

teams responsible for the management of the Substituted Portfolios. Ultimately, MLLIC and MLNY concluded that the Substituted Portfolios offered under the Variable Contracts warrant replacement and that it would be preferable to make alternative investment options available to both current and future Variable Contract owners. Consequently, MLLIC and MLNY identified certain investment options (*i.e.*, the Replacement Portfolios) that MLLIC and MLNY feel would be more competitive and more attractive to Variable Contract owners. In fact, under certain of the Variable Contracts (where administratively feasible), MLLIC and MLNY closed the subaccounts investing in the Substituted Portfolios to the allocation of premium and contract value on May 1, 2003, and simultaneously added new investment options that invest in the Replacement Portfolios.

23. MLLIC and MLNY also feel that these options would better promote their goals of increasing administrative efficiency of, and control over, their Variable Contracts if they were a part of their affiliated fund families. For example, one of the proposed Substitutions involves the Roszel/Delaware Trend Portfolio, which is modeled on one of its corresponding Substituted Portfolios, the Delaware VIP Trend Series; this Replacement Portfolio also shares an identical investment objective and substantially similar policies, restrictions, and risks as this Substituted Portfolio. In addition, as the Replacement Portfolios operate pursuant to the Manager of Managers Order, the Substitutions would provide protection to Variable Contract owners by giving Roszel Advisors the agility and flexibility to change the subadvisers of the Replacement Portfolios should such a change become warranted or advisable.

24. MLLIC and MLNY will effect the Substitutions as soon as practicable following the issuance of the requested order as follows. As of the effective date of the Substitutions ("Effective Date"), each Separate Account will redeem shares of the applicable Substituted Portfolios in-kind. The proceeds of such redemptions will then be used to purchase shares of the corresponding Replacement Portfolios, with each subaccount of the applicable Separate Account investing the proceeds of its redemption from the Substituted Portfolios in the applicable Replacement Portfolios. Following these transactions, certain Separate Accounts may have two subaccounts holding shares of the Replacement Portfolios. Each Separate Account will combine the two subaccounts holding shares of each

Replacement Portfolio by transferring shares on the same date from one of the subaccounts holding shares of the Replacement Portfolio to the other subaccount holding shares of the Replacement Portfolio. The net effect of the Substitutions will be to eliminate the subaccount in each Separate Account relating to the Substituted Portfolios.

25. Redemption requests and purchase orders will be placed simultaneously so that contract values will remain fully invested at all times. All redemptions of shares of the Substituted Portfolios and purchases of shares of the Replacement Portfolios will be effected in accordance with Rule 22c-1 of the 1940 Act.

26. The Substitutions will take place at relative net asset value with no change in the amount of any Variable Contract owner's contract value or death benefit or in the dollar value of his or her investments in any of the subaccounts. Variable Contract owners will not incur any additional fees or charges as a result of the Substitutions, nor will their rights or MLLIC's and MLNY's obligations under the Variable Contracts be altered in any way (although Variable Contract owners will lose their right to vote on whether the MLIG Trust and Roszel Advisors may enter into and materially amend investment subadvisory agreements relating to the Replacement Portfolios, pursuant to the Manager of Managers Order described above). All expenses incurred in connection with the Substitutions, including legal, accounting, transactional, and other fees and expenses, including brokerage commissions, will be paid by MLLIC or MLNY. In addition, the Substitutions will not impose any tax liability on Variable Contract owners. The Substitutions will not cause the Variable Contract fees and charges currently paid by existing Variable Contract owners to be greater after the Substitutions than before the Substitutions. Neither MLLIC nor MLNY will exercise any right it may have under the Variable Contracts to impose restrictions on transfers under the Variable Contracts for a period of at least thirty days following the Substitutions. To the extent that the total operating expenses of either of the Replacement Portfolios (taking into account any expense waiver or reimbursement), for each fiscal quarter during the twenty-four months following the Substitutions, exceed on an annualized basis the net expense level of the corresponding Substituted Portfolio for the fiscal year ended December 31, 2002, MLLIC and MLNY will, for each Variable Contract

outstanding on the date of the Substitutions, make a corresponding reduction in Separate Account expenses on the last day of such fiscal quarter, such that the amount of the Replacement Portfolio's net expenses, together with those of the corresponding Separate Account will, on an annualized basis, be no greater than the sum of the net expenses of the corresponding Substituted Portfolio and the expenses of the Separate Account for the 2002 fiscal year. In addition, for twenty-four months following the Substitutions, MLLIC and MLNY will not increase asset-based fees or charges for Variable Contracts outstanding on the day of the Substitutions. Thereafter, expenses of the Replacement Portfolios will vary from year to year and may exceed those of their corresponding Substituted Portfolios. The procedures to be implemented are sufficient to assure that each Variable Contract owner's cash values immediately after the Substitutions shall be equal to the cash value immediately before the Substitutions, and that the Substitutions will not affect the value of the interests of those owners of other MLLIC and MLNY variable contracts (other than the Variable Contracts) who currently have contract value allocated to any of the portfolios of the AllianceBernstein Fund, the Delaware Trust, the MFS Trust, or the MLIG Trust.

27. Variable Contract owners have been notified of the Application by means of a supplement to the prospectus for each of the Variable Contracts that discloses that the Applicants have filed the Application and seek approval for the Substitutions ("Pre-Substitution Notice"). The Pre-Substitution Notice set forth the anticipated Effective Date and advised Variable Contract owners that contract values attributable to investments in the Substituted Portfolios will be transferred to the Replacement Portfolios, without charge (including sales charges or surrender charges) and without counting toward the number of transfers permitted without charge, on the Effective Date. The Pre-Substitution Notice stated that, from the date the initial application was filed with the Commission through the date thirty (30) days after the Substitutions, Variable Contract owners may make one transfer of contract value from the subaccounts investing in the Substituted Portfolios (before the Substitutions) or the Replacement Portfolios (after the Substitutions) to any other subaccount without charge (including sales charges or surrender charges) and without that transfer counting toward the number