

**BERKSHIRE HATHAWAY LIFE INSURANCE COMPANY OF NEBRASKA**  
**A Stock Company**  
**3024 Harney Street**  
**Omaha, Nebraska 68131**  
**(402) 536-3100**

**SINGLE PREMIUM DEFERRED ANNUITY CONTRACT**

Berkshire Hathaway Life Insurance Company of Nebraska (herein called "BHLN") agrees that it will pay the Contract Value described in this Contract subject to the Contract's terms and conditions.

This Contract is a legal contract between Berkshire Hathaway Life Insurance Company of Nebraska and Owner. Please read this Contract carefully.

Contract No.:	Application Date:
Contract Date:	Maturity Date:
Premium Due Date:	Premium:
Interest Rate for First Interval Period:	
Interval Period:[Fixed Rate or Adjustable Rate -- ____ Years]	
Owner:	Owner Social Security No.:
Payee:	Payee Social Security No.:

Signed for Berkshire Hathaway Life Insurance Company of Nebraska

\_\_\_\_\_  
Assistant Secretary

\_\_\_\_\_  
President

10 DAY RIGHT TO EXAMINE CONTRACT

If the Owner returns the Contract to BHLN within ten (10) days after its receipt and requests in writing that BHLN cancel the Contract, BHLN will do so and refund the amount received to purchase the Contract.

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**CONTRACT**

**The Entire Contract:** This Contract and the attached application make up the entire agreement between the Owner and Berkshire Hathaway Life Insurance Company of Nebraska ("BHLN"). BHLN issues this Contract in return for the completed application and the payment of the Premium stated on Page One of this Contract. This Contract will remain in effect until the earlier of the Maturity Date, the date of death of the Owner or the Surrender Date.

**PREMIUM AND PAYMENT BY BHLN**

**Premium:** Premium must be received in full by BHLN at BHLN's Home Office prior to the Contract Date. If the Premium is not received by BHLN by the Contract Date, the Application Date shall be the date BHLN receives the full Premium.

No refunds of the Premium will be made except as specifically stated in this Contract. A premium receipt signed by an officer of BHLN will be furnished upon request.

**Payment By BHLN:** BHLN will pay the Payee or Contingent Payee of this Contract the Contract Value on the earlier of:

- A) the Maturity Date;
- B) thirty (30) days after the date the Owner dies; or
- C) thirty (30) days after the Surrender Date.

Payment to the Contingent Payee will be made only if BHLN has received written notice thirty (30) days before payment that all Payees have died. If there are multiple Payees or multiple Contingent Payees, BHLN will divide the amount due in accordance with the most recent written direction BHLN has received from the Owner provided no payment is less than \$1,000. If no direction has been received from the Owner, the payments will be divided equally. If payments would be less than \$1,000, BHLN may make a single payment jointly to all Payees or Contingent Payees as applicable.

Payment by BHLN will be made to the bank account designated in writing, dated and personally signed, by the person to whom the payment is due. If that person has not notified BHLN of the designated bank account, BHLN may advise that person at their last known address of the need for such bank account designation thirty (30) days prior to the date the payment by BHLN is due. BHLN will hold such payment without interest until the bank account designation is received. BHLN and the person to whom the payment is due may mutually agree on a different payment arrangement. No payment will be made to any address or bank located outside the United States. Upon payment of the Contract Value, BHLN will have no further liability under this Contract.

**Maturity Date:** The Maturity Date is the date selected by the Owner as shown on Page One of this Contract.

**Annuity Option:** Unless the Owner dies prior to the Maturity Date or elects the Surrender Option, BHLN will pay the Payee or Contingent Payee a lump sum on the Maturity Date. The Owner may elect a single premium immediate annuity ("SPIA") at terms and conditions offered by BHLN at that time in lieu of a lump sum payment. The Owner must advise BHLN of election of an SPIA in lieu of a lump sum payment in writing. This advice must be received by BHLN not less than forty-five (45) days prior to the Maturity Date. Upon issuance of said annuity, BHLN will have no further liability under this Contract.

**Taxes:** Any taxes required to be withheld, or which are paid to any governmental entity by BHLN on behalf of the Owner, Payee or Contingent Payee, will be deducted by BHLN.

### **CONTRACT VALUE**

**Contract Value:** The Contract Value equals the Premium, less any applicable premium tax(es), plus accrued interest as provided in this Contract. If the Owner elects the Surrender Option, the Contract Value will equal the Market Adjusted Value. Interest will be computed on the basis of a year of 360 days consisting of twelve 30-day months. Interest will be compounded semi-annually and will be credited from the Contract Date.

For purposes of the Contract Value calculation, BHLN will treat a Maturity Date, Surrender Date or date of Owner's death on the thirty-first day of any calendar month as if it had occurred on the thirtieth day of a 30 day calendar month. BHLN will treat a Maturity Date, Surrender Date or date of Owner's death on any day during the first thirty (30) days of a month as occurring on the same numeric day of a 30 day calendar month.

### **Fixed Rate Accrual of Interest:**

If the Owner chose the Fixed Rate Accrual of Interest, as shown on Page One of this Contract under Interval Period, the interest rate is based on the Applicable Strip U.S. Treasury on the Application Date. This interest rate will not change while the Contract is in effect. Under this option, there is a single Interval Period from the Contract Date to the Maturity Date. For example, if the Maturity Date of your Contract is twelve years from the Application Date, interest will be credited to the Contract Value annually at the lesser of the asked rate on the twelve year strip U.S. Treasury or the asked rate on the thirty year U.S. Treasury Bond at the close of business on the Application Date.

### **Adjustable Rate Accrual of Interest:**

If the Owner chose the Adjustable Rate Accrual of Interest, as shown on Page One of this Contract under Interval Period, the interest rate for the first Interval Period is shown on Page One of this Contract. This interest rate is based on the Applicable Strip U.S. Treasury on the Application Date. The interest rate for each subsequent Interval Period will be based on the Applicable Strip U.S. Treasury for that Interval Period.

**Interval Period for  
Adjustable Rate  
Interest Accruals:**

The Owner selected the Interval Period shown on Page One of this Contract. This Interval Period represents the Owner's selection of maturity of the Applicable Strip U.S. Treasuries to be used in the calculation of the interest to be credited to the Contract Value. If the last Interval Period would end after the Maturity Date, that last Interval Period will instead end on the Maturity Date.

Please see the following "Adjustable Rate Interest Accrual – Example" for further details.

**Adjustable Rate  
Interest Accrual -  
Example:**

Following is an example of the calculation of Contract Value when the Owner selected the Adjustable Rate Accrual of Interest, assuming the following parameters and assuming the Owner survives to the Maturity Date and does not elect the Surrender Option:

- 1) The Application Date is "May 15, 1998".
- 2) The Contract Date is "June 1, 1998".
- 3) The Interval Period is "Two (2) Years".
- 4) The Maturity Date is "April 1, 2003".

The first Interval Period starts on the Contract Date and extends for the number of years equal to the Interval Period.

In this example, the first Interval Period is two (2) years. Every subsequent Interval Period will be two (2) years to match the first Interval Period, except a partial Interval Period needed to end the Contract on the Maturity Date. A Partial Interval Period can only occur for the last Interval Period.

In this example, the first Interval Period will be June 1, 1998 through May 31, 2000. Interest will be credited annually on the Premium received from June 1, 1998 through May 31, 2000 at the asked rate on the Applicable Strip U.S. Treasury at the close of business on May 15, 1998.

The second Interval Period will be June 1, 2000 through May 31, 2002. Interest will be credited annually on the Contract Value as of June 1, 2000 from that date through May 31, 2002 at the asked rate on the Applicable Strip U.S. Treasury at the close of the business on June 1, 2000.

The third Interval Period will be June 1, 2002 through April 1, 2003 (the earlier of two (2) years after the last day of the prior Interval Period which would have been May 31, 2004 and the Maturity Date which is April 1, 2003). Interest will be credited annually on the Contract Value as of June 1, 2002 from that date through April 1, 2003 at the asked rate on the Applicable Strip U.S. Treasury at the close of the business on June 3, 2002 (as June 1, 2002 is a Saturday).

In this example, the last Interval Period is shorter in duration than the Interval Period stated on Page One of this Contract so that it will end on the Maturity Date. Interest will accrue for this partial Interval Period based on the then Applicable Strip U.S. Treasury which will be of shorter maturity than the full two (2) year Interval Period.

**Minimum Guaranteed Interest Rate:**

Under no circumstances shall the interest rate applied under this Contract be less than three percent (3%) per annum. This minimum guaranteed interest rate shall be applied to ninety percent of the Net Consideration paid. Net Consideration equals the premium paid less a contract charge of seventy-five dollars.

**SURRENDER OPTION**

**Surrender Option:**

The Owner may surrender this Contract at any time prior to forty-five (45) days before the Maturity Date. The Owner's surrender request, in a form acceptable to BHLN, will be processed on the date of receipt by BHLN. This date is the "Surrender Date". This option ceases to be available upon the death of the Owner. BHLN will pay the Payee or Contingent Payee the Market Adjusted Value within thirty (30) days after the Surrender Date.

Upon surrender of this Contract on any date other than the Maturity Date, the Contract Value will equal the Market Adjusted Value. This Market Adjusted Value will reflect the amount of change in market interest rates on the Surrender Date relative to the Applicable Strip U.S. Treasury Rate on the first Business Day of the then current Interval Period plus a 200 basis point penalty. If the Applicable Strip U.S. Treasury Rate on the first Business Day of the then current Interval Period is lower (or up to 200 basis points greater) than the market interest rate on the Surrender Date, application of the Market Value Adjustment will result in a lower payment by BHLN upon surrender.

**Market Adjusted Value:**

If the Owner elects to surrender this Contract, the Market Adjusted Value will equal:

$$V * [(1+i)/(1+j)]^{(N/12)}$$

i = the then current interest rate being credited for the Interval Period in which the Surrender Date occurs.

j = the asked rate on the Applicable Strip U.S. Treasury maturing on, or closest to, the last Business Day of the current Interval Period as shown in *The Wall Street Journal* at the close of business on the Surrender Date, plus 200 basis points.

N = the number of whole months from the Surrender Date to the last Business Day of the then current Interval Period.

V = the Contract Value on the Surrender Date if Owner had not elected Surrender Option.

Upon payment of the Market Adjusted Value, BHLN will have no further liability under this Contract.

## DEATH OF OWNER

### Owner's Death:

In the event of Owner's death prior to the Maturity Date, BHLN will pay to the Payee or Contingent Payee a payment equal to the Contract Value as of the date of death without the adjustments required according to the Market Adjusted Value formula. The payment will be made within thirty (30) days after BHLN's receipt of a certified death notice or other evidence of death satisfactory to BHLN. Payment by BHLN will be a lump sum payment unless Payee, or Contingent Payee if applicable, elects payment be made as an SPIA at terms and conditions offered at that time by BHLN and notice of Payee's or Contingent Payee's election of an SPIA is received twenty (20) days prior to the date the payment is due. Upon payment by BHLN or issuance of the annuity, BHLN will have no further liability under this Contract.

## DEFINITIONS

All capitalized terms have the meanings provided in this Contract or the value stated on Page One of this Contract.

### Business Day:

Business Day means every day other than Saturday, Sunday and any holiday on which the Federal Reserve Bank of New York is closed. For the purposes of calculating applicable interest rates, BHLN will use *The Wall Street Journal*. If *The Wall Street Journal* ceases to publish the asked price of the Applicable Strip U.S. Treasury or the Applicable Thirty Year U.S. Treasury Bond for the close of each Business Day, BHLN will select an alternate source for such information. If principal only or principal and interest U.S. Treasury bonds, notes and bills cease to be traded, BHLN will select an alternate security with similar characteristics.

### Applicable Strip U.S. Treasury:

The Applicable Strip U.S. Treasury is the security with the lower asked interest rate of the following two securities: (i) the principal only U.S. Treasury Bond maturing on, or closest to, the last Business Day of the then current Interval Period; or (ii) the Applicable Thirty Year U.S. Treasury Bond. If two or more securities meet the criteria for the principal only U.S. Treasury Bond defined in (i) above, BHLN will use the security first maturing. BHLN will determine the Applicable Strip U.S. Treasury at the close of business on the first Business Day of each Interval Period.

### Applicable Thirty Year U.S. Treasury Bond:

The Applicable Thirty Year U.S. Treasury Bond is the principle and interest bond maturing closest to thirty (30) years from the first day of the applicable Interval Period. If two securities meet the criteria for Applicable Thirty Year U.S. Treasury Bond, BHLN will use the security first maturing. BHLN will determine the Applicable Thirty Year U.S. Treasury Bond at the close of business on the first Business Day of each Interval Period.

### Contract Date:

The Contract Date is the date on which this Contract becomes effective. The Contract Date will be the tenth Business Day after the Application Date. BHLN will start crediting interest for the first Interval Period on the Contract Date.

## ADDITIONAL CONTRACT TERMS AND CONDITIONS

**Owner/Payee/  
Contingent Payee:**

The Owner owns the annuity described in this Contract. Payment by BHLN is made to the Payee named pursuant to this Contract during the lifetime of the Payee and, thereafter, to the Contingent Payee named pursuant to this Contract. If no Payee is stated, the Payee will be the Owner. The Contingent Payee will be the Estate of the Payee.

If two or more Payees are designated and their respective interests are not specified: (i) their interests will be several and equal and; (ii) in the event of the death of a Payee, any payments due shall be divided equally among the surviving Payees.

The Owner is the sole person entitled to exercise any right or privilege under this Contract and no delegation of that authority will be effective except to a member of the Owner's immediate family, in writing, as provided by court order or as mutually agreed between the Owner and BHLN.

The Owner assumes all responsibility for claims against BHLN arising out of any payment by BHLN as directed by the Owner. The Owner will hold BHLN harmless and will indemnify and defend BHLN from such claims.

**Change of  
Payee or  
Contingent Payee:**

The Owner has the right at any time to designate or change the Payee or Contingent Payee to any person the Owner directs. The Owner may change the Payee or Contingent Payee by submitting a dated and personally signed request to BHLN. The request will take effect as of the date it was signed provided that BHLN receives that request at least forty-five (45) days prior to the date any payment by BHLN is due hereunder. Multiple Payees or Contingent Payees may not be designated if the designation would result in any person receiving less than \$1,000 per payment.

**Payee/Contingent  
Payee Direction:**

BHLN will not be deemed to know of any direction to change the Payee or Contingent Payee or of the death of any Owner, Payee or Contingent Payee until thirty (30) days after such written direction or information is received at BHLN's Home Office. BHLN is not obliged to assure that any payment direction is valid or sufficient.

**Proof of Living:**

BHLN may require proof that the Owner, Payee or Contingent Payee is living on the date on which any payment by BHLN is to be made. If proof is requested, BHLN will not make any payment until BHLN receives such proof.

**Nonassignability of Claims  
Of Creditors:**

This Contract, and any payment by BHLN, are nonassignable and are held in trust for the Payee and Contingent Payee, to the extent of their respective interests, and will be exempt from the claims of any creditor of the Owner, Payee or Contingent Payee to the maximum extent permitted by law.

**Trust:** BHLN will allow a Trust to become the Owner, Payee or Contingent Payee of this Contract. BHLN will treat the Trustee of the Trust according to the terms of this Contract without regard to any provisions, changes, or amendments of any Trust agreement. BHLN will not be responsible for the distribution of any money paid to a Trust or Trustee. Payment by BHLN to a Trust as Payee or Contingent Payee will fully discharge BHLN for the amount so paid.

**No Loan:** No person may borrow any amount from BHLN under this Contract.

**No Participation (No Dividends):** This Contract is not eligible for any dividends. Neither the Owner, nor any other person will participate in the profits of BHLN.

**Compliance with Statute:** Any paid-up annuity, cash surrender or death benefit that may be available under this Contract are not less than the minimum benefits required by any statute of the state in which the Contract is delivered.

**Misstatement of Age:** If the age of the Owner has been misstated, the amount payable under this Contract shall be such as the premium paid would have purchased at the correct age.

**Annual Report:** BHLN will provide Owner with an Annual Report on this Contract.

**Amendments:** Any change or waiver of the provisions of this Contract must be in writing and signed by the President or a Vice President of BHLN and attested by BHLN's Secretary or Assistant Secretary.