

Account support variable life insurance contracts and interests in the Account offered through such contracts have been registered under the 1933 Act.

6. The MFS Trust is registered as an open-end management investment company under the Act and currently offers 15 separate investment portfolios (each, a "Fund"), one of which would be involved in the proposed substitution. The MFS Trust issues a separate series of shares of beneficial interest in connection with each Fund and has registered such shares under the 1933 Act on Form N-1A. Massachusetts Financial Services Company ("MFS") serves as the investment adviser to each Fund, including the Replaced Fund. MFS' principal offices are located at 500 Boylston Street, Boston, Massachusetts 02116.

7. Ultra Series is registered as an open-end management investment company under the Act and currently offers 10 separate investment portfolios, one of which would be involved in the proposed substitution. Ultra Series issues a separate series of shares of beneficial interest in connection with each portfolio (also a "Fund"), and has registered such shares under the 1933 Act on Form N-1A. MEMBERS Capital Advisors, Inc. ("MCA") is the investment adviser of each Fund, including the Replacing Fund. Under a unitary fee arrangement, MCA, at its own expense, also provides or arranges for the provision of substantially all other services required by Ultra Series through service agreements with affiliated and unaffiliated service providers. Such services include all administrative, accounting and legal services as well as the services of custodians, transfer agents and dividend disbursing agents. The Funds of Ultra Series do, however, pay their own auditor's fees, compensation to (and expenses of) trustees who are not interested persons, independent counsel fees, and extraordinary expenses.

8. The Company and CUNA Mutual Investment Corporation ("CMIC") each own a one-half interest in MCA. MCA's principal offices are located at 5910 Mineral Point Road, Madison, Wisconsin 53701.

9. MCA manages the assets of various Funds of Ultra Series, including the Replacing Fund, using a "manager of managers" approach under which MCA may allocate some or all of a Fund's assets among one or more "specialist" subadvisers. MCA monitors the performance of each subadviser to the extent that it deems appropriate to achieve a Fund's investment objective, reallocates portfolio assets among its own portfolio management team and

individual subadvisers, or recommends to the Ultra Series' board of trustees that particular subadvisers be employed or terminated for a Fund.

10. MCA and the Replacing Fund have entered into a subadvisory agreement with Wellington Management Company, LLP ("Wellington Management") to provide portfolio management services pursuant to which Wellington Management selects the Replacing Fund's investments and places orders to buy and sell the Replacing Fund's investments. Wellington Management's principal offices are located at 75 State Street, Boston, Massachusetts, 02109.

11. The Contracts are flexible premium variable annuity and variable life insurance contracts. The variable annuity Contracts provide for the accumulation of values on a variable basis, fixed basis, or both, during the accumulation period, and provide settlement or annuity payment options on a variable or fixed basis. The variable life insurance Contracts provide for the accumulation of values on a variable basis, fixed basis, or both, throughout the insured's life, and for a substantial death benefit upon the death of the insured. Under each of the Contracts, the Company reserves the right to substitute shares of one Fund for shares of another, or of another investment portfolio, including a portfolio of a different management investment company.

12. For as long as a variable life insurance Contract remains in force or a variable annuity Contract has not yet been annuitized, a Contract owner may transfer all or any part of the Contract value from one subaccount to any other subaccount or to a fixed account. The Contracts do not limit the number of transfers of Contract value for any period of time or reserve to the Company the right to limit the number of transfers. The Company currently waives applicable fees for Contract value transfers; however, certain of the variable life insurance Contracts reserve to it the right to assess a charge of \$20 for transfers in excess of four per Contract year and certain of the annuity Contracts reserve the right to it to assess a charge of \$10 for transfers in excess of twelve per Contract year.

13. The proposed substitution is part of efforts by the Company to provide a portfolio selection within the Contracts that: (1) Better represents the designated asset class, (2) provides more stability in portfolio management, and (3) exhibits more consistency of periodic returns relative to representative markets.

14. In 1995, when the Company first selected the Replaced Fund as an

investment option under inclusion in the Contracts, the Fund met its desire for a multi-capitalization investment option. In recent years, however, the Replaced Fund has, in the Company's view, become more oriented towards stocks of large-cap growth companies. Although this has been the result of a strategy of successfully identifying and holding as portfolio investments the securities of fast-growing companies and by focusing new purchases in larger companies, the portfolio composition and general orientation of the Replaced Fund has shifted and no longer fits the position in the investment option lineup for the Contracts desired by the Company. In contrast, MCA has recently retained Wellington Management as the Replacing Fund's subadviser in order to manage the Fund to fit this position in the lineup. In recent years, other accounts managed by Wellington Management in this style have generally invested between 20% and 35% of their total assets in small-cap and mid-cap growth stocks, thereby providing more consistent multi-cap exposure. In the Company's judgment, this portfolio orientation better represents the asset class mix of a portfolio originally intended for inclusion in the Contracts.

15. Over time, the Replaced Fund has experienced a series of portfolio manager changes followed by the assignment of several portfolio managers, each with management responsibility over a portion of the Replaced Fund's assets. In the Company's view, this led to a significant increase in the number of portfolio holdings and has correspondingly raised the portfolio turnover rate to over 231% for 2001. It also has resulted, at times, in concentrations of the Fund's investments in one or a few industries or sectors while other industries or sectors have been underrepresented.

16. The Company believes that it is important that Contract investment options perform generally in line with representative markets, particularly given the limited selection of subaccounts available under the Contracts. In the Company's judgment, the changes in portfolio management and investment style experienced by the Replaced Fund have resulted in erratic portfolio performance for the Replaced Fund and the Company has determined that the Fund has not performed in line with those representative markets considered by MCA as providing more diversified multi-cap exposure. In contrast, the Replacing Fund's subadviser's style of management appears to have a much more consistent record in this regard. Based on Wellington Management's three-year