WITHDRAWAL CHARGE TABLE

	Applicable withdrawal charge
,	percentage
Zero	6 6 5 5 4 3 2

The Withdrawal Charge may be reduced or waived in certain circumstances, as described in the prospectus for the Contracts.

- 14. Anchor National deducts a distribution expense charge from each Subaccount during each valuation period that is equal, on an annual basis, to 0.15% of the net asset value of each Subaccount. 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 charge is assessed during both the accumulation period and the annuity period; it is not applied to Contract values allocated to the Fixed Account.
- 15. Annuity payments will not be affected by the mortality experience of (i) persons receiving such payments or (ii) the general population. The annuity rates may not be changed under the Contract. Anchor National deducts a mortality risk charge from the Separate Account for assuming the risks that: (i) The life expectancy of an annuitant will be greater than that assumed in the guaranteed annuity purchase rates; (ii) the Withdrawal Charge may be waived in the event of the death of the participant; and (iii) the death benefit must be provided before the annuity date. The charge is deducted from each Subaccount during each valuation period at an annual rate of 0.90% of the net asset value of each Subaccount. If the mortality risk charge is insufficient to cover the actual cost of assuming the mortality risks, Anchor National will bear the loss. If the charge proves more than sufficient, the excess will be a gain to Anchor National. To the extent Anchor National realizes any gain, those amounts may be used at its discretion, including offsetting losses experienced when the mortality risk charge is insufficient. The mortality risk charge may not be increased under the Contract.
- 16. Anchor National bears the risk that the Contract administration charge

- will be insufficient to cover the cost of administering the Contracts. For assuming this risk, Anchor National deducts an expense risk charge from the Separate 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. If the charge is more than sufficient, the excess will be a gain to Anchor National. To the extent Anchor National realizes any gain, those amounts may be used at its discretion, including offsetting losses when the expense risk charge is insufficient. The expense risk charge may not be increased under the Contract.
- 17. Applicants represent that the aggregate amount of any Withdrawal Charges imposed and distribution expense charges paid will not at any time exceed 9% of purchase payments previously made, and that Anchor National will monitor each participant's account for the purpose of ensuring that this limitation is not exceeded. Applicants undertaken to include in the prospectus forming part of the registration statement for the Contracts statements describing the purpose of the distribution expense charge and statements that the staff of the Commission deems such charge to constitute a deferred sales charge. Applicants undertake to abide by the representations and undertakings set forth in this paragraph relating to the distribution expense charge in connection with future contracts, as well as materially similar contracts funded through future separate accounts, relying on the requested order.

Applicants' Legal Analysis

- 1. Applicants hereby request that the Commission, under Section 6(c) of the 1940 Act, grant exemptions from Sections 26(a)(2) and 27(c)(2) thereof to the extent necessary to permit the deduction of mortality and expense risk charges and a distribution expense charge: (i) from the Separate Account under the Contracts and under any future contracts; and (ii) from the assets of any future separate accounts which offer contracts materially similar to the contracts.
- 2. Pursuant to Section 6(c) of the 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) and 27(c)(2) of the 1940 Act require, among other things, that all payments received under a periodic payment plan certificate sold by a registered unit investment trust, any depositor thereof or underwriter therefor, be held by a qualified bank as trustee or custodian, under arrangements which prohibit any payment to the depositor or principal underwriter except for the payment of a fee, not exceeding such reasonable amount as the Commission may prescribe, for bookkeeping and other administrative services.
- 4. Applicants believe that extending the requested relief to the future contracts, as well as to materially similar contracts funded through future separate accounts, is 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. Applicants submit that such an order would promote competitiveness in the variable annuity contract market by eliminating the need for Anchor National to file redundant exemptive applications, thereby reducing Anchor National's administrative expenses and maximizing the efficient use of Anchor National's resources. The delay and expense involved in having to seek exemptive relief repeatedly would impair Anchor National's ability effectively to take advantage of business opportunities as they arise. Applicants further submit that the requested relief is consistent with the purposes of the 1940 Act an the protection of investors for the same reasons. Applicants submit that if Anchor National were required repeatedly to seek exemptive relief with respect to the same issues addressed in this application, investors would not receive any benefit or additional protection thereby.
- 5. Applicants assert that the aggregate of the mortality and expense risk charges, 1.25%, is reasonable in relation to the risks assumed by Anchor National under the contracts and reasonable in amount as determined by industry practice with respect to comparable annuity products. Applicants state that these determinations are based on their analysis of publicly available information about similar industry practices, taking into consideration such factors as current charge levels and benefits provided, the existence of expense charge guarantees and