

Applicants filed this notice with the Commission on January 27, 2003, as a supplement to Contract owners' prospectuses. This notice

- Informed Contract owners of the proposed Substitution and the projected effective date of the Substitution (approximately April 4, 2003);

- Informed Contract owners that a substitution of Dreyfus Fund shares for Franklin Fund shares would occur if contrary transfer instructions were not received from the owner;

- Informed owners that they were entitled to a "free transfer right" prior to the Substitution commencing on the date of the notice. This free transfer right permits Contract owners to make one transfer from the Franklin Fund, without that transfer incurring any transfer charge or counting toward any limitation on free transfers. If the Contract owners choose to transfer Contract value from the Franklin Fund to multiple transferee funds, it will still count as only one (free) transfer;

- Informed owners that there would be no charge associated with a default allocation of Franklin Fund assets to the Dreyfus Fund, and that any such default allocation will not count toward any limit on free transfers;

- Informed owners that from the date of the Substitution owners would have an additional thirty-day free transfer right out of the Dreyfus Fund, if they had not already exercised their free transfer right, without that transfer incurring any transfer charge or counting toward any limitation on free transfers;

- Included a transfer form that can be filled out and mailed by the customer;

- Included information regarding all investment options currently available under their Contract; and

- Included instructions for obtaining a current prospectus for the Dreyfus Fund or any other currently available investment option.

20. The Insurance Company Applicants will confirm all transfers made at the request of Contract owners during the free transfer period, as well as any transfer of Contract value made in connection with the Substitution, in accordance with Rule 10b-10 under the Securities Exchange Act of 1934.

21. Within five days following the Substitution, the Insurance Company Applicants will send Contract owners a third notice. The third notice will inform the Contract owners that the Substitution has taken place and notify them that they are entitled to one free transfer from the Dreyfus Fund for a period of thirty days from the date of the Substitution, if they have not already exercised this right prior to the

Substitution. Specifically, the third notice will inform Contract owners that the free transfer right permits Contract owners to make one transfer of Contract value attributable to the Franklin Fund out of the Dreyfus Fund and into any other investment option without that transfer incurring any transfer charge or counting toward any limitation on free transfers. If Contract owners choose to transfer Contract value to multiple transferee funds, it will still count as only one (free) transfer. The third notice will include a transfer form that can be filled out and mailed by the customer. The notice will include information regarding all investment options currently available under their Contract. Lastly, the notice will include directions for obtaining prospectuses for any of the investment options available under the Contract. In addition, a current prospectus for the Dreyfus Fund will be included with the third notice to Contract owners affected by the Substitution, if not previously provided. The Insurance Company Applicants will file this notice with the Commission pursuant to Rule 497 under the 1933 Act as a supplement to their current prospectuses.

22. At the close of business on the date selected for the Substitution, the Insurance Company Applicants will redeem shares of the Franklin Fund held on behalf of their respective Separate Account Applicants in kind. Simultaneously, the Insurance Company Applicants, on behalf of each of its Separate Account Applicants, will place a purchase order for shares of the corresponding class of the Dreyfus Fund so that each purchase will be for the exact amount of the assets received as redemption proceeds. Accordingly, at all times monies attributable to Contract owners then invested in the Franklin Fund will remain fully invested and will result in no change in the amount of any owner's contract value, death benefit or investment in the applicable Separate Account Applicant.

23. The redemption and purchase will be made at prices based on the current net asset values next computed after receipt of the redemption request and purchase order and, therefore, in a manner consistent with Rule 22c-1 under the 1940 Act. The full net asset value of the redeemed shares held by the Separate Account Applicants will be reflected in Contract owner's contract values following the Substitution without reduction for brokerage or other such fees or charges. The Insurance Company Applicants, or the adviser to the Dreyfus Fund or the Franklin Fund, will pay all expenses incurred in connection with the Substitution,

including legal, accounting, brokerage, and other fees and expenses.

24. Neither the rights nor the obligations of the Insurance Company Applicants under the Contracts will be altered in any way. The proposed Substitution will in no way alter insurance benefits to Contract owners. The Substitution will not have any adverse tax consequences to Contract owners. The proposed Substitution will not cause Contract fees and charges currently being paid by existing Contract owners to be greater after the proposed Substitution than before the proposed Substitutions. The proposed Substitution will not be treated as a transfer for the purpose of assessing transfer charges.

25. The Insurance Company Applicants represent that the proposed Substitution and the selection of the Dreyfus Fund were not motivated by any financial consideration paid or to be paid to the Insurance Company Applicants or their affiliates by the Dreyfus Fund, its adviser or underwriter or their affiliates. The Insurance Company Applicants represent that, immediately after the Substitution, they will not receive any direct or indirect benefits from the Dreyfus Fund, its adviser or underwriter (or their affiliates), in connection with assets attributable to Contracts affected by the Substitution, at a higher rate than they had received from the Franklin Fund, its advisor or underwriter (or their affiliates), including without limitation, 12b-1, shareholder service, administration or other service fees, revenue sharing or other arrangements. As noted above, the Substitution is occurring because of the planned closing of the Franklin Fund.

Applicants' Legal Analysis

1. Section 26(c) of the 1940 Act requires the depositor of a registered unit investment trust holding the securities of a single issuer to receive Commission approval before substituting the securities held by the trust. Specifically, section 26(c) of the 1940 Act provides that "[i]t shall be unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the Commission shall have approved such substitution."

2. Section 26(c) of the 1940 Act was enacted as part of the Investment Company Act Amendments of 1970. Prior to the enactment of these amendments, a depositor of a unit investment trust could substitute new securities for those held by the trust by notifying the trust's security holders of