

Fund	In percent		Revenue sharing percentage
	Before reimbursement or fee waiver	After reimbursement or fee waiver	
MSF Bond .....	0.40	0.40	N/A
	0.29	0.27	
	0.69	0.67	
SVPT Bond .....	0.40	0.40	N/A
	0.29	0.27	
	0.69	0.67	
MSF Balanced .....	0.55	0.55	N/A
	0.27	0.24	
	0.82	0.79	
SVPT Balanced .....	0.55	0.55	N/A
	0.32	0.24	
	0.87	0.79	

30. By disclosure added to supplements to the various May 1, 2002 prospectuses for the Contracts and the Accounts, all owners of the Contracts have been notified of NLIC's intention to take the necessary actions, including seeking the order requested by this application, to substitute shares of the SVPT Bond and Balanced Funds for the MSF Bond and Balanced Portfolios as described herein.

31. The additional prospectus disclosure (and any subsequent supplements) about the proposed substitutions will advise Contract owners that from the date of the supplement until the date of the proposed substitution, owners are permitted to make one transfer of all amounts under a Contract invested in either of the affected subaccounts to another subaccount available under a Contract other than one of the other affected subaccounts without that transfer counting as a "free" transfer permitted under a Contract. The prospectus disclosure also informs (and any subsequent supplements will inform) Contract owners that NLIC will not exercise any rights reserved under any Contract to impose additional restrictions on transfers until at least 30 days after the proposed substitutions. The supplements will also advise Contract owners that if the proposed substitutions are carried out, then each Contract owner affected by a substitution will be sent a written notice (described below) informing them of the fact and details of the substitutions.

32. The proposed substitutions will take place at relative net asset value with no change in the amount of any Contract owner's account value or death

benefit or in the dollar value of his or her investment in any of the Accounts. Contract owners will not incur any fees or charges as a result of the proposed substitutions, nor will their rights or NLIC's obligations under the Contracts be altered in any way. All applicable expenses incurred in connection with the proposed substitutions, including brokerage commissions, legal, accounting and other fees and expenses, will be paid by NLIC. In addition, the proposed substitutions will not impose any tax liability on Contract owners. The proposed substitutions will not cause the Contract fees and charges currently being paid by existing Contract owners to be greater after the proposed substitutions than before the proposed substitutions.

33. The proposed substitutions will not, of course, be treated as a transfer of Contract value or an exchange of annuity units for the purpose of assessing transfer charges or for determining the number of remaining "free" transfers or exchanges in a Contract year. NLIC will not exercise any right it may have under the Contracts to impose restrictions on or charges for Contract value transfers or annuity unit exchanges under the Contracts for a period of at least 30 days following the substitutions. One exception to this is that NLIC may impose restrictions on transfers to prevent or limit "market timing" activities by Contract owners or agents of Contract owners.

34. NLIC will permit Contract owners to make one transfer of Contract value (or annuity unit exchange) out of the MSF Bond Portfolio subaccount to another subaccount, and out of the MSF

Balanced Portfolio subaccount to another subaccount, without the transfer (or exchange) being treated as one of a limited number of transfers (or exchanges) permitted without a transfer charge. Likewise, for at least 30 days following the proposed substitutions, NLIC will permit Contract owners affected by the substitutions to make one transfer of Contract value (or annuity unit exchange) out of the SVPT Bond Portfolio subaccount to another subaccount, and out of the SVPT Balanced Portfolio subaccount to another subaccount, without the transfer (or exchange) being treated as one of a limited number of transfers (or exchanges) permitted without a transfer charge. All Contract owners, even those who are "market timers," may avail themselves of the "free" transfer privilege both before and after the proposed substitutions.

35. To the extent that the annualized expenses of the SVPT Bond and Balanced Portfolios exceeds, for each fiscal period (such period being less than 90 days) during the twenty-four months following the substitutions, the 2002 net expense level of the MSF Bond and Balanced Portfolios, NLIC will, for each Contract outstanding on the date of the proposed substitutions, make a corresponding reduction in separate account (or subaccount) expenses on the last day of such fiscal period, such that the amount of the SVPT Balanced and Bond Portfolios' net expenses, together with those of the corresponding separate account (or subaccount) will, on an annualized basis, be no greater than the sum of the net expenses of the MSF Balanced and Bond Portfolios' and the expenses of the separate account (or