the withdrawal. Purchase payments will be treated as withdrawn on a first in, first out basis. The following table shows the schedule of the Sales Charge that will be applied to withdrawal of a purchase payment:

Number of full contract years since purchase payment	Applicable charge (percent)
0	6
1	6
2	5
3	4
4	3
5	2
6	1
7	0

The Sales Charge may be reduced on Contracts sold to a trustee, employer or similar party pursuant to a retirement plan or to a group of individuals, if such sales are expected to involve reduced sales expenses. The Applicant represents that the reduction will not be unfairly discriminatory to any Contract Owner.

8. The Contracts provide that several types of withdrawals may be made without incurring a Sales Charge.

a. Seven-Year-Old Purchase Payments. The Contract Owner may withdraw any purchase payment which was made more than seven years before the withdrawal without incurring a contingent deferred sales charge.

b. 15% Free Withdrawals. On the last day of the first Contract Year and once each Contract Year thereafter, the Contract Owner may withdraw 15% of the total purchase payments without incurring the contingent deferred sales charge.

c. Medically Related Free Withdrawal. After the first Contract Year and before the Annuity Date, the Contract Owner may withdraw, without incurring a contingent deferred sales charge, up to the lesser of \$500,000 or the Contract Value if certain medically related contingencies occur. This free withdrawal is available if the Contract Owner is (1) first confined in a nursing home or hospital while the Contract is in force and remains confined for at least 90 days in a row or (2) first diagnosed as having a fatal illness (an illness expected to result in death within two years for 80% of diagnosed cases) while the Contract is in force. This benefit is not available if the Contract Owner's age at time of issue is greater than 75 or if the Contract Owner has certain pre-existing conditions.

d. *Disability Related Free Withdrawal.* After the first Contract Year, the Contract Owner may withdraw, without incurring a contingent deferred sales charge, part or all of the Contract Value if the Contract Owner becomes totally disabled.

e. *Other Free Withdrawals*. There is no contingent deferred sales charge imposed upon minimum distributions which are required by the Internal Revenue Code qualified Contracts.

9. For all Contracts issued in connection with the Separate Account, the Company deducts a Mortality and Expense Risk Charge that is equal, on an annual basis, to 1.25% of the average daily net assets of the Separate Account: approximately 0.90% for mortality risks and 0.35% for expense risks.

The mortality risks assumed by the Company arise in part from the Company's guarantee that it is obligated to make annuity payments at least equal to payments calculated based on annuity tables provided in the Contracts, regardless of how long an annuitant lives and regardless of any general improvement in life expectancy.

The Company also assumes a mortality risk in connection with the provision of a death benefit. If the Contract Owner dies prior to the Annuity Date, the Company will pay the beneficiary the greater of (1) the Contract Value (*i.e.*, the Variable Account Value plus the Fixed Account Value) for the valuation period in which proof of death and any other required information needed to make payment is received at the Company's office; or (2) the sum of the Fixed Account Value on the date the above information is received at the Company's office and the net purchase payments allocated to the Separate Account.

The application states that where the Contract Owner dies before the age of 80 and where permitted by state law, an "enhanced death benefit" will be paid to the beneficiary if it is greater than the death benefit described previously. The "enhanced death benefit" is the sum of: (1) The Fixed Account Value, and (2) the net purchase payments allocated to the Separate Account plus interest accumulated at an annual interest rate of 5% through the Contract Owner's attained age 69, and interest accumulated at an annual interest rate of 3% for years subsequent to attained age 70.

age 70. The expense risk assumed by the Company is the risk that the Company's administrative charges will be insufficient to cover actual administrative expenses over the life of the contract.

Applicants' Legal Analysis and Conditions

1. 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.

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

3. Applicants request an order under Section 6(c) exempting them from Sections $26(a)(2)(\overline{C})$ and 27(c)(2) of the 1940 Act to the extent necessary to permit the deduction of the mortality and expense risk charge from the assets of the Separate Account under the Contracts. Applicants request that the order also permit the deduction of the Mortality and Expense Risk Charge from the assets of any other separate account established by the Company in the future to support variable annuity contracts offered on a basis similar in all material respects to the basis on which the Contracts are offered.

4. Applicants submit that their request for an order that applies to the Separate Account and to future separate accounts issuing contracts that are similar in all material respects to the Contracts is appropriate in the public interest. Such an order would promote competitiveness in the variable annuity contract market by eliminating the need for the Company to file redundant exemptive applications, thereby reducing its administrative expenses and maximizing the efficient use of its resources.¹ Applicants further represent that the requested relief is consistent with the purposes of the 1940 Act and the protection of investors for the same reasons. Investors would not receive any additional benefit or additional protection by the Company being required to repeatedly seek exemptive

¹ Applicants represent that, during the Notice Period, the application will be amended to reflect this representation.