

**To: Lubbock National Bank (the "Custodian"), Beneficiaries and Other Interested Persons with respect to the Individual Retirement Account (the "IRA") established for and maintained by Christopher L. Robinson (the "Applicant").**

### NOTICE TO INTERESTED PERSONS

You are hereby notified that a written submission has been filed on behalf of the IRA and the Applicant with the United States Department of Labor (the "Department") seeking final authorization ("Final Authorization") pursuant to Prohibited Transaction Class Exemption 96-62: Class Exemption to Permit Certain Authorized Transactions Between Plans and Parties In Interest. *Class Exemption to Permit Certain Authorized Transactions Between Plans and Parties In Interest*, 61 Fed. Reg. 39,988 (July 31, 1996), as amended by *Adoption of Amendment to Prohibited Transaction Exemption 96-62 to Permit Certain Authorized Transactions Between Plans and Parties In Interest*, 67 Fed. Reg. 44622 (July 2, 2002) (referred to as "PTE 96-62"), for an exemption from the sanctions resulting from the application of section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") to the proposed transaction (the "Proposed Transaction"), as described below.

The submission has met the requirements for tentative authorization under PTE 96-62.

If the Proposed Transaction is authorized by the Department pursuant to PTE 96-62, the sanctions resulting from the application of section 4975 of the Code by reason of section 4975 (c)(1)(A) through (E) of the Code shall not apply to the cash sale by the IRA to the Applicant of shares of common stock (the "Company Stock") of Commercial National Financial Services, Inc. (the "Company").

The Applicant is the sole participant and sole beneficiary of the IRA, which is an individual retirement account intended to qualify under Code section 408. As of the most recently available statements, the assets of the IRA consisted of: (i) a cash account with a balance of \$1,017.03, (ii) 80 shares of common stock of the Company ("Company Stock") with a value of \$60,400.00 (based upon the June 30, 2008 fair market value of \$755.00 per share), and (iii) a liability of \$11,205.00, representing a loan owed to a third-party. The estimated total aggregate fair market value of the IRA (based upon an appraised value of the Company Stock as of June 30, 2008 of \$755.00 per share) was approximately \$50,212.03. The Company Stock held in the IRA is not subject to option, hypothecated or pledged, and is only subject to the required restrictions under federal securities laws. As of the date of the submission, the Applicant beneficially owned, in the aggregate, a total of 80 shares of Company Stock, all of which was held in the IRA, and which constitutes approximately 0.1% of the total estimated outstanding shares of Company Stock. No other member of the Applicant's family owns shares of Company Stock.

The Custodian of the IRA is Lubbock National Bank, 1001 Main Street, Lubbock, Texas 79401 (the "Custodian"). The IRA's sole participant and beneficiary is the Applicant, Christopher L. Robinson, 6904 86<sup>th</sup> Street, Lubbock, Texas 79424, (806) 792-1000.

Final Authorization is subject to the following conditions:

1. The terms and conditions of the Proposed Transaction are at least as favorable to the IRA as those obtainable in an arm's length transaction with an unrelated party.
2. The Proposed Transaction is a one-time transaction for cash.
3. The IRA will receive the fair market value of the Company Stock on the date of the Proposed Transaction, based upon an updated appraisal of Company Stock determined by The Bank Advisory Group, L.L.C. ("BAG").

4. Neither the IRA nor the Applicant will pay commissions, costs or other expenses in connection with the Proposed Transactions.
5. The Applicant is the only person who will be affected by the Proposed Transaction.
6. The IRA meets the requirements of section 401(a) of the Code.

The Company Stock held by the IRA is further described as follows. The IRA currently owns 80 shares of Company Stock, which constitutes approximately-0.1% of the issued and outstanding shares of Company Stock as of September 30, 2008. The IRA acquired 80 shares of Company Stock directly from the Company on December 30, 2005 for \$620.00 per share in cash. This price was determined as a result of arms'-length negotiations between the Applicant and the Company. The IRA's basis in the Company Stock is therefore \$47,820.00. During the time the IRA has held Company Stock, \$1,780.00 in cash dividends were paid on the Company Stock. During the holding of the Company Stock, the IRA incurred no expenses directly related to the holding of Company Stock, other than standard maintenance fees. As of September 30, 2008, the estimated aggregate fair market value of the Company Stock held by the IRA was \$60,400.00, based upon the most recently available fair market value of Company Stock as of June 30, 2008 (\$755.00 per share). This price was based upon an independent appraisal of Company Stock by BAG. In an appraisal report dated June 30, 2008, BAG determined the fair market value of a minority, marketable interest in Company Stock to be \$755.00 per share. As a result of the acquisition, holding and proposed sale of the Company Stock, the IRA will experience a net gain in the amount of \$12,580.00. As noted above, the estimated total fair market value of the assets in the IRA (based upon the June 30, 2008 appraised value of \$755.00 for the Company Stock) totaled approximately \$61,417.03. Accordingly, the percentage of the IRA's assets represented by the Company Stock was approximately 98.34%.

The Proposed Transaction would provide additional liquidity the IRA and diversification of the IRA's holdings. In addition, in the event that the Applicant is an officer and/or director of the Company or any of its subsidiaries, the Applicant may have had an interest in acquiring the Company Stock on behalf of the IRA which affected his or her best judgment as a fiduciary of the IRA. In such circumstances, the acquisition of the Company Stock by the IRA may have violated sections 4975(c)(1)(D) and (E) of the Code. Accordingly, the Department is providing no relief, herein, for the acquisition and holding of the Company Stock by the IRA. The Applicant is aware that the Department is not providing relief or an exemption to the extent there were violations of sections 4975(c)(1)(D) and (E) of the Code with respect to the IRA's acquisition of the Company Stock.

The Proposed Transaction is expected to take place on or about December 31, 2008, provided that the Department grants "Final Authorization" for the Proposed Transaction. The purchase price paid by the Applicant for the Company Stock held in the IRA will be based on the "fair market value" per share of Company Stock, as determined by BAG. BAG performed a valuation of Company Stock as of June 30, 2008. BAG intends to "bring down" this valuation to approximately the date of the Proposed Transaction. The valuation was, and the "bring down" valuation will be, based upon numerous factors, including, but not limited to: (i) the Company's current financial condition and recent operating performance, (ii) estimates of the Company's business potential and the present state of business development, and (iii) the business of banking in general in the south-western United States. The Company's board of directors will use the "bring down" valuation to agree with the Applicant upon a per share price at which the Proposed Transaction will occur.

Upon the consummation of the Proposed Transaction, the Company Stock will be purchased from the IRA by the Applicant. The Applicant proposes to purchase the shares of Company Stock from the IRA to facilitate the Company's election to be treated as a Subchapter S Corporation under section 1362(a) of the Code for federal income tax purposes. This election has been determined to be in the best

interest of the shareholders by the Company's board of directors. The Applicant notes that the election is conditioned upon the receipt by the IRA of Final Authorization from the Department pursuant to PTE 96-62.

The Proposed Transaction will not result in a loss to the IRA because the sale of Company Stock will be at the current fair market value of Company Stock, as determined by BAG. In addition, because the sale will result in the exchange of an illiquid, nonmarketable asset for cash, the sale will enhance the liquidity of, and ability to diversify the assets of, the IRA.

The Applicant is aware that the Internal Revenue Service has taken the position that a lack of diversification of investments may raise questions with respect to the exclusive benefit rule under section 401(a) of the Code. See, e.g. Rev. Rul. 73-632, 1973-2 C.B. 128. Section 408(a) of the Code, which describes the tax qualification provisions for IRAs, mandates that a trust be created for the exclusive benefit of an individual or his beneficiaries. The Applicant is also aware that the Department is expressing no opinion in this submission for Final Authorization on whether violations of the Code have taken place with respect to the purchase and subsequent retention of the stock by the IRA.

This Final Authorization submission is being filed under the Department's expedited application program as outlined in PTE 96-62. This option is available because the Proposed Transaction is substantially similar to those described in one individual exemption granted by the Department within the past 120 months and one transaction which received Final Authorization under the expedited prohibited transaction class exemption rules (EXPRO) within the last 60 months. The Federal Register citations for the individual exemptions and the Final Authorization Numbers for the EXPRO cases are as follows:

- **Prohibited Transaction Exemption 98-59 for the Individual Retirement Accounts for William N. Albright, Victor Hamre and Richard Pearson, 63 FR 69326 (December 16, 1998).** This exemption permits the proposed cash sales in First Community Bancshares, Corp. by the above referenced individual retirement accounts to the owners of such accounts where such bank holding corporation has elected sub-chapter S status.
- **Final Authorization 2004-23 and 2004-25E involving the James W. Collins and Kathleen C. Collins Individual Retirement Accounts (the IRAs) (December 10, 2004).** This authorization permits the cash sale of company stock by the IRAs and the money purchase pension plan account of James W. Collins (the Account) to five separate trusts established for the benefit of the Collins\_'s children, where INB Financial Corp. made a sub-chapter S election, and the respective IRAs and the Account became ineligible shareholders of such S corporation as a result of this election.

As a person who may be affected by this submission, you have the right to comment on the proposed transaction. Written comments should be addressed to:

Office of Exemption Determinations  
Employee Benefits Security Administration  
U.S. Department of Labor  
200 Constitution Avenue, NW  
Room N-5700  
Washington, D.C. 20210  
Attn: E-00611

Comments may also be submitted by fax to (202) 219-0204, or by email to [vaughan.anna@dol.gov](mailto:vaughan.anna@dol.gov). The comment period will close on \_\_\_\_\_, 2008. Final Authorization of the Proposed Transaction will not occur until the Department reviews all comments received in response to this notice.