death benefit determined by (1) recomputing the standard death benefit by accumulating the total dollar amount of premiums made prior to the death of the annuitant. minus the sum of the total amount of withdrawals and premium taxes incurred, annually at 5% (4% if the annuitant was age 70 or older on the issue date) to the date of death, and (2) paying the greater of the amount so determined and the contract value at the seventh contract year, plus any premiums made since that time and before the death of the annuitant, minus the total amount of partial withdrawals and premium taxes incurred since the seventh contract year, all accumulated annually at 5% (4% if the annuitant was age 70 of older on the issue date) to the date of death. The amount determined under (2) above will equal \$0 if the annuitant dies prior to the seventh contract year.

5. Various fees and charges are deducted under the Contracts. An annual Contract Maintenance Charge of \$35 will be deducted prior to the annuity date, and upon a full surrender on any date other than a contract anniversary, to reimburse the Company for contract administration expenses. A daily Administration Charge, equal to an effective annual rate of 0.15% of the net assets of each Portfolio in which the contract owner has invested, will be deducted prior to the annuity date. This charge is designed to reimburse the Company for administrative expenses related to the Separate Account and the issuance and maintenance of the Contract. Currently, the Company permits fifteen free transfers among the Portfolios per contract year; however, a \$25 charge will be assessed on the sixteenth and each subsequent transfer within the contract year. The Company does not expect a profit from these charges. The Company represents that it will monitor its administrative expenses and the proceeds of these charges to ensure compliance with Rule 26a-1 under the 1940 Act.

6. The Company will pay applicable premium taxes when due and reserves the right to deduct the amount of the tax either from premiums as they are received or deduct the tax at a later date as permitted or required by applicable law.

7. No sales charge is deducted from premium payments. However, certain full or partial surrenders will be subject to a maximum 7% contingent deferred sales charge ("Withdrawal Charge"), which will be imposed on a declining basis during the first seven contract years after payment of the premium being withdrawn. The Withdrawal Charge will compensate the Company

for expenses relating to the distribution and sale of the Contracts. For purposes of computing the Withdrawal Charge, withdrawals will be allocated first to investment income, and then to premiums on a first-in, first-out basis so that all withdrawals are allocated to premiums to which the lowest (if any) Withdrawal Charge applies. No Withdrawal Charge may be applied to that portion of the first withdrawal in the contract year equal to 10% of premiums that remain subject to the Withdrawal Charge, less earnings in the contract owner's account. The Company may also waive the Withdrawal Charge under other circumstances permitted under the 1940 Act.

To the extent that the Withdrawal Charge is insufficient to cover all sales and distribution expenses, the Company may use any of its corporate assets, including potential profit which may arise from the mortality and expense risk charge, to make up any difference.

8. Shares of the Fund are sold to the Separate Account at net asset value. The Fund pays its investment adviser a fee for managing its investments and business affairs. The Fund is responsible for all of its other expenses.

9. A daily charge equal to an effective annual rate of 1.25% of the value of the net assets in the Separate Account will be deducted to compensate the Company for bearing certain mortality and expense risks under the Contracts. Of that amount, approximately 1.02% is for mortality risks and approximately 0.23% is for expense risks.

10. The mortality risk arises from the Company's contractual obligations: (1) To make annuity payments (determined in accordance with the annuity tables and other provisions provided in the Contracts) regardless of how long any individual annuitant or all annuitants may live, (2) to waive the Withdrawal Charge in the event of the death of the annuitant, and (3) to provide both a standard and an enhanced death benefit prior to the annuity date. The portion of the total mortality risk charge attributable to the Company's assuming the first two of those three risks and providing a standard death benefit is 0.90%; the balance of 0.12% is assessed for providing the enhanced death benefit. Applicants represent that the mortality risk charge may not be increased under the Contract.

11. The expense risk assumed by the Company is the risk that the Company's actual administrative costs will exceed the amount recovered through the administrative and policy maintenance charges. If the expense risk charge is insufficient to cover the actual cost of administering the Contracts and the Separate Account, the Company will bear the loss.

Applicants' Legal Analysis

1. Section 6(c) of the 1940 Act authorizes the Commission to grant an exemption from any provision, rule or regulation of the 1940 Act to the extent that it is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act. Section 26(a)(2)(C) and 27(c)(2) of the 1940 Act, in relevant part, prohibit a registered unit investment trust, its depositor or principal underwriter, from selling periodic payment plan certificates unless the proceeds of all payments, other than sales loads, are deposited with a qualified bank and held under arrangements which prohibit any payment to the depositor or principal underwriter except a reasonable fee, as the Commission may prescribe, for performing bookkeeping and other administrative duties normally performed by the bank itself.

2. Applicant request exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to the extent necessary to permit the deduction of the 1.25% charge from the assets of the Separate Account to compensate the Company for the assumption of mortality and expense risks. Applicants further request that such exemptive relief extend to contracts that are similar in all material respects to the Contracts which may be issued in the future by the Separate Account or any other separate account established by the Company. Applicants assert that the requested exemptions are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

The Company represents that the 1.25% mortality and expense risk charge is reasonable in relation to the risks assumed by the Company under the Contracts and within the range of industry practice for comparable annuity contracts. This representation is based upon the Company's analysis of publicly available information about comparable industry products, taking into consideration such factors as current charge levels and benefits provided, the existence of expense level guarantees and guaranteed annuity rates. The Company represents that it will maintain at its home office, a memorandum, available to the Commission, setting forth in detail the products analyzed in the course of, and