

against that Separate Account without regard to other income, gains or losses of John Hancock or JHVLICO. The assets maintained in the Separate Accounts will not be charged with any liabilities arising out of any other business conducted by John Hancock or JHVLICO. Nevertheless, all of the obligations of each of those companies arising under the Contracts, including its commitment to make cash value payments, annuity payments or death benefit payments, are general corporate obligations of that company. Accordingly, all of the assets of John Hancock or JHVLICO, as the case may be, are available to meet its obligations under its Contracts.

17. Each Separate Account meets the definition of "separate account" contained in section 37 of the Act.

18. Each of the Contracts permits its owner to allocate the Contract's accumulated value among numerous available Subaccounts, each of which invests in a different investment portfolio ("Fund") of an underlying mutual fund. Each of the Contracts has at least 32 different Subaccounts that, together with their corresponding Funds (including the applicable Replaced Funds), are currently available for this purpose.

19. Each Contract permits its owner to transfer the Contract's accumulated value from one Subaccount to another Subaccount of the issuing Separate Account at any time, subject to certain potential restrictions and charges described below. No sales charge applies to such a transfer of accumulated value among Subaccounts.

20. The only other charges on such transfers are, under certain Contracts, flat dollar amounts that may be assessed to help defray the administrative costs of effecting the transfers. In some cases, the Contracts permit up to a specified number of free transfers in a Contract year, before any such transfer charge may be imposed. Also, under certain Contracts, no transfer is permitted if it would result in the Contract being invested in more than 18 investment options over the life of the Contract ("Lifetime Cap") or, after the annuity payment commencement date, in more than four investment options at any one time.

21. John Hancock or JHVLICO, as applicable, has reserved the right to make certain changes, including to substitute, for the shares held in any Subaccount, the shares of another Fund or the shares of another underlying mutual fund, as stated in each prospectus for the Contracts contained in its applicable registration statement under the 1933 Act.

### The Funds

22. The Templeton Foreign Fund and the Templeton Developing Fund are separate Portfolios of the Franklin Templeton Variable Insurance Products Trust (the "Templeton Trust"). The Templeton Trust is registered as a management investment company under the Act (File No. 811-5583), and the shares in each of its portfolios (including the Templeton Foreign Fund and the Templeton Developing Fund) are also registered under the 1933 Act (File No. 33-23493).

23. Both the Templeton Foreign Fund and the Templeton Developing Fund issue more than one "class" of shares, which differ only as to charges they impose for sales and administrative services. In each case, the Contracts use only the "Class 2" shares, which impose an asset-based sales charge pursuant to rule 12b-1 under the Act ("Rule 12b-1 fee") equal to .25% per annum of the Fund's average daily net assets. Apart from the investment management fees and other Fund operating expenses, which also affect the net asset values of their shares, these Funds impose no other charges or deductions on their shares.

24. The AIM V.I. Growth Fund and the AIM V.I. Premier Equity Fund are separate portfolios of the AIM Variable Insurance Funds ("AIM V.I. Funds"). The AIM Variable Insurance Funds is registered as a management investment company under the Act (File Nos. 811-07452), and the shares in each of its Portfolios (including the AIM V.I. Growth Fund and AIM V.I. Premier Equity Fund) are also registered under the 1933 Act (File No. 33-57340).

25. Each of the AIM V.I. Growth Fund and the AIM Premier Equity Fund issues more than one "class" of shares, which differ only as to charges that they impose for sales and administrative services. In each case, the Contracts use only the "Series I" shares of the AIM V.I. Growth Fund and the AIM V.I. Premier Equity Fund, which do not impose any Rule 12b-1 fees or any other fees or charges, other than investment management fees and other operating expenses that affect the net asset value of their shares.

26. The Hancock International Fund and the Hancock International Opportunities Fund are portfolios of the John Hancock Variable Series Trust I (the "Hancock Trust"). The Hancock Trust is registered as a management investment company under the Act (File No. 811-04990), and the shares in each of its portfolios (including the Hancock International Fund and the Hancock International Opportunities Fund) are

also registered under the 1933 Act (File No. 33-2081).

27. Both the Hancock International Fund and the Hancock International Opportunities Fund offer only one class of shares, and that class does not impose any Rule 12b-1 fee or any other fees or charges, other than investment management fees and other operating expenses that affect the net asset value of their shares.

### The Funds' Investment Program

28. The Templeton Foreign Fund is managed by Templeton Investment Counsel, LLC, which has no affiliation with John Hancock.

29. The investment objective of the Templeton Foreign Fund is long-term capital growth. The Fund is an international fund that seeks to achieve its objective by investing primarily in equity securities of large to medium size companies outside the U.S. The Fund's current policy is, under normal circumstances, to invest at least 80% of its assets in non-U.S. companies. The Fund's investment philosophy is "bottom-up," long-term, and value oriented.

30. The Hancock International Fund is managed by John Hancock and sub-advised by Independence Investment LLC, which is indirectly wholly-owned by John Hancock. The investment objective of the Hancock International Fund is to track the performance of a broad-based equity index of foreign companies in developed and emerging markets. This Portfolio follows a "passive" investment strategy of owning a representative number of stocks in the index it seeks to track. The Fund is normally fully invested at all times.

31. The index used by the Hancock International Fund is a composite that is weighted 90% to the Morgan Stanley Capital International ("MSCI") Europe, Australia and Far East ("EAFE") Gross Domestic Product ("GDP") Index. The MSCI EAFE GDP Index is an index of non-U.S. equities in developed countries, within which each country's representation is weighted in proportion to its gross-domestic product, while companies within each country are weighted by market capitalization. The remaining 10% of the composite consists of the MSCI Emerging Markets Free ("EMF") Index. The MSCI EMF Index is a market capitalization-weighted index of emerging market stocks.

32. The Templeton Developing Fund is managed by Templeton Asset Management Ltd., which has no affiliation with John Hancock. The investment objective of the Templeton Developing Fund is long-term capital