

proposed Substitutions will not have any adverse tax consequences to Owners. The proposed Substitutions will not cause Contract fees and charges currently being paid by existing Owners to be greater after the proposed Substitutions than before the proposed Substitutions. The proposed Substitutions will not be treated as transfers for the purpose of transfer limits or assessing transfer charges.

15. AIG SunAmerica will schedule the Substitutions to occur after issuance of the requested order and any required state insurance department approvals. Further, although the Substitutions will result in the replacement of the Portfolios of all the available Variable Accounts under the Contract, AIG SunAmerica will not exercise any right it may have under the Contract to collect transfer fees or impose any additional restrictions on Owners who may wish to make transfers among the available Variable Accounts funded by the Replacement Portfolios for a period of at least thirty (30) days following mailing of the Notice, as defined below, of the proposed Substitutions (the "Free Transfer Period"). During the Free Transfer Period, transfers among the available Variable Accounts funded by the Replacement Portfolios will be permitted without those transfers being counted against any limit on free transfers under the Contract.

16. Upon filing the Application, AIG SunAmerica supplemented the prospectus for the Contract to reflect the proposed Substitutions. Within five days after the Substitutions, AIG SunAmerica will send to its Owners written notice of the Substitutions (the "Notice"), identifying the shares of the Replaced Portfolios that have been eliminated and the shares of the Replacement Portfolios that have been substituted. AIG SunAmerica will also include in the mailing of the Notice the applicable prospectus supplement for the Contract describing the Substitutions and a copy of the prospectus for the Replacement Portfolios to Owners who have not already received a copy of that prospectus in the ordinary course. The Notice will further advise Owners that during the Free Transfer Period, Owners may transfer all assets, as substituted, among the available Variable Accounts funded by the Replacement Portfolios without limit or charge and without those transfers being counted against any limit on free transfers under their Contract.

Applicable Law

Section 26(c) of the 1940 Act

1. Section 26(c) of the 1940 Act provides that "[i]t shall be 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 [SEC] shall have approved such substitution."

2. Applicants represent that the proposed Substitution involves a substitution of securities within the meaning of meaning of Section 26(c) of the 1940 Act. The Applicants, therefore, request an order from the SEC pursuant to Section 26(c) approving the proposed Substitution.

3. Applicants represent that the Substitutions do not present the type of costly forced redemption or other harms that Section 26(c) was intended to guard against and is consistent with the protection of investors and the purposes fairly intended by the 1940 Act for the following reasons:

a. The Substitutions will continue to fulfill Owners' objectives and risk expectations, because the Replacement Portfolios corresponding to the Replaced Portfolios have objectives, policies, and restrictions substantially identical in all material respects to the objectives, policies, and restrictions of the Replaced Portfolios;

b. After receipt of the Notice informing an Owner of the Substitutions, an Owner may request that his or her assets be reallocated among the available Variable Accounts funded by the Replacement Portfolios at any time during the Free Transfer Period without any limit or charge and without those transfers being counted against any limit on free transfers under the Contract. This right also will be granted to Owners who are receiving variable payments based on the Replaced Portfolios. The Free Transfer Period will provide sufficient time for Owners to consider their reinvestment and withdrawal options;

c. The Substitutions will be at net asset value of the respective shares, without the imposition of any transfer or similar charge, so that there will be not change in the Owners' accumulation values or any other contract values following the Substitution;

d. AIG SunAmerica has undertaken to assume all expenses and transaction costs, including, but not limited to, legal and accounting fees (or any brokerage commissions, if any redemptions are effected otherwise than on an in-kind basis), in connection with the Substitutions involving the Separate Account;

e. The Substitutions will in no way alter the contractual obligations of AIG SunAmerica or the rights and privileges of Owners under the Contract;

f. The proposed Substitutions will not have any adverse tax consequences to Owners;

g. The Substitutions are expected to confer certain economic benefits on Owners by virtue of generally lower expenses currently or in the long term;

h. At the time of the Substitutions, the total annual expenses of each Replacement Portfolio (except for the Growth Fund which has slightly higher total annual expenses than the Growth Series) are expected to be lower than those of the corresponding Replaced Portfolio;

i. It is anticipated that the Substitutions will be effected by redeeming shares of each of the Replaced Portfolios wholly on an in-kind basis and contributing those assets in-kind to the corresponding Replacement Portfolio to purchase their respective shares; and

j. The In-Kind Transactions will be done in a manner consistent with the investment objectives, policies and restrictions, and diversification requirements of the Replaced and Replacement Portfolios; and Capital Research will review the In-Kind Transactions.

4. Applicants anticipate that all redeemed assets of the Replaced Portfolios will be suitable for the corresponding Replacement Portfolios.

5. AIG SunAmerica represents that it and its affiliates currently do not, and will not for a period of three years from the date of the Order requested herein, receive any direct or indirect benefit from the Replacement Portfolios their adviser (or their adviser's affiliates) or underwriters and affiliates, in connection with assets attributable to the Contract affected by the Substitutions, at a higher rate, as a percentage of its Separate Account assets invested in such Replacement Portfolios, than it or any affiliate had received from the corresponding Replaced Portfolio its adviser, (or its adviser's affiliates) or underwriters and affiliates, including without limitation 12b-1, shareholder service, administrative or other service fees, revenue sharing or other arrangements.

6. AIG SunAmerica further represents that the proposed Substitutions involving the Replaced and Replacement Portfolios and its selection of the Replacement Portfolios were not motivated by any financial consideration paid or to be paid to it or to any of its affiliates by the Replacement Portfolios, their adviser or