Applicants' Representations

- 1. Anchor National is a stock life insurance company organized under the laws of the State of California. On May 24, 1994, Anchor National established the Separate Account to fund variable annuity contracts. The Separate Account is registered under the 1940 Act as a unit investment trust. The Separate Account is administrated and accounted for as part of the general business of Anchor National, but the income, gains or losses of each subaccount of the Separate Account is/ are credited to or charged against the assets held in that subaccount in accordance with the terms of the Contracts, without regard to other income, gains or losses of any other subaccount or arising out of any other business Anchor National may conduct.
- 2. Vista is a broker-dealer registered under the Securities Exchange Act of 1934, and is the distributor for the Contracts.
- 3. The Contracts are tax deferred annuities that provide for the accumulation of values and the payment of annuity benefits on a fixed basis, or a combination of both. Typically, a group Contract is issued to a contract holder and covers all participants in the group. Each participant receives a certificate that evidences his or her participation under the Contract. In those states where the group Contract is not available, an individual Contract may be available instead. The individual Contract is substantially similar to the group Contract except that the individual Contract is issued directly to the owner, rather than to a contract holder for the benefit of a participant. (For convenience, references to "participant" and ''certificate'' herein shall include a Contract owner and the Contract, respectively, in the case of an individual Contract.)
- 4. The Contracts are available for retirement plans that do not qualify for the special federal tax advantages available under the Internal Revenue code ("non-qualified plans") as well as for retirement plans that do qualify for the federal tax advantages available under the Internal Revenue code ("qualified plans").
- 5. Purchase payments under the Contracts may be made to the Separate Account, to the general account of Anchor National under the Contract's fixed account option ("Fixed Account"), or allocated between the Separate Account and the Fixed Account. The minimum initial purchase payment for a Contract is \$5,000 for non-qualified contracts, or \$2,000 for qualified

- contracts. Additional purchase payments may be made in amounts of at least \$250, or \$100 in the case of an automatic payment plan.
- 6. Initially, the Contracts will be funded through six subaccounts (the "Subaccounts") of the Separate Account; each Subaccount will invest in the shares of one of six available series of Mutual Fund Variable Annuity Trust ("Trust"). Additional underlying funds may become available in the future.
- 7. The six available series of the Trust are: the Growth and Income Portfolio; the Capital Growth Portfolio; the International Equity Portfolio; the Asset Allocation Portfolio; the U.S. Treasury Income Portfolio; and the Money Market Portfolio. The Trust is registered under the 1940 Act as a diversified, open-end, management investment company.
- 8. If the participant dies during the accumulation period, a death benefit will be payable to the beneficiary open receipt by Anchor National of due proof of death. The death benefit is reduced by the premium tax incurred by Anchor National, if any. If the participant is younger than age 70 at the date of certificate issue, the death benefit is equal to the greatest of: (1) The total dollar amount of purchase payments made prior to the death of the participant, reduced by any partial withdrawals and partial annuitizations; (ii) the Contract value at the end of the valuation period during which due proof of death (and an election of the type of payment to the beneficiary) is received by Anchor national; or (iii) where permitted by state law, the Contract value at that anniversary of the certificate issue date preceding the date of death—increased by any purchase payments made and reduced by any partial withdrawals and partial annuitizations since that anniversary which yields the greatest result. If the participant is at least age 70 on the date of certificate issue, the death benefit will equal (ii) above.
- 9. An annual contract administration charge of \$30 is charged against each certificate. The amount of this charge is guaranteed and cannot be increased. This charge reimburses Anchor National for expenses incurred in establishing and maintaining records relating to a Contract. The contract administration charge will be assessed on each anniversary of the certificate issue date that occurs on or prior to the annuity date. In the event that a total surrender of Contract value is made, the charge will be assessed as of the date of surrender, without proration. This charge is not assessed during the annuity period. The contract

- administration charge is at cost, with no margin included for profit.
- 10. During the accumulation period, amounts allocated to the Separate Account may be transferred among the Subaccounts and/or to the Fixed Account. Both before and after the annuity date, Contract values may be transferred from the Separate Account to the Fixed Account. The first fifteen 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 a Contract year. This fee will be deducted from Contract values that remain in the Subaccount or the Fixed Account, as appropriate, from which the transfer was made. If the remaining Contract value is insufficient to pay the transfer fee, the fee will be deducted from transferred Contract values. The transfer fee is at cost, with no anticipation of profit.
- 11. Although there is a free withdrawal amount that applies to the first withdrawal during a Contract year after the first, a contingent deferred sales charge (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. So that all withdrawals are allocated to purchase payments to which the lowest Withdrawal Charge (if any) applies, 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, firstout basis.
- 12. Earnings in a participant's account and purchase payments no longer subject to the Withdrawal Charge may be withdrawn at any time free of the Withdrawal Charge. In addition, there may be a free withdrawal amount for the first withdrawal during the second or any subsequent Contract year. That additional free withdrawal amount is equal to 10% of purchase payments made more than one year prior to the date of withdrawal that remain subject to the Withdrawal Charge and that have not previously been withdrawn, less earnings in the participant's account.
- 13. Any amounts withdrawn that exceed the limits described above may be subject to a Withdrawal Charge in accordance with the table shown below.