

[In percent]

	1 Year	3 Year	5 Year	YTD
Touchstone International Equity (Class I) .....	- 23.50	- 22.97	- 10.05	- 1.75
Putnam VT International Equity Fund (Class IB) .....	- 18.01	- 15.40	- 1.26	0.12

30. The Substitutions will take place at the Funds' relative net asset values determined on the date of the Substitutions in accordance with Section 22 of the Act and Rule 22c-1 thereunder with no change in the amount of any contract owner's cash value or death benefit or in the dollar value of his or her investment in any of the subaccounts. Accordingly, there will be no financial impact on any contract owner. The Substitutions will be effected by having each of the subaccounts that invests in the Replaced Funds redeem its shares at the net asset value calculated on the date of the Substitution and purchase shares of the respective Replacement Fund at the net asset value calculated on the same date.

31. The Substitutions will be described in supplements to the prospectuses for the Contracts ("Stickers") filed with the Commission and mailed to contract owners. The Stickers will give contract owners notice of the Substitutions and will describe the reasons for engaging in the Substitutions. The Stickers will also inform contract owners with value allocated to a subaccount investing in the Replaced Funds that no additional amount may be allocated to those subaccounts on or after the date of the Substitutions. In addition, the Stickers will inform affected contract owners that they will have the opportunity to reallocate accumulation value prior to the Substitutions from the subaccounts investing in the Replaced Funds, and for 30 days after the Substitutions from the subaccounts investing in the Replacement Funds to subaccounts investing in other portfolios available under the respective Contracts, without the imposition of any transfer charge or limitation and without diminishing the number of free transfers that may be made in a given contract year.

32. The prospectuses for the Contracts, as supplemented by the Stickers, will reflect the Substitutions. Each contract owner will be provided with a prospectus for the Replacement Funds before the Substitutions, unless such contract owner has already received a copy of such prospectus in the ordinary course. Within five days after the Substitutions, the Insurance Companies will each send affected

contract owners written notice that the Substitutions have occurred. This written notice will also reiterate to contract owners that they will have the opportunity to reallocate accumulation value for 30 days after the Substitutions from the subaccounts investing in the Replacement Funds to subaccounts investing in other portfolios available under the respective Contracts.

33. The Insurance Companies, as applicable, will pay all expenses and transaction costs of the Substitutions, including all legal, accounting and brokerage expenses relating to the Substitutions. No costs will be borne by contract owners. Affected contract owners will not incur any fees or charges as a result of the Substitutions, nor will their rights or the obligations of the Applicants under the Contracts be altered in any way. The Substitutions will not cause the fees and charges under the Contracts currently being paid by contract owners to be greater after the Substitutions than before the Substitutions. The Substitutions will have no adverse tax consequences to contract owners and will in no way alter the tax benefits to contract owners.

34. Applicants believe that their request satisfies the standards for relief of Section 26(c) of the Act, as set forth below, because the affected contract owners will have:

(i) Contract values allocated to a subaccount invested in a Replacement Fund with an investment objective and investment policies substantially similar to the investment objective and policies of the Replaced Fund; (ii) Superior or comparable performance to that of the Replaced Funds; and (iii) Current total annual operating expenses that are the same or lower than those of the Replaced Fund.

#### Applicants' Legal Analysis

1. Section 26(c) of the Act makes it 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 approves the substitution. The Commission will approve such a substitution if the evidence establishes that it is consistent with the protection of investors and the purposes fairly

intended by the policy and provisions of the Act.

2. The purpose of Section 26(c) is to protect the expectation of investors in a unit investment trust that the unit investment trust will accumulate shares of a particular issuer by preventing unscrutinized substitutions that might, in effect, force shareholders dissatisfied with the substituted security to redeem their shares, thereby possibly incurring either a loss of the sales load deducted from initial premium payments, an additional sales load upon reinvestment of the redemption proceeds, or both. Moreover, in the insurance product context, a contract owner forced to redeem may suffer adverse tax consequences. Section 26(c) affords this protection to investors by preventing a depositor or trustee of a unit investment trust that holds shares of one issuer from substituting for those shares the shares of another issuer, unless the Commission approves that substitution.

3. The purposes, terms and conditions of the Substitution are consistent with the principles and purposes of Section 26(c) and do not entail any of the abuses that Section 26(c) is designed to prevent.

4. Substitutions have been common where the substitute portfolio has investment objectives and policies that are similar to those of the eliminated portfolio, current expenses that are similar to or lower than those of the eliminated portfolio, and performance that is similar to or better than that of the eliminated portfolio.

5. In both cases the investment objectives and policies of the Replacement Funds are sufficiently similar to those of the corresponding Replaced Funds that contract owners will have reasonable continuity in investment expectations. Accordingly, the Replacement Funds are appropriate investment vehicles for those contract owners who have contract values allocated to the Replaced Funds.

6. The management fee and current total annual operating expenses (including Rule 12b-1 fees) are lower than those of the Replaced Fund, in the case of the Putnam VT International Equity Fund. In the case of the Touchstone Money Market Fund, the management fee is lower than that of the Replaced Fund and total annual