rico branch of a United States life insurance company is U.S.-source income that is generally subject to United States Federal income tax.

MATURITY DATE

The **maturity date** is the date on which income payments will begin under the annuity option You have selected. The **maturity date** is generally the **contract anniversary** nearest the **annuitant's attained age** 90 (unless restricted by the laws of the state in which this contract is delivered). You may elect a different **maturity date** in the application or by sending a written request to Us at least 31 days before the requested new **maturity date**. The requested **maturity date** must be a **contract anniversary**. The requested **maturity date** cannot be later than the **annuitant's attained age** 90 and cannot be earlier than the 10^{th} **contract anniversary**. However, if You make a full surrender after the contract has been **inforce** for 3 years, and use the proceeds to purchase a life income annuity option from Us, then We will waive the contingent deferred sales charge. For qualified contracts the requested **maturity date** cannot be earlier than the **annuitant attained age** 59-1/2.

If You have not previously specified otherwise and have not elected certain systematic withdrawal options, then on the **maturity date** You may:

1. take the **contract value** in one lump sum, or
2. convert the **contract value** into an annuity payment option payable to the **annuitant** as described below.

ELECTING AN ANNUITY PAYMENT OPTION

You may apply the **contract value** to affect an annuity payment option. Unless You choose otherwise, on the **maturity date,** the amount of the proceeds from the General Account will be applied to a 10 year certain and life fixed annuity payment option and the amount of the proceeds from the **Separate Account** will be applied to a 10 year certain and life variable annuity payment option. The first monthly annuity payment will be made within one month after the **maturity date**. Variable payment options are not available in certain states.

Currently, the payment options are only available if the proceeds applied are $1,000 or more and the first periodic payment will be at least $20. We reserve the right to change the payment frequency so that payments are at least $20.

The **payee's** actual age will affect each payment amount for annuity payment options involving life income. The amount of each annuity payment to older **payees** will be greater than for younger **payees** because payments to older **payees** are expected to be fewer in number. For annuity payment options that do not involve a life annuity, the length of the payment period will affect the amount of each payment. With a shorter period, the amount of each annuity payment will be greater. Payments that occur more frequently will be smaller than those occurring less frequently.

The **payee** or any other person who is entitled to receive payment may name a **beneficiary** to receive any amount that We would otherwise pay to that person's estate if that person died. The person who is entitled to receive payment may change the **beneficiary** at any time.

Annuity payment options will be subject to Our rules at the time of selection. We must approve any arrangements that involve more than one of the payment options, or a **payee** who is not a natural person (for example, a corporation), or a **payee** who is a fiduciary or an assignee. Also, the details of all arrangements will be subject to Our rules at the time the arrangements take effect. This includes:

- rules on the minimum amount We will pay under an option;
- minimum amounts for installment payments, withdrawal or commutation rights (Your rights to receive payments over time, for which We may offer You a lump sum payment);
- the naming of people who are entitled to receive payment and their successors; and
- the ways of proving age and survival.

You choose an annuity payment option when You apply for a contract and may change it by writing to Our **Principal Office**. You must elect the payment option at least 30 days before the **maturity date**. If Your Contract is a Qualified Contract, payment options without a life contingency may not satisfy minimum required distribution rules. Consult a tax advisor before electing such an option.

Fixed Payment Options

Payments under the fixed options are not affected by the investment experience of any **investment division**. The **contract value** as of the **maturity date** will be applied to the fixed option selected. We guarantee interest under the fixed options at a rate of 2.75% a year. We may also credit interest under the fixed payment options at a rate that is above the 2.75% guaranteed rate (this is at Our complete discretion). Thereafter, interest or payments are fixed according to the annuity option chosen.

Variable Payment Options

Payments under the variable options will vary in amount depending on the investment experience of the **investment divisions** after the **maturity date**. Variable payment options are not available in certain states.

The annuity tables contained in the contract are based on a 5% (five percent) assumed investment rate. This is a base rate around which variable annuity payments will fluctuate to reflect whether the investment experience of the **investment divisions** is better or worse than the assumed investment rate. If the actual investment experience exceeds the assumed investment rate, then the payment will increase. Conversely, if the actual investment experience is less than the assumed rate, then payments will decrease.

We determine the amount of the first monthly variable payment by applying the value in each **investment division** (as of a date not more than 10 **business days** prior to the **maturity date**) to the appropriate rate (from the annuity tables in the contract) for the annuity payment options selected using the **payee's** age and sex (where permissible). The amount of the first payment will then be used to determine the number of **annuity units** for each **investment division**. The number of **annuity units** is used to determine the amount of subsequent variable payments.

The **annuity unit** value for each **investment division** will be initially set at $10. Thereafter the **annuity unit** value will vary with the investment experience of the **investment division** and will reflect the administrative and mortality and expense risk charge We make at an effective annual rate of 1.40% (charges for optional riders discontinue after the **maturity date**). The **annuity unit** value will increase if the net investment experience (investment experience minus the asset charge) is greater than the 5% assumed investment rate. The **annuity unit** value will decrease if the net investment experience is less than the 5% assumed investment rate.

The amount of each subsequent variable payment will be determined for each **investment division** by multiplying the number of **annuity units** by the **annuity unit** value.
Additional information on the variable annuity payments is contained in the SAI that can be obtained for free by contacting Us at Our **Principal Office**.

<u>Payment Options</u>
The following four payment options are available as Fixed Payment Options. The only payment option available under the Variable Payment Options is payment option 2.

1. **Income for Specified Period**: We pay installments for a specified period. We will pay the amount applied in equal installments plus applicable interest (excess interest may be paid at Our discretion), for a specified time, from 1 up to 30 years. This option may not satisfy required minimum distribution rules for qualified contracts. Consult a tax advisor before electing this option under a qualified contract.

2. **Payment of Life Income**: We will pay monthly income for life. You may choose from 1 of 2 ways to receive the income:
    1) **Life Annuity**: We will pay equal monthly payments during the lifetime of the **payee**. With a life annuity payment option, payments will only be made as long as the **payee** is alive. Therefore, if the **payee** dies after the first payment, then only one payment will be made.
    2) **Life Annuity With Certain Period:** We will pay equal monthly payments for a selected number of guaranteed payments, and then for as long as the **payee** is living thereafter.

3. **Joint and Survivor Income:** We will make monthly payments until the last surviving **payee's** death. **Therefore, if both payees die after the first payment, then only one payment will be made.** The **annuitant** must be at least 50 years old and the **beneficiary/payee** must be at least 45 years old at the time of the first monthly payment.

4. **Proceeds Left at Interest:** The proceeds will stay on deposit with Us for a period that We agree upon. You will receive interest at the rate of at least 2.75% a year on the proceeds.

TRANSFERS AFTER THE ANNUITIZATION FOR VARIABLE PAYMENT OPTIONS

After the **maturity date**, one transfer per **contract year** may be made among the **investment divisions**. Completed transfer requests received in **good order** at Our **Principal Office** before the New York Stock Exchange closes for regular trading (usually, 3:00 p.m. Central Time) are priced at the unit value determined at the close of that regular trading session of the New York Stock Exchange. If We receive Your completed transfer request in **good order** after the close of regular trading on the New York Stock Exchange, We will process the transfer at the unit value determined at the close of the next regular trading session of the New York Stock Exchange. The transfer request must be received at least 10 **business days** before the due date of the first annuity payment to which the change will apply. Transfers after the annuity payments have started will be based on the **annuity unit** values. There will be no transfer charge for this transfer. No transfers are allowed to or from a fixed annuity option to a variable annuity option or vice versa.

ADDITIONAL INFORMATION

MIDLAND NATIONAL LIFE INSURANCE COMPANY

We are Midland National Life Insurance Company, a stock life insurance company. We were organized in 1906, in South Dakota, as a mutual life insurance company at that time named "The Dakota Mutual Life Insurance Company." We were reincorporated as a stock life insurance company, in 1909. Our name "Midland National" was adopted in 1925. We were redomesticated to Iowa in 1999. We are licensed to do business in 49 states, the District of Columbia, and Puerto Rico. Our address is:

Midland National Life Insurance Company
4350 Westown Parkway
West Des Moines, IA 50266
Phone: (877) 586-0240 (toll-free)
Fax: (866) 270-9565 (toll-free)

Midland National is a subsidiary of Sammons Enterprises, Inc., Dallas, Texas. Sammons Enterprises has controlling or substantial stock interests in a large number of other companies engaged in the areas of insurance, corporate services, and industrial distribution.

Our Financial Condition

As an insurance company, We are required by state insurance regulation to hold a specified amount of reserves in order to meet all of the contractual obligations of Our General Account to Our contract **owners**. We monitor Our reserves so that We hold sufficient amounts to cover actual or expected contract and claims payments. It is important to note, however, that there is no guarantee that We will always be able to meet Our claims-paying obligations, and that there are risks to purchasing any insurance product.

State insurance regulators also require insurance companies to maintain a minimum amount of capital, which acts as a cushion in the event that the insurer suffers a financial impairment, based on the inherent risks in the insurer's operations. These risks include those associated with losses that We may incur as the result of defaults on the payment of interest or principal on Our General Account assets, as well as the loss in market value of those investments. We may also experience liquidity risk if Our General Account assets cannot be readily converted into cash to meet obligations to Our contract **owners** or to provide collateral necessary to finance Our business operations.

We encourage both existing and prospective contract **owners** to read and understand Our financial statements, which are included in the Statement of Additional Information ("SAI"). You can obtain a free copy of the SAI by writing to Us at Our **Principal Office**, calling Us at (877) 586-0240, or faxing Us at (866) 270-9565.

Our General Account

Our general account consists of all of Our investment assets that are not allocated to **separate accounts**. The general account supports all of Our insurance obligations that are not supported by a **Separate Account** including Our obligations to pay the benefits under this contract offered by the optional riders. All contract guarantees, including the optional rider benefits, are backed by the claims-paying ability of Midland National Life Insurance Company. You do not have any interest in Our general account.

FUND VOTING RIGHTS

We invest the assets of Our **Separate Account investment divisions** in shares of the Funds' portfolios. Midland National is the legal **owner** of the shares and has the right to vote on certain matters. Among other things, We may vote:

- to elect the Funds' Board of Directors,
- to ratify the selection of independent auditors for the Funds,
- on any other matters described in the Funds' current prospectuses or requiring a vote by shareholders under the Investment Company Act of 1940, and
- in some cases, to change the investment objectives and policies.

Even though We own the shares, We give You the opportunity to tell Us how to vote the number of shares that are allocated to Your contract. We will vote at shareholders meetings according to Your instructions.

The Funds will determine how often shareholder meetings are held. As We receive notice of these meetings, We will ask for Your voting instructions. The Funds are not required to hold a meeting in any given year.

If We do not receive instructions in time from all contract **owners**, then We will vote those shares in the same proportion as We vote shares for which We have received instructions in that portfolio. We will also vote any Fund shares that We alone are entitled to vote in the same proportions that contract **owners** vote. The effect of this proportional voting is that a small number of contract **owners** may control the outcome of a vote. If the federal securities laws or regulations or interpretations of them change so that We are permitted to vote shares of the Fund in Our own right or to restrict **owner** voting, then We may do so.

How We Determine Your Voting Shares

You may participate in voting on matters concerning the Fund portfolios in which Your **contract value** has been invested. We determine Your voting shares in each division by dividing the amount of Your **contract value** allocated to that division by the net asset value of one share of the corresponding Fund portfolio. This is determined as of the record date set by the Fund's Board of Directors for the shareholders meeting. We count fractional shares.

If You have a voting interest, then We will provide You proxy material and a form for giving Us voting instructions. In certain cases, We may disregard instructions relating to changes in the Fund's adviser or the investment policies of its portfolios. We will advise You if We do.

Voting Privileges of Participants in Other Companies

Other insurance companies own shares in the Funds to support their variable life insurance and variable annuity products. We do not foresee any disadvantage to this. Nevertheless, each Fund's Board of Directors will monitor events to identify conflicts that may arise and determine appropriate action. If We disagree with any Fund action, then We will see that appropriate action is taken to protect Our contract **owners**. If We ever believe that any of the Funds' portfolios are so large as to materially impair its investment performance, then We will examine other investment options.

OUR REPORTS TO OWNERS

Shortly after the end of each **contract year**, We will send a report that shows

- Your **contract value**, and
- Any transactions involving Your **contract value** that occurred during the year. Transactions include Your premium allocations, transfers and withdrawals made in that year.

The quarterly statements are sent instead of sending a confirmation of certain transactions (such as the monthly deduction and premium payments by checking account deductions or Civil Service Allotments). Confirmation notices will be sent to You for premiums, transfers of amounts between **investment divisions** and certain other contract transactions.

We will also send You semi-annual reports with financial information on the Funds.

CONTRACT PERIODS, ANNIVERSARIES

We measure **contract years**, **contract months** and contract anniversaries from the **contract date** shown on Your contract's information page. Each **contract month** begins on the same day in each **contract month**. The calendar days of 29, 30, and 31 are not used. If Your initial premium is received on one of those dates, Your **contract anniversary** day will be the first day of the next month.

DIVIDENDS

We do not pay any dividends on the contract described in this prospectus.

PERFORMANCE

Performance information for the **investment divisions** may appear in reports and advertising to current and prospective **owners**. The performance information is based on the historical investment experience of the **investment division** and the portfolios and does not indicate or represent future performance.

Total returns are based on the overall dollar or percentage change in value of a hypothetical investment. Total return quotations reflect change in portfolio share price, the automatic reinvestment by the **Separate Account** of all distributions and the deduction of applicable charges (including any contingent deferred sales charges that would apply if You surrendered the contract at the end of the period indicated). Quotations of total return may also be shown that do not take into account certain contractual charges such as the contingent deferred sales charge. The total return percentage will be higher under this method than under the standard method described above.

A cumulative total return reflects performance over a stated period of time. If the performance had been constant over the entire period, then an average annual total return reflects the hypothetical annually compounded return that would have produced the same cumulative total return. Because average annual total returns tend to smooth out variations in an **investment division's** return, You should recognize that they are not the same as actual year-by-year results.

Some **investment divisions** may also advertise yield. These measures reflect the income generated by an investment in the **investment divisions** over a specified period of time. This income is annualized and shown as a percentage. Yields do not take into account capital gains or losses or the contingent deferred sales charge. The standard quotations of yield reflect the annual maintenance charge.

The Fidelity VIP Money Market **investment division** may advertise its current and effective yield. Current yield reflects the income generated by an investment in the **investment division** over a 7-day period. Effective yield is calculated in a similar manner except that income earned is assumed to be reinvested. The Fidelity VIP Investment Grade Bond and the Fidelity VIP High Income **Investment divisions** may advertise a 30-day yield, which reflects the income generated by an investment in the **investment division** over a 30-day period.

We may disclose average annual total returns for one or more of the **investment division**s based on the performance of a portfolio since the time the **Separate Account** commenced operations.

We may also advertise performance figures for the **investment division** based on the performance of a portfolio prior to the time the **Separate Account** commenced operations.

CHANGE OF ADDRESS NOTIFICATION

To protect You from fraud and theft, We may verify any changes in address You request by sending a confirmation of the change of address to both Your old and new addresses. We may also call You to verify the change of address.

MODIFICATION TO YOUR CONTRACT

Upon notice to You, We may modify Your contract to:

1. permit the contract or the **Separate Account** to comply with any applicable law or regulation issued by a government agency;
2. assure continued qualification of the contract under the Tax Code or other federal or state laws relating to retirement annuities or variable annuity contracts;
3. reflect a change in the operation of the **Separate Account**; or
4. provide additional investment options.

In the event of such modifications, We will make an appropriate endorsement to the contract.

YOUR BENEFICIARY

You name Your **beneficiary** in Your contract application. The **beneficiary** is entitled to the **death benefit** of the contract. A **beneficiary** is revocable unless otherwise stated in the **beneficiary** designation. You may change the revocable **beneficiary** during the **annuitant's** and **owner's** lifetime. We must receive **written notice** informing Us of the change. Upon receipt and acceptance at Our **Principal Office**, a change takes effect as of the date that the **written notice** was signed. We will not be liable for any payment made before We receive and accept the **written notice**. If no primary **beneficiary** is living when the **annuitant** or an **owner** dies, the **death benefit** will be paid to the contingent **beneficiary**, if any. If no **beneficiary** is living when the **annuitant** or **owner** dies, then We will pay the **death benefit** to the **owner**.

If no **beneficiary** is living when the **annuitant** or **owner** dies, then We will pay the **death benefit** to the **owner's** estate. If there are joint **owners**, the surviving joint **owner**, if any, will be considered the designated primary **beneficiary**, unless the joint **owners** have otherwise designated a primary **beneficiary** either on the application or by sending Us a **written notice**. If a person other than a joint **owner** is named primary **beneficiary**, the surviving **owner** will not be entitled to proceeds upon the death of the first **owner**.

ASSIGNING YOUR CONTRACT

You may assign Your rights in a nonqualified contract. You must send a copy of the assignment to Our **Principal Office**. The assignment does not take effect until We accept and approve it. We reserve the right, except to the extent prohibited by applicable laws, regulations, or actions of the State insurance commissioner, to refuse assignments or transfers at any time on a non-discriminatory basis. We are not responsible for the validity of the assignment or for any payment We make or any action We take before We record notice of the assignment. An absolute assignment is a change of ownership. There may be tax consequences.

This contract, or any of its riders, is not designed for resale, speculation, arbitrage, viatical settlements or any other type of collective investment scheme. This contract may not be traded on any stock exchange or secondary market.

WHEN WE PAY PROCEEDS FROM THIS CONTRACT

We will generally pay any **death benefits** withdrawals, surrenders or loans within seven days after receiving the required form(s) in **good order** at Our **Principal Office**. The **death benefits** is determined as of the date We receive due **proof of death**, an election of a settlement option, and any other required forms or documentation. If We do not receive a written election and all other required forms within 90 days after receipt of due **proof of death**, then a lump sum payment will be paid as of that date.

We may delay payment or transfers for one or more of the following reasons:

1) We cannot determine the amount of the payment because:
    a) the New York Stock Exchange is closed,
    b) trading in securities has been restricted by the SEC, or
    c) the SEC has declared that an emergency exists,
2) the SEC by order permits Us to delay payment to protect Our **owners**, or
3) Your premium check(s) have not cleared Your bank.

If, pursuant to SEC rules, the Fidelity VIP Money Market Fund suspends payment of redemption proceeds in connection with a liquidation of the Fund, then We will delay payment of any transfer, partial withdrawal, surrender, loan, or **death benefit** from the corresponding **investment division** until the Fund is liquidated.

Federal laws designed to counter terrorism and prevent money laundering by criminals might in certain circumstances require Us to reject a premium payment and/or "freeze" a contract **owner's** account. If these laws apply in a particular situation, We would not be allowed to process any request for a withdrawal, surrender, loan or **death benefit**, make transfers, or continue making annuity payments. If a contract or account is frozen, the **cash value** would be moved to a special segregated interest bearing account and held in that account until We receive instructions from the appropriate federal regulator. We may also be required to provide information about You and Your contract to government agencies and departments.

We may defer payment of any withdrawal or surrender from the General Account, for up to 6 months after We receive Your request.

DISTRIBUTION OF THE CONTRACTS

We have entered into a distribution agreement with Our affiliate, Sammons Securities Company, LLC ("Sammons Securities Company") for the distribution and sale of the contracts. Sammons Securities Company is an indirect wholly owned subsidiary of Sammons Enterprises, Inc., of Dallas, Texas, the ultimate parent company of Midland National Life Insurance Company. Sammons Securities Company offers the contracts through its registered representatives. Sammons Securities Company may enter into written sales agreements with other broker-dealers ("selling firms") for the sale of the contracts. We pay commissions to Sammons Securities Company for sales of the Contracts by its registered representatives as well as by selling firms.

Sales commissions may vary, but the maximum commission payable for contract sales is 8.35% of premiums payments. Where lower commissions are paid, We may also pay trail commissions. We may also pay additional amounts and reimburse additional expenses of Sammons Securities Company based on various factors.

We also pay for some of Sammons Securities Company's operating and other expenses, including the following sales expenses: sales representative training allowances; compensation and bonuses for the Sammons Securities Company's management team; advertising expenses; and all other expenses of distributing the contracts. Sammons Securities Company pays its registered representatives all or a portion of the commissions received for their sales of contracts. Registered representatives and their managers are also eligible for various cash benefits, such as bonuses, insurance benefits and financing arrangements, and non-cash compensation items that We may provide jointly with Sammons Securities Company.

Non-cash items that We and Sammons Securities Company may provide include conferences, seminars and trips (including travel, lodging and meals in connection therewith), entertainment, merchandise and other similar items. In addition, Sammons Securities Company's registered representatives who meet certain productivity, persistency and length of service standards and/or their managers may be eligible for additional compensation. Sales of the contracts may help registered representatives and/or their managers qualify for such benefits. Sammons Securities Company's registered representatives and managers may receive other payments from Us for services that do not directly involve the sale of the contracts, including payments made for the recruitment and training of personnel, production of promotional literature and similar services.

A portion of the payments made to selling firms may be passed on to their registered representatives in accordance with their internal compensation programs. Those programs may also include other types of cash and non-cash compensation and other benefits. Ask Your registered representative for further information about what Your registered representative and the selling firm for which he or she works may receive in connection with Your purchase of a contract.

In addition to ordinary commissions, Sammons Securities Company operating and other expenses and non-cash items, We provide payments to certain third parties for training, product development, marketing and development efforts with selling firms, and other wholesaling and relationship management services. It is possible that these third parties, or their personnel, may also act as Your registered investment advisor providing advice with respect to fund allocations in the contract. Please be certain to review Your registered investment advisor's Form ADV Part II carefully for disclosure about their compensation and conflicts of interest in connection with the contracts. Also note that Your investment advisor could also be the broker-dealer, or a registered representative of the broker-dealer, who sold You the contract; in that case, they would also receive commissions and other compensation for selling You the contract, in addition to any investment advisory fees that You pay to Your registered investment advisor (either directly or through partial surrenders of Your **accumulation value** in the contract).

We intend to recoup commissions and other sales expenses indirectly through the following fees and charges deducted under the contract: (a) the contingent deferred sales charge; (b) the mortality and expense charge; (c) the administrative charge; (d) payments, if any, received from the underlying portfolios or their managers; and (e) investment earnings on amount allocated to the General Account. Commissions and other incentives or payments described above are not charged directly to You or the **Separate Account** but they are reflected in the fees and charges that You do pay directly or indirectly.

REGULATION

We are regulated and supervised by the Iowa Insurance Department. We are subject to the insurance laws and regulations in every jurisdiction where We sell contracts. This contract has been filed with and approved by insurance officials in those states. The provisions of this contract may vary somewhat from jurisdiction to jurisdiction.

We submit annual reports on Our operations and finances to insurance officials in all the jurisdictions where We sell contracts. The officials are responsible for reviewing Our reports to be sure that We are financially sound and are complying with the applicable laws and regulations. We are also subject to various federal securities laws and regulations.

DISCOUNT FOR EMPLOYEES OF SAMMONS ENTERPRISES, INC.

Employees of Sammons Enterprises, Inc., and its subsidiaries, may receive a premium contribution to the contract of 100% of the first year commission that would normally have been paid on the employee's first year premiums. Midland National is a subsidiary of Sammons Enterprises, Inc., and additional premium payments contributed solely by Us will be paid into the employee's contract during the first year.

LEGAL PROCEEDINGS

Midland National Life Insurance Company and its subsidiaries, like other life insurance companies, may be involved in lawsuits, including class action lawsuits. In some class action and other lawsuits involving insurers, substantial damages have been sought and/or material settlement payments have been made. Although the outcome of any litigation cannot be predicted with certainty, Midland National Life Insurance Company believes that, as of the date of this prospectus, there are not pending or threatened lawsuits that will have a materially adverse impact on the **Separate Account**, on the ability of Sammons Securities Company, LLC to perform under its distribution agreement, or on the ability of the Company to meet its obligations under the contract.

LEGAL MATTERS

The law firm of Sutherland Asbill & Brennan LLP, Washington, DC, has provided advice regarding certain matters relating to the federal securities laws.

FINANCIAL STATEMENTS

The financial statements of Midland National Life **Separate Account** C and Midland National Life Insurance Company, included in the registration statement, have been audited by PricewaterhouseCoopers, LLP, an independent registered public accounting firm, for the periods indicated in their report, which appears in the registration statement. The address for PricewaterhouseCoopers LLP is:

One North Wacker Drive
Chicago, IL 60606

The financial statements audited by PricewaterhouseCoopers LLP have been included in reliance on their reports given upon their authority as experts in accounting and auditing.

STATEMENT OF ADDITIONAL INFORMATION

A free copy of the Statement of Additional Information is available which contains more details concerning the subjects discussed in this prospectus. The Statement of Additional Information can be acquired by checking the appropriate box on the application form, or by writing Our **Principal Office**, or by calling the Statement of Additional Information Toll Free number at 1-877-586-0240. The following is the Table of Contents for the Statement of Additional Information:

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CONDENSED FINANCIAL INFORMATION

The following tables of condensed financial information show **accumulation unit** values for each **investment division** for the period since the **investment division** started operation. An **accumulation unit** value is the unit We use to calculate the value of Your interest in a subaccount prior to the **maturity date**.

Investment Division	Accumulation Unit Value at Beginning of Period	Accumulation Unit Value at End of Period	Number of Accumulation Units at End of Period
Fidelity VIP Money Market			
2002	13.50	13.53	775,813
2003	13.53	13.39	534,687
2004	13.39	13.45	380,133
2005	13.45	13.52	345,985
2006	13.52	13.97	316,322
2007	13.97	14.89	408,608
2008	14.89	14.80	605,499
2009	14.80	14.45	334,867
2010	14.45	14.60	233,796
2011	14.60	14.42	200,288
Fidelity VIP High Income			
2002	10.30	10.50	287,561
2003	10.50	13.18	309,646
2004	13.18	14.24	300,823
2005	14.24	14.42	239,638
2006	14.42	15.81	206,295
2007	15.81	16.05	178,986
2008	16.05	11.89	166,580
2009	11.89	16.83	161,028
2010	16.83	18.89	124,568
2011	18.89	19.37	121,786
Fidelity VIP Equity-Income			
2002	23.50	19.24	856,412
2003	19.24	24.73	767,696
2004	24.73	27.19	731,176
2005	27.19	28.39	601,583
2006	28.39	33.64	488,726
2007	33.64	33.68	396,388
2008	33.68	19.04	276,760
2009	19.04	24.45	254,462
2010	24.45	27.76	218,296
2011	27.76	27.63	195,984
Fidelity VIP Growth			
2002	24.28	16.73	1,275,719
2003	16.73	21.92	1,141,068
2004	21.92	22.34	1,029,800
2005	22.34	23.31	793,023
2006	23.31	24.56	610,233
2007	24.56	30.74	535,332
2008	30.74	16.01	385,976
2009	16.01	20.27	353,177
2010	20.27	24.80	294,247
2011	24.80	24.50	232,064

Fidelity VIP Overseas

2002	13.42	10.55	265,757
2003	10.55	14.91	240,310
2004	14.91	16.71	232,557
2005	16.71	19.61	208,652
2006	19.61	22.83	203,592
2007	22.83	26.41	206,085
2008	26.41	14.63	176,748
2009	14.63	18.26	153,424
2010	18.26	20.36	126,923
2011	18.26	16.63	101,366

Fidelity VIP Mid Cap

2002	9.54	8.48	388,673
2003	8.48	11.59	389,660
2004	11.59	14.28	423,627
2005	14.28	16.65	480,964
2006	16.65	18.50	423,567
2007	18.50	21.09	401,819
2008	21.09	12.58	300,184
2009	12.58	17.40	237,516
2010	17.40	22.10	214,313
2011	22.10	19.48	169,902

Fidelity VIP Asset Manager℠

2002	16.75	15.07	389,162
2003	15.07	17.53	336,590
2004	17.53	18.23	287,405
2005	18.23	18.70	209,016
2006	18.70	19.79	172,970
2007	19.79	22.54	135,699
2008	22.54	15.84	101,472
2009	15.84	20.28	87,717
2010	20.28	22.72	63,339
2011	20.28	21.83	52,748

Fidelity VIP Investment Grade Bond

2002	14.82	16.12	555,495
2003	16.12	16.72	453,756
2004	16.72	17.22	404,640
2005	17.22	17.35	358,621
2006	17.35	17.85	315,334
2007	17.85	18.37	312,806
2008	18.37	17.52	270,466
2009	17.52	19.99	236,575
2010	19.99	21.25	194,782
2011	21.25	22.49	168,564

Fidelity VIP Contrafund®

2002	21.69	19.39	755,297
2003	19.39	24.56	689,941
2004	24.56	27.96	699,654
2005	27.96	32.24	669,043
2006	32.24	35.52	593,944
2007	35.52	41.15	519,013
2008	41.15	23.36	422,432
2009	23.36	31.24	384,516
2010	31.24	36.10	330,445
2011	36.10	34.69	291,843

Fidelity VIP Asset Manager: Growth®

2002	17.36	14.46	209,849
2003	14.46	17.59	180,339
2004	17.59	18.38	154,744
2005	18.38	18.82	121,952
2006	18.82	19.86	89,683
2007	19.86	23.29	72,369
2008	23.29	14.74	59,455
2009	14.74	19.32	54,970
2010	19.32	22.16	47,891
2011	22.16	20.50	41,117

Fidelity VIP Index 500

2002	25.25	19.36	1,062,829
2003	19.36	24.51	929,993
2004	24.51	26.73	867,399
2005	26.73	27.63	732,117
2006	27.63	31.53	629,400
2007	31.53	32.78	496,274
2008	32.78	20.36	386,078
2009	20.36	25.42	337,264
2010	25.42	28.83	281,640
2011	28.83	29.01	232.236

Fidelity VIP Growth & Income

2002	14.54	11.95	463,086
2003	11.95	14.59	421,946
2004	14.59	15.22	254,646
2005	15.22	16.15	313,193
2006	16.15	18.02	251,019
2007	18.02	19.92	211,451
2008	19.92	11.45	172,984
2009	11.45	14.36	142,890
2010	14.36	16.27	114,935
2011	16.27	16.30	96,300

Fidelity VIP Balanced

2002	12.54	11.29	264,774
2003	11.29	13.10	266,803
2004	13.10	13.62	384,072
2005	13.62	14.21	231,753
2006	14.21	15.65	228,555
2007	15.65	16.83	176,411
2008	16.83	10.96	139,572
2009	10.96	15.06	126,505
2010	15.06	17.43	108,115
2011	17.43	16.57	84,770

Fidelity VIP Growth Opportunities

2002	10.70	8.25	356,436
2003	8.25	10.56	324,087
2004	10.56	11.16	300,111
2005	11.16	11.98	254,735
2006	11.98	12.46	208,091
2007	12.46	15.13	183,680
2008	15.13	6.71	160,939
2009	6.71	9.66	153,434
2010	9.66	11.77	137,333
2011	11.77	11.88	115,862

American Century VP Capital Appreciation			
2002	13.54	10.52	175,096
2003	10.52	12.50	144,988
2004	12.50	13.26	127,295
2005	13.26	15.96	120,456
2006	15.96	18.44	112,974
2007	18.44	26.51	107,379
2008	26.51	14.20	106,958
2009	14.20	19.01	92,028
2010	19.01	24.61	82,165
2011	24.61	22.69	58,600
American Century VP Value			
2002	16.05	13.83	270,661
2003	13.83	17.58	260,992
2004	17.58	19.82	246,592
2005	19.82	20.53	302,500
2006	20.53	24.02	294,140
2007	24.02	22.46	275,920
2008	22.46	16.22	226,866
2009	16.22	19.17	176,298
2010	19.17	21.43	137,846
2011	21.43	21.35	119,637
American Century VP Balanced			
2002	12.89	11.50	93,341
2003	11.50	13.54	103,627
2004	13.54	14.66	127,295
2005	14.66	15.17	83,741
2006	15.17	16.39	71,204
2007	16.39	16.96	56,970
2008	16.96	13.32	40,846
2009	13.32	15.17	35,262
2010	15.17	16.70	24,592
2011	16.70	17.34	18,936
American Century VP International			
2002	11.85	9.31	232,073
2003	9.31	11.43	212,119
2004	11.43	12.95	193,997
2005	12.95	14.46	215,776
2006	14.46	17.82	244,512
2007	17.82	20.75	246,751
2008	20.75	11.29	286,505
2009	11.29	14.89	242,967
2010	14.89	16.63	209,152
2011	16.63	14.42	158,080
American Century VP Income & Growth			
2002	11.05	8.79	152,009
2003	8.79	11.21	141,643
2004	11.21	12.49	142,103
2005	12.49	12.88	130,703
2006	12.88	14.87	117,593
2007	14.87	14.65	98,559
2008	14.65	9.45	80,660
2009	9.45	11.00	64,178
2010	11.00	12.39	53,847
2011	12.39	12.59	48,218

MFS VIT Growth			
2002	11.38	7.43	479,968
2003	7.43	9.54	424,878
2004	9.54	10.63	375,608
2005	10.63	11.44	300,739
2006	11.44	12.17	252,674
2007	12.17	14.54	185,869
2008	14.54	8.97	138,855
2009	8.97	12.18	121,139
2010	12.18	13.85	102,579
2011	13.85	13.62	82,209
MFS VIT Research			
2002	10.50	7.81	226,843
2003	7.81	9.60	193,197
2004	9.60	10.97	159,974
2005	10.97	11.66	155,377
2006	11.66	12.70	126,997
2007	12.70	14.17	87,411
2008	14.17	8.93	68,193
2009	8.93	11.64	55,605
2010	11.64	13.14	47,546
2011	13.14	12.90	41,694
MFS VIT Investors Trust			
2002	9.91	7.72	104,280
2003	7.72	9.30	96,611
2004	9.30	10.21	89,168
2005	10.21	10.80	80,632
2006	10.80	12.04	72,289
2007	12.04	13.09	55,522
2008	13.09	8.64	44,752
2009	8.64	10.81	30,954
2010	10.81	11.84	26,011
2011	11.84	11.42	20,634
MFS VIT New Discovery			
2002	19.96	13.45	190,967
2003	13.45	17.74	196,636
2004	17.74	18.63	196,685
2005	18.63	19.33	159,135
2006	19.33	21.58	132,396
2007	21.58	21.81	116,150
2008	21.81	13.05	82,782
2009	13.05	21.01	85,802
2010	21.01	28.23	83,256
2011	28.23	24.98	70,815
Lord Abbett Growth and Income			
2002	13.86	11.20	327,700
2003	11.20	14.47	312,118
2004	14.47	16.08	311,322
2005	16.08	16.36	281,715
2006	16.36	18.92	268,719
2007	18.92	19.30	224,835
2008	19.30	12.09	158,361
2009	12.09	14.19	133,305
2010	14.19	16.42	107,298
2011	16.42	15.21	85,428

Lord Abbett Mid Cap Stock			
2002	16.45	14.64	324,812
2003	14.64	18.00	324,416
2004	18.00	22.02	345,416
2005	22.02	23.50	368,432
2006	23.50	26.00	300,646
2007	26.00	25.78	280,830
2008	25.78	15.42	211,045
2009	15.42	19.25	158,598
2010	19.25	23.81	129,509
2011	23.81	22.53	105,364
Lord Abbett International			
2002	6.56	5.32	31,288
2003	5.32	7.41	32,307
2004	7.41	8.80	46,053
2005	8.80	11.00	78,953
2006	11.00	13.99	139,474
2007	13.99	14.44	144,439
2008	14.44	6.91	91,468
2009	6.91	9.99	79,627
2010	9.99	11.95	71,514
2011	11.95	9.93	61,618
Alger Growth Portfolio			
2002	7.05	4.66	157,878
2003	4.66	6.21	239,077
2004	6.21	6.46	231,091
2005	6.46	7.13	304,784
2006	7.13	7.40	284,242
2007	7.40	8.75	325,380
2008	8.75	4.60	219,694
2009	4.60	6.76	251,616
2010	6.76	7.56	132,074
2011	7.56	7.43	148,990
Alger Mid Cap Portfolio			
2002	8.01	5.56	164,604
2003	5.56	8.11	314,939
2004	8.11	9.03	287,398
2005	9.03	9.78	284,155
2006	9.78	10.62	299,814
2007	10.62	13.78	352,640
2008	13.78	5.66	279,960
2009	5.66	8.46	295,404
2010	8.46	9.96	220,389
2011	9.96	9.01	224,802
Alger Capital Appreciation Portfolio			
2002	6.22	4.05	397,144
2003	4.05	5.39	446,609
2004	5.39	5.74	352,959
2005	5.74	6.48	362,784
2006	6.48	7.62	317,124
2007	7.62	10.04	424,627
2008	10.04	5.43	380,778
2009	5.43	8.10	378,885
2010	8.10	9.10	269,297
2011	9.10	8.94	216,538

Alger Small Cap Portfolio			
2002	5.52	4.02	63,605
2003	4.02	5.64	179,885
2004	5.64	6.48	191,203
2005	6.48	7.47	236,311
2006	7.47	8.84	245,440
2007	8.84	10.22	233,105
2008	10.22	5.38	171,466
2009	5.38	7.72	154,726
2010	7.72	9.54	121,021
2011	9.54	9.10	106,059
Invesco V.I. Dividend Growth Fund			
2002(1)	10.00	8.36	19,805
2003	8.36	10.68	28,861
2004	10.68	11.45	28,903
2005	11.45	11.96	31,039
2006	11.96	13.73	29,385
2007	13.73	10.53	38,017
2008	10.53	4.21	36,098
2009	4.21	5.29	51,946
2010	5.29	5.75	48,513
2011	5.75	5.55	35,247
Invesco V.I. Global Health Care Fund			
2002(1)	10.00	8.13	10,812
2003	8.13	10.24	35,646
2004	10.24	10.86	51,621
2005	10.86	11.58	59,653
2006	11.58	12.02	51,358
2007	12.02	13.25	47,038
2008	13.25	9.33	33,563
2009	9.33	11.74	24,977
2010	11.74	12.19	19,641
2011	12.19	12.50	16,467
Van Eck Worldwide Hard Assets Fund			
2002(1)	10.00	8.53	4,709
2003	8.53	12.19	8,208
2004	12.19	14.90	28,482
2005	14.90	22.29	87,559
2006	22.29	27.36	111,018
2007	27.36	39.21	136,447
2008	39.21	20.83	141,118
2009	20.83	32.36	153,345
2010	32.36	41.23	139,833
2011	41.23	33.97	103,955
PIMCO High Yield Portfolio			
2003(2)	10.00	10.87	87,433
2004	10.87	11.74	92,833
2005	11.74	12.05	52,379
2006	12.05	12.96	95,280
2007	12.96	13.23	135,140
2008	13.23	9.98	137,852
2009	9.98	13.81	137,472
2010	13.81	15.59	125,782
2011	15.59	15.89	139,208

PIMCO Low Duration Portfolio			
2003(2)	10.00	9.97	6,557
2004	9.97	10.01	22,888
2005	10.01	9.97	19,947
2006	9.97	10.22	10,988
2007	10.22	10.82	6,828
2008	10.82	10.62	5,527
2009	10.62	11.87	4,343
2010	11.87	12.33	6,395
2011	12.23	12.29	4,685
PIMCO Real Return Portfolio			
2003(2)	10.00	10.48	7,589
2004	10.48	11.25	46,876
2005	11.25	11.33	89,754
2006	11.33	11.25	120,513
2007	11.25	12.27	94,065
2008	12.27	11.24	99,652
2009	11.24	13.13	156,696
2010	13.13	14.00	169,195
2011	14.00	15.41	99,196
PIMCO Total Return Portfolio			
2003(2)	10.00	10.10	25,888
2004	10.10	10.45	70,149
2005	10.45	10.37	164,873
2006	10.37	10.68	251,716
2007	10.68	11.46	287,014
2008	11.46	11.24	313,236
2009	11.24	13.47	289,970
2010	13.47	14.36	257,161
2011	14.36	14.67	240,636
Goldman Sachs Structured Small Cap Equity Fund			
2006(3)	10.00	9.90	12,987
2007	9.90	8.15	22,571
2008	8.15	5.31	26,980
2009	5.31	6.68	16,988
2010	6.68	8.56	46,008
2011	8.56	8.50	8,877
Neuberger Berman Mid Cap Intrinsic Value Portfolio			
2006(3)	10.00	10.17	543
2007	10.17	10.37	2,236
2008	10.37	5.54	1,189
2009	5.54	8.00	1,187
2010	8.00	9.96	19,069
2011	9.96	9.18	0

1. Period from 5/1/2002 to 12/31/2002
2. Period from 5/1/03 to 12/31/03
3. Period from 05/01/06 to 12/31/06

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