(2) Premium taxes incurred since the seventh anniversary, all accumulated annually at 4% (3% if the contract owner was age 70 or older on the date of issue) to the date of death.

10. During the accumulation period, amounts allocated to the Variable Account may be transferred among the portfolios and/or the Fixed Account. Both prior to and after the annuity date, contract values may be transferred from the Variable Account to the Fixed Account. Any amounts allocated or transferred to the Fixed Account may be transferred from the Fixed Account to the Variable Account only on or before the annuity date. The first fifteen transactions effecting such transfers in any contract year are permitted without the imposition of a transfer fee. A transfer fee of $25 ($10 in Pennsylvania and Texas) is assessed on the sixteenth and each subsequent transfer within the contract year. This fee will be deducted from contract values which remain in the subaccount (or the Fixed Account) from which the transfer was made. If such remaining contract value is insufficient to pay the transfer fee, then the fee will be deducted from transferred contract values. Applicants represent that the transfer fee is at cost with no anticipation of profit.

11. Although there is a ''free withdrawal'' amount, a contingent deferred sales charge, which is referred to as the withdrawal charge, may be imposed upon certain withdrawals. Withdrawal charges will vary in amount depending upon the contribution year of the purchase payment at the time of withdrawal. During the first nine contribution years the withdrawal charge percentage will be 0.75%. During the tenth and subsequent contribution years there will be no withdrawal charge.

20. Anchor National currently intends to deduct premium taxes at the time of surrender, upon death of the contract owner or upon annuitization. Anchor National reserves the right, however, to deduct premium taxes when they are incurred. Some states assess premium taxes at the time purchase payments are made. Other states assess premium taxes at the time of surrender or when annuity payments begin. Premium taxes range from 0% to 3% in the jurisdictions in which Anchor National anticipates that the Contracts will be sold.

13. The withdrawal charge is deducted from remaining contract values so that the actual reduction in contract value as a result of the withdrawal will be greater than the withdrawal amount requested and paid. For purposes of determining the withdrawal charge, withdrawals will be allocated first to investment income, if any (which generally may be withdrawn free of withdrawal charge), and then to purchase payments on a first-in, first-out basis so that all withdrawals are allocated to purchase payments to which the lowest (if any) withdrawal charge applies.

14. Anchor National deducts a distribution expense risk charge from each portfolio of the Variable Account during each valuation period which is equal, on an annual basis, to 0.15% of the net asset value of each portfolio. This charge is designed to compensate Anchor National for assuming the risk that the cost of distributing the Contracts will exceed the revenues from the withdrawal charge. In no event will this charge be increased. The distribution expense risk charge is assessed during both the accumulation period and the annuity period, but it is not applied to contract values allocated to the Fixed Account.

15. The annuity rates may not be changed under the Contracts. For (1) assuming the risk that the life expectancy of an annuitant will be greater than that assumed in the guaranteed annuity purchase rates, (2) waiving the withdrawal charge in the event of the death of the contract owner, and (3) providing both a standard and enhanced death benefit prior to the annuity date, Anchor National deducts a mortality risk charge from the Variable Account. The charge is deducted from each subaccount of the Variable Account during each valuation period at an annual rate of 1.02% of the net asset value of each subaccount. The portion of the total mortality risk charge attributable to Anchor National's assuming (1) and (2) above and providing a standard death benefit is 0.90%, the balance of 0.12% is assessed for providing the enhanced death benefit.

16. If the mortality risk charge is insufficient to cover the actual costs of assuming the mortality risks, Anchor National will bear the loss. If the charge proves more than sufficient, the excess will be a profit for Anchor National. To the extent Anchor National realizes any such profit, it may be used at its discretion, including for offsetting losses experienced when the mortality risk charge is insufficient. The mortality risk charge may not be increased under the Contracts.

17. There is no annual contract charge imposed by Anchor National to help defray the costs of administering the Contracts. However, Anchor National deducts an expense risk charge from the Variable Account to cover such administrative costs. The charge is deducted from each subaccount of the Variable Account during each valuation period at an annual rate of 0.35% of the net asset value of each portfolio. If the expense risk charge is insufficient to cover the actual cost of administering the Contracts, Anchor National will bear the loss; however, if the charge is more than sufficient, the excess will be a profit for Anchor National. To the extent that Anchor National realizes any such profit, it may be used at its discretion, including for offsetting losses when the expense risk charge is insufficient. The expense risk charge may not be increased under the Contract.

Applicants' Legal Analysis and Conditions

1. Applicants request an order pursuant to Section 6(c) of the 1940 Act exempting them from Sections 26(a)(2)(C) and 27(c)(2) thereof to the extent necessary to permit the deduction of mortality and expense risk and distribution expense risk charges from the assets of the Accounts in connection with the issue and sale of the Contracts.

2. Pursuant to Section 6(c) of the 1940 Act the Commission may, by order upon application, conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities or transactions, from any provision or provisions of the 1940 Act or from any rule or regulation thereunder, if and to the extent that such exemption 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.

3. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act, in pertinent part, prohibit a registered unit investment trust and any depositor thereof or underwriter therefor from selling periodic payment plan certificates unless the proceeds of all payments (other than sales load) are deposited with a qualified bank as trustee or custodian and are held under arrangements which prohibit any payment to the depositor or principal underwriter except a fee, not exceeding such reasonable amount as the Commission may prescribe, for performing bookkeeping and other administrative services of a character normally performed by the bank itself.

4. Applicants submit that their request for exemptive relief for deduction of the mortality and expense risk and distribution expense risk charges from the assets of the Accounts in connection with the issue and sale of the Contracts would promote competitiveness in the variable annuity