

institutional investors or lenders under one or more term-loan agreements. The Notes will mature in not less than nine months nor more than ten years and will have a fixed or fluctuating rate of interest, or a combination of both. The actual rate of interest of each Note shall be subject to negotiation between Wheeling and the lender, but any fixed rate of interest will not exceed 500 basis points over the yield, at issuance, of U.S. Treasury obligations with comparable maturity dates, and a fluctuating rate will not exceed 500 basis points over the prime rate as announced from time to time by a major bank. If a bank or financial institution arranges financing with a third party, the institution may charge a placement fee not in excess of 1% of the principal amount of the borrowing. Wheeling will use the proceeds from the sale of the Notes to repay its long- and short-term debt.

Wheeling also seeks authorization to enter into hedging transactions, including anticipatory hedges, with respect to its indebtedness in order to manage and minimize interest rate costs and to lock-in current interest rates.

Wheeling requests authority to enter into, perform, purchase and sell financial instruments intended to manage the volatility of interest rates, including but not limited to interest rate swaps, caps, floors, collars and forward agreements or any other similar agreements. Wheeling would employ interest rate derivatives as a means of prudently managing the risk associated with any of its outstanding debt issued under the authority requested in this application or an applicable exemption by, in effect, synthetically (1) converting variable rate debt to fixed rate debt; (2) converting fixed rate debt to variable rate debt; and (3) limiting the impact of changes in interest rates resulting from variable rate debt. In no case would the notional principal amount of any interest rate swap exceed that of the underlying debt instrument and related interest rate exposure. The transactions would be for fixed periods. Interest rate hedges would only be entered into with counterparties ("Approved Counterparties") whose senior debt ratings, as published by a national recognized rating agency are greater than or equal to "BBB", or an equivalent rating.

In addition, Wheeling requests authorization to enter into interest rate hedging transactions with respect to anticipated debt offerings ("Anticipatory Hedges"), subject to certain limitations and restrictions. Anticipatory Hedges would only be entered into with Approved

Counterparties, and would be utilized to fix and/or limit the interest rate risk associated with any new issuance through (1) a forward sale of exchange-traded Hedge Instruments (each a "Forward Sale"); (2) the purchase of put options on Hedge Instruments (a "Put Options Purchase"); (3) a Put Options Purchase in combination with the sale of call options on Hedge Instruments (a "Zero Cost Collar"); (4) transactions involving the purchase or sale, including short sales, of Hedge Instruments; or (5) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar and/or other derivative or cash transactions, including, but not limited to structured notes, caps and collars, appropriate for the Anticipatory Hedges. Anticipatory Hedges may be executed on-exchange ("On-Exchange Trades") with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade, the opening of over-the-counter positions with one or more counterparties ("Off-Exchange Trades"), or a combination of On-Exchange Trades and Off-Exchange Trades. Wheeling will determine the optimal structure of each Anticipating Hedge transaction at the time of execution. Wheeling may decide to lock in interest rates and/or limit its exposure to interest rate increases. Wheeling states that it will comply with standards relating to accounting for derivative transactions as are adopted and implemented by the Financial Accounting Standards Board ("FASB"). In addition, these financial instruments will qualify for hedge accounting treatment under FASB rules.

For the Commission, by the Division of Investment Management, under delegated authority.

**Margaret H. McFarland,**  
*Deputy Secretary.*

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**BILLING CODE 8010-01-M**

## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24784; File No. 812-12090]

### American United Life Insurance Company, et al.

December 4, 2000.

**AGENCY:** Securities and Exchange Commission ("Commission").

**ACTION:** Notice of application for an order pursuant to Section 26(b) of the Investment Company Act of 1940 (the "1940 Act") approving certain substitutions of securities.

*Applicants:* American United Life Insurance Company ("AUL") and AUL American Unit Trust ("AUL Account") (collectively referred to herein as the "Applicants").

**SUMMARY OF APPLICATION:** Applicants request an order to permit a registered unit investment trust to substitute shares of the State Street Equity 500 Index Fund ("State Street 500 Fund"), a series of State Street Institutional Investment Trust ("State Street Trust"), for shares of the Index 500 Portfolio ("Fidelity 500 Portfolio"), a series of Variable Insurance Products Fund II ("VIP II") currently held by that unit investment trust.

*Filing Date:* The application was filed on May 5, 2000, and amended and restated on November 30, 2000.

*Hearing Or Notification Of Hearing:* An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on December 26, 2000, and should be accompanied by proof of service on Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants: c/o Richard A. Wacker, Esq., American United Life Insurance Company, One American Square, Indianapolis, Indiana 46282. Copies to: Ruth S. Epstein, Esq., Dechert, 1775 Eye Street, NW., Washington, DC 20006-2401.

**FOR FURTHER INFORMATION CONTACT:** Lorna MacLeod, Branch Chief, at (202) 942-0684, Office of Insurance Products, Division of Investment Management.

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application; the complete application may be obtained for a fee from the Public Reference Branch of the Commission, 450 Fifth Street, NW., Washington, DC 20549-0102, (tel. (202) 942-8090).

### Applicant's Representations

1. AUL is an Indiana mutual life insurance company. AUL is the depositor and sponsor of the AUL

Account, a separate investment account established under Indiana law.

2. The AUL Account is registered with the Commission under the 1940 Act as a unit investment trust. The assets of the AUL Account support certain group annuity contracts (collectively, the "Contracts"). Certain Contracts may allow ongoing contributions that can vary in amount and frequency, while other Contracts may allow only a single contribution to be made. All of the Contracts provide for the accumulation of values on a variable basis, a fixed basis, or both. The Contracts also provide several options for fixed annuity payments to begin on a future date.

3. The AUL Account is currently divided into thirty-five (35) sub-accounts referred to as Investment Accounts. Each Investment Account invests exclusively in shares of AUL American Series Fund, Inc., Alger American Fund, American Century Mutual Funds, Inc., American Century Quantitative Equity Funds, American Century Variable Portfolios, Inc., American Century World Mutual Funds, Inc., Calvert Variable Series, Variable Insurance Products Fund, VIP II, Invesco Dynamics Fund, Inc., Janus Aspen Series, PBHG Insurance Series Fund, Inc., SAFECO Resource Series Trust, State Street Trust, T. Rowe Price Equity Series, Inc., and Vanguard Explorer Fund, Inc. (collectively, "Funds") or in shares of specific series of a Fund. Contributions may be allocated to one or more Investment

Accounts available under a Contract. Not all of the Investment Accounts may be available under a particular Contract and some of the Investment Accounts are not available for certain types of Contracts.

4. VIP II is organized as a Massachusetts business trust and is registered as an open-end management investment company under the 1940 Act. VIP II is a series investment company, as defined by Rule 18f-2 under the 1940 Act, and currently offers shares of fourteen separate series. Only the Fidelity 500 Portfolio would be involved in the proposed substitution.

5. State Street Trust is organized as a Massachusetts business trust and is registered as an open-end management investment company under the 1940 Act. As of the date of this application, it has not commenced operations. State Street Trust is a series investment company, as defined by Rule 18f-2 under the 1940 Act, and currently intends to offer five separate series of shares (each, a "Feeder"). Each Feeder currently intends to invest all of its assets in a corresponding series of State Street Master Funds (each, a "Master") that has the same investment objective as, and investment policies that are substantially similar to those of, the corresponding Feeder. As long as a Feeder remains completely invested in a Master (or any other investment company), State Street Bank and Trust Company ("State Street"), acting through its division, State Street Global Advisors (the "Adviser") is not entitled

to receive any investment advisory fee with respect to the Feeder. A Feeder may withdraw its investment from the related Master at any time if State Street Trust's Board of Trustees determines that it is in the best interests of the Feeder and its shareholders to do so. State Street Trust has retained the Adviser as investment adviser to manage a Feeder's assets in the event that the Feeder withdraws its investment from its corresponding Master. Only the State Street 500 Fund would be involved in connection with the substitution transactions described below.

6. Each of the Contracts expressly reserves to the Applicants the right, subject to compliance with applicable law, to change or add investment companies. The prospectuses describing the Contracts contain appropriate disclosure of this right.

7. The AUL Account imposes no limitations on the number of transfers between investment accounts available under a contract or the fixed account and no charges on transfers. AUL reserves the right, however, at a future date, to assess transfer charges and to limit the number and frequency of transfers.

8. Applicants propose to substitute Class A shares issued by the State Street 500 Fund for the Initial Class shares issued by the Fidelity 500 Portfolio (the "Substitution").

9. The chart below shows the investment objectives of the State Street 500 Fund and the Fidelity 500 Portfolio.

Removed portfolio	Investment objective	Substituted portfolio	Investment objective
Fidelity 500 Portfolio ....	Seeks investment results that correspond to the total return of common stocks publicly traded in the United States, as represented by the Standard & Poor's 500 Composite Stock Price Index ("S&P 500").	State Street 500 Fund	Seeks to provide an investment return matching, as closely as possible before expenses, the performance of the S&P 500.

10. The chart below shows: (1) the management fees, operating expenses and total expenses for Initial Class shares of the Fidelity 500 Portfolio for the year ending December 31, 1999; and (b) the estimated management fees, 12b-1 fees, operating expenses and total expenses of Class A shares of the State Street 500 Fund following the proposed substitutions. The fees and expenses in the chart are presented as a percentage of average daily net assets.

	Replaced fund—fidelity 500 (percent)	Sustituted fund—state street 500 <sup>1</sup> (percent)
Management Fee .....	0.24	0.045
Distribution and Service (12b-1) Fee .....	0.00	0.150
Other Expenses .....	0.10	0.050
Total Annual Operating Expenses:		
(Before Expense waivers and reimbursements) .....	0.34	0.25
Minus expense waivers or reimbursements .....	0.06	0.000
Total Annual Operating Expenses:		

	Replaced fund—fidelity 500 (percent)	Sustituted fund—state street 500 <sup>1</sup> (percent)
(After expense waivers and reimbursements) .....	<sup>2</sup> 0.28	0.245

<sup>1</sup> The feeder fund imposes a Rule 12b-1 fee of 15 basis points and estimates other expenses of 5 basis points. The master imposes an annual unitary management fee of 4.5 basic points, which compensates State Street for its services as adviser, custodian and transfer agent, and for assuming ordinary operating expenses, including ordinary legal and audit expenses. By investing in the master fund, the feeder pays a pro rata share of the master fund expenses, based on the net asset value of its investment in the master. In other words, the State Street 500 Fund will pay the fee with respect to its pro rata share of the total assets invested in the State Street 500 Master.

<sup>2</sup> Effective April 18, 1998, FMR has voluntarily agreed to reimburse Initial Class Shares of the Fidelity 500 Portfolio to the extent that total operating expenses (excluding interest, taxes, securities lending costs, brokerage commissions and extraordinary expenses), as a percentage of average net assets, exceed 0.28%. This arrangement can be discontinued by FMR at any time.

11. Applicants provided, or will provide, a notice of the Substitution (the "First Notice") to Contract Owners and Participants, which describes the proposed substitution and discloses that AUL will not exercise any rights reserved under the contract to impose additional restrictions on transfers until at least thirty (30) days after the date of the substitution.

12. Upon effectiveness of the registration statement of State Street Trust, and approval of this application by the Commission, the Applicants will send Contract Owners further detailed notice concerning the proposed substitutions (the "Second Notice"). The Second Notice will inform Contract Owners and Participants that the substitutions will be carried out, identify the anticipated date of the substitutions and inform Contract Owners and Participants that AUL will not exercise any rights reserved under the Contract to impose additional restrictions on transfers until at least thirty (30) days after the date of the substitution. Together with this disclosure, all such existing Contract Owners and Participants also will be sent to prospectus for the State Street 500 Fund. New purchasers of Contracts also will be provided with the Contract prospectuses, the Second Notice, and a prospectus for the State Street 500 Fund.

13. Applicants will mail a confirmation of the substitutions to affected Contract Owners within five days after the substitutions are affected. The Confirmation will disclose (a) that the substitution was carried out and (b) that AUL will not exercise any rights reserved under the contract to impose additional restrictions on transfers until at least thirty (30) days after the date of the substitution.

14. Applicants make the following representations regarding the significant terms of the Substitution:

a. The State Street 500 Fund has investment objectives, investment strategies, and anticipated risks that are substantially similar in all material

respects to those of the Fidelity 500 Portfolio.

b. At the time of the substitution, the aggregate fees and expenses of the State Street 500 Fund will be lower than those of the Fidelity 500 Portfolio. Applicants agree that AUL will not increase total separate account charges (net of any waivers or reimbursements) of the Investment Account that invests in the State Street Fund for those Contract Owners who were Contract Owners on the Substitution Date for a period of two years from the Substitution Date. Applicants further agree that if the total operating expenses for the State Street 500 Fund (taking into account expense waivers and reimbursements) ("State Street Expenses") for any fiscal quarter during the two-year period following the Substitution Date exceed on an annualized basis 0.28% of average daily net assets (the expense ratio for the Fidelity 500 Portfolio for the fiscal year ended December 31, 1999), AUL will make adjustments to the separate account charges of the Investment Account that invests in the State Street Fund for those Contract Owners who were Contract Owners on the Substitution Date, such that the State Street Expenses together with separate account expenses paid during that period will not exceed, on an annualized basis, 0.28% of average daily net assets plus the separate account expenses for the corresponding Investment Account during the fiscal year ending December 31, 1999.

c. Contract Owners and Participants may transfer assets from one Investment Account to another Investment Account available under their Contract without the imposition of any fee, charge or other penalty that might otherwise be imposed from the date of the First Notice through a date at least thirty days following the Substitution Date.

d. The substitutions, in all cases, will be affected at the net asset value of the respective shares of the Fidelity 500 Portfolio and the State Street 500 Fund in conformity with Section 22(c) of the

1940 Act and Rule 22c-1 thereunder, without the imposition of any transfer or similar charge by the Applicants, and with no change in the amount of any Contract Owner's Contract value or in the dollar value any Contract Owner's or Participant's investment in such Contract.

e. Contract Owners and Participants will not incur any fees or charges as a result of the proposed substitutions, nor will their rights or AUL's obligations under the Contracts be altered in any way. AUL will bear all expenses incurred in connection with the proposed substitutions and related filings and notices, including legal, accounting and other fees and expenses. The proposed substitutions will not cause the Contract fees and charges currently being paid by existing Contract Owners or Participants to be greater after the proposed substitutions than before the proposed substitutions.

f. Redemptions in-kind and contributions in-kind will be done in a manner consistent with the investment objectives, policies and diversification requirements of the Fidelity 500 Portfolio and State Street 500 Fund. Consistent with Rule 17a-7(d) under the 1940 Act, no brokerage commissions, fees (except customary transfer fees) or other remuneration will be paid in connection with the in-kind transactions.

g. The substitutions will not be counted as new investment selections in determining the limit, if any, on the total number of Funds that Contract Owners or Participants can select during the life of a Contract.

h. The substitutions will not alter in any way the tax benefits, life insurance and other Contract benefits, or any Contract obligations of the Applicants, under the Contracts.

i. Contract Owners and Participants may withdraw amounts under the Contracts or terminate their interest in a Contract, under the conditions that currently exist, including payment of any applicable withdrawal or surrender charge.

j. Contract Owners and Participants affected by the substitutions will be sent written confirmation of the substitutions that identify each substitution made on behalf of that Contract Owner or Participant within five days following the Substitution Date.

### Applicants' Legal Analysis And Conditions

1. Section 26(b) of the 1940 Act provides that it 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 Commission shall have approved such substitution; and the Commission shall issue an order approving such substitution if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the 1940 Act. Section 26(b) protects the expectation of investors that the unit investment trust will accumulate shares of a particular issuer and is intended to insure that unnecessary or burdensome sales loads, additional reinvestment costs or other charges will not be incurred due to unapproved substitutions of securities.

2. Applicants request an order pursuant to Section 26(b) of the 1940 Act approving the Substitution. Applicants assert that the purposes, terms, and conditions of the Substitution are consistent with the protections for which Section 26(b) was designed. The Applicants assert the Substitution will benefit Contract Owners because the State Street 500 Fund will enjoy lower expenses than the Fidelity 500 Portfolio. Given the similarities in investment strategies between the Fidelity 500 Portfolio and the State Street 500 Fund, Applicants assert that the lower expense ratio of the State Street 500 Fund is likely to result in higher investment returns than those obtained by the Fidelity 500 Portfolio.

3. Contract Owners and Participants who do not want their assets allocated to the State Street 500 Fund will be able to transfer assets to any one of the other Investment Accounts available under their Contract without any transfer charge.

4. Applicants represent that the Substitution and related redemptions in kind and purchases will not result in any change in the amount of any Contract Owner's or participant's Contract value or in the dollar value of his or her investment in such Contract, or the life benefits, tax benefits or any contractual obligation of the Applicants under the Policies. Contract Owners will not incur any fees, expenses or

charges as a result of the proposed transactions. Furthermore, the proposed transactions will not result in any change to the Contract fees and charges currently being paid by existing Contract Owners.

5. The Applicants will not complete the Substitution as described in the application unless all of the following conditions are met:

a. The Commission will have issued an order approving the Substitution under Section 26(b) of the 1940 Act.

b. The registration statement for State Street Trust shall have become effective.

c. Each Contract Owner and Participant will have been mailed the First Notice, the Second Notice and effective prospectuses for the Contracts and the State Street 500 Fund.

d. The Applicants will have satisfied themselves, based on advice of counsel familiar with insurance laws, that the Contracts allow the substitution of portfolios as described in this application, and the transactions can be consummated as described herein under applicable insurance laws and under the Contracts.

e. The Applicants will have complied with any regulatory requirements they believe are necessary to complete the transactions in each jurisdiction where the Contracts have been qualified for sale.

### Conclusion

Applicants assert that, for the reasons summarized above, the requested order approving the Substitution should be granted.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

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### SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24785; File No. 812-11332]

#### AIG Life Insurance Company, et al.

December 5, 2000.

**AGENCY:** Securities and Exchange Commission ("SEC" or "Commission").

**ACTION:** Notice of application for an order pursuant to Section 26(b) of the Investment Company Act of 1940, as amended ("1940 Act") approving certain substitution of securities, and pursuant to Section 17(b) of the 1940 Act exempting related transactions from Section 17(a) of the 1940 Act.

**APPLICANTS:** AIG Life Insurance Company ("AIG"), AIG Life Insurance Company Variable Account I ("Variable Account I"), American International Life Insurance Company of New York ("American"), American International Assurance Company of New York Variable Account A ("Variable Account A"), ReliaStar Life Insurance Company of New York ("ReliaStar," and together with AIG and American, the "Variable Insurers" or the "Insurance Company Applicants"), ReliaStar Life Insurance Company of New York Variable Annuity Fund P ("Variable Annuity Fund P"), ReliaStar Life Insurance Company of New York Variable Annuity Fund Q ("Variable Annuity Fund Q," and together with Variable Annuity Fund P, the "ReliaStar Separate Accounts") (collectively, with Variable Account I and Variable Account A, the "Separate Accounts") and Alliance Variable Products Series Fund, Inc. ("AVP").

**SUMMARY OF APPLICATION:** Applicants request an order permitting (1) the substitution of shares of AVP's Total Return Portfolio ("Total Return Portfolio") for shares of AVP's Conservative Investors Portfolio ("Conservative Investors Portfolio") and AVP's Growth Investors Portfolio ("Growth Investors Portfolio", and (2) the substitution of shares of AVP's Money Market Portfolio ("Money Market Portfolio") and shares of the Oppenheimer Money Market Fund VA ("Money Fund") for shares of AVP's Short-Term Multi Market Portfolio ("Multi Market Portfolio"), (The Conservative Investors Portfolio, Growth Investors Portfolio and Multi-Market Portfolio are referred to herein as the "Replaced Portfolios." The Total Return Portfolio, Money Market Portfolio and Money Fund are referred to herein as the "Substitute Portfolios." The Replaced Portfolios and the Substitute Portfolios are referred to, collectively, as the "Affected Portfolios.") AIG, Variable Account I, American, Variable Account A and AVP also seek relief from Section 17(a) for purposes of effecting certain of the substitutions partially in-kind.

**FILING DATE:** The application was filed on May 1, 2000, and amended and restated on October 19, 2000.

Applicants represent that they will file an amended and restated application during the notice period to conform to the representations set forth herein.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants