

Replaced Fund		Replacing Fund	
MFS Emerging Growth Series (Initial Class)		Multi-Cap Growth Stock Fund (Z Class)	
Annual Advisory Fee	Annual Subadvisory Fee (paid by the Adviser)	Annual Unitary Management Fee	Annual Subadvisory Fee (paid by the Adviser)
0.75%	NA	0.85%	Wellington Management First \$100M—0.50% Above \$100M—0.40%

22. The following table compares the respective asset levels, expense ratios, and performance data of the two Funds

for each of the past three fiscal years. Wellington Management has been the

Replacing Fund's subadviser since May 1, 2002.

MFS Emerging Growth Fund		Net assets at end of period	Expense ratio	Total return
2000		\$2,312,406,000	.85%	– 19.61%
2001		1,462,000,000	.86	– 33.49
2002		774,775,000	.85	– 33.76
Multi-Cap Growth Fund				
2000		\$9,897,000	.91%	– 9.52%
2001		13,923,000	.86	– 30.89
2002		75,326,000	.86	– 25.21

23. Applicants believe that the Replacing Fund is an appropriate replacement for the Replaced Fund for each Contract. The Replacing Fund has a substantially identical investment objective as that of the Replaced Fund. Both pursue their investment objective by investing primarily in companies, of various sizes, which are expected to grow faster than the general economy. The investment adviser for the Replaced Fund and the subadviser for the Replacing Fund both rely on internal research and use a "bottom-up" stock selection approach to portfolio management (as opposed to a "top-down," economic forecasting oriented approach). There are, however, some distinctions between the way in which the principal investment strategies are pursued by the Replaced Fund and the Replacing Fund.

24. The primary differences in the implementation of investment strategies of the Replaced Fund and the Replacing Fund manifest in the degree of flexibility exercised by their adviser or subadviser in implementing the strategies. For example, whereas the Replaced Fund's investment adviser employs no firm guidelines limiting the size of its capitalization exposures, the Replacing Fund's subadviser typically limits large-cap exposure to a range of 60%–90% of total assets, mid-cap exposure to 25% or less of total assets, and small-cap exposure to 20% or less of total assets. Similarly, the Replaced Fund's adviser does not limit its

exposure to any single industry; in contrast, the Replacing Fund's subadviser generally limits its industry exposure to no more than 15 percentage points in excess of that industry's weight in the Fund's benchmark index. Moreover, the Replaced Fund has often concentrated its portfolio in relatively few large holdings, with some exceeding 10% of total assets, while much of the rest of its portfolio is often scattered over a few hundred very small holdings. In contrast, the Replacing Fund's subadviser has generally managed other accounts with the same style as the Replacing Fund with few holdings representing more than 5% of the Fund's total assets and fewer than 110 holdings overall. Finally, the annual portfolio turnover rate for the Replaced Fund has ranged from 114% to 231% over the last three years as it has tried to respond to current market conditions. In contrast, other accounts managed by the Replacing Fund's subadviser with the same style as the Replacing Fund have experienced annual turnover rates ranging from 90% to 140% during the past three years. The Company believes that this likely is a reflection of Wellington Management's longer-term perspective on the stocks it has purchased. In addition, the Replacing Fund has available to it transactional advantages attributable to achieved economies of scale comparable to that of the Replaced Fund's manager and has the same expense ratio as the Replaced Fund.

25. To the extent that the annualized ratio of expenses to average net assets of the Replacing Fund exceeds, for each fiscal period (such period being less than 90 days) during the twenty-four months following the substitutions, 0.85%, the Company will, for each Contract outstanding on the date of the proposed substitutions, make a corresponding reduction in separate account expenses (or subaccount) expenses on the last day of such fiscal period, such that the ratio of the Replacing Fund's expenses to average net assets, together with the ratio of expenses to average net assets of the corresponding separate account (or subaccount) will, on an annualized basis, be no greater than the sum of 0.85% and the ratio of expenses to average net assets of the separate account (or subaccount) for the fiscal year ended December 31, 2002. In addition, for twenty-four months following the substitutions, the Company will not increase asset-based fees or charges for Contracts outstanding on the day of the proposed substitutions.

26. By supplements to the May 1, 2002 prospectuses for the Contracts and the Accounts (substantially in the form attached as Exhibit C to the initial application), the Company will notify owners of the Contracts of their intention to take the necessary actions, including seeking the order requested