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Dated: June 13, 2002.

David Louis Gamberoni,

Technical Coordinator, Office of the Secretary.

[FR Doc. 02-15419 Filed 6-14-02; 11:57 am]

BILLING CODE 7590-01-M

OFFICE OF PERSONNEL MANAGEMENT

Submission for OMB Review; Comment Request for Reclearance of a Revised Information Collection: RI 78-11

AGENCY: Office of Personnel Management.

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (Public Law 104-13, May 22, 1995), this notice announces that the Office of Personnel Management (OPM) has submitted to the Office of Management and Budget a request for reclearance of a revised information collection. RI 78-11, Medicare Part B Certification, collects information from annuitants, their spouses, and survivor annuitants to determine their eligibility under the Retired Federal Employees Health Benefits Program for a Government contribution toward the cost of Part B of Medicare.

Approximately 100 RI 78-11 forms are completed annually. Each form requires approximately 10 minutes to complete for an annual estimated burden of 17 hours.

For copies of this proposal, contact Mary Beth Smith-Toomey on (202) 606-8358, FAX 202-418-3251, or via E-mail at mbtoomey@opm.gov. Please include a mailing address with your request.

DATES: Comments on this proposal should be received on or before July 18, 2002.

ADDRESSES: Send or deliver comments to:

Ronald W. Melton, Chief, Operations Support Division, Retirement and Insurance Service, U.S. Office of Personnel Management, 1900 E Street,

NW., Room 3349, Washington, DC 20415; and

Joseph Lackey, OPM Desk Officer, Office of Information & Regulatory Affairs, Office of Management and Budget, New Executive Office Building, NW., Room 10235, Washington, DC 20503.

FOR INFORMATION REGARDING

ADMINISTRATIVE COORDINATION CONTACT: Cyrus S. Benson, Team Leader, Desktop Publishing & Printing Team, Budget & Administrative Services Division, (202) 606-0623.

Office of Personnel Management.

Kay Coles James,

Director.

[FR Doc. 02-15205 Filed 6-17-02; 8:45 am]

BILLING CODE 6325-50-P

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-25610; File No. 812-11894]

The Lincoln National Life Insurance Company, et al.

June 12, 2002.

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

SUMMARY OF APPLICATION: Applicants seek an order pursuant to Section 26(c) of the Investment Company Act of 1940 to permit substitution of shares of certain portfolios of variable insurance product funds for shares of portfolios of certain other variable insurance products funds.

APPLICANTS: The Lincoln National Life Insurance Company ("Lincoln Life"), Lincoln Life Variable Annuity Account N ("Lincoln Life Account N"), Lincoln Life & Annuity Company of New York ("LLNY"), Lincoln New York Separate Account N for Variable Annuities ("Lincoln New York Separate Account N") and Touchstone Advisors, Inc. ("Touchstone") (collectively, the "Applicants").

FILING DATE: The application ("Application") was filed on December 17, 1999 and amended and restated on January 22, 2001, December 5, 2001 and June 10, 2002.

HEARING OR NOTIFICATION OF HEARING: An order granting the Application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the Secretary of the SEC and serving the Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the SEC by 5:30 p.m. on July 3, 2002, and should be accompanied by proof of service on the 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 SEC.

ADDRESSES: For the SEC: Secretary, U.S. Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. For Applicants: Brian Burke, Esquire, The Lincoln National Life Insurance Company, 1300 South Clinton Street, Fort Wayne, IN 46802. Copies to Susan S. Krawczyk, Esquire, Sutherland Asbill & Brennan LLP, 1275 Pennsylvania Avenue, NW, Washington, DC 20004-2415.

FOR FURTHER INFORMATION CONTACT:

Alison Toledo, Senior Counsel, or Lorna MacLeod, Branch Chief, Division of Investment Management, Office of Insurance Products, at (202) 942-0670.

SUPPLEMENTARY INFORMATION: The following is a summary of the Application. The complete Application is available for a fee from the SEC's Public Reference Branch, 450 Fifth Street, NW, Washington, DC 20549-0102.

Applicants' Representations

1. Lincoln Life is a stock life insurance company incorporated under the laws of the State of Indiana on June 12, 1905. LLNY is a life insurance company founded under the laws of New York on June 6, 1996. For purposes of the Act, Lincoln Life is the depositor and sponsor of the Lincoln Life Account N and LLNY is the depositor and sponsor of Lincoln New York Separate Account N, as those terms have been interpreted by the Commission with respect to variable annuity separate accounts. The Board of Directors of Lincoln Life established Lincoln Life Account N on November 3, 1997. Lincoln Life Account N is registered under the Act as a unit investment trust (File No. 811-8517). The assets of Lincoln Life Account N support certain individual variable annuity contracts (including Choice Plus), and interests in Lincoln Life Account N offered through such contracts have been registered under the Securities Act of 1933 ("1933 Act") on Form N-4 (Reg. File Nos. 333-40937, 333-36304, and 333-36316).

2. The Board of Directors of LLNY established Lincoln New York Separate Account N on March 11, 1999. Lincoln New York Separate Account N is also registered under the Act as a unit investment trust (File No. 811-9763). The assets of Lincoln New York Separate Account N support certain Contracts and interests in Lincoln New

York Separate Account N offered through such Contracts have been registered under the 1933 Act on Form N-4 (File Nos. 333-93875 and 333-37982).

3. Touchstone, a subsidiary of Western and Southern Life Insurance Company, is an investment advisor registered under the Investment Advisors Act of 1940. As of December

31, 2001, Touchstone had \$1.6 billion in assets under management.

4. The Contracts are flexible premium deferred variable annuity contracts issued by Lincoln Life (for Lincoln Life Account N) or LLNY (for Lincoln New York Separate Account N). Currently, transfers of cash value can be made in unlimited amounts each contract year among and between the sub-accounts available as investment options under

the Contracts without the imposition of a transfer charge. Under the Contracts, Lincoln Life or LLNY, as applicable, reserves the right to restrict transfer privileges.

5. The Applicants propose that Lincoln Life and LLNY replace shares of the Funds in Column I ("Replaced Shares" or "Old Funds") with shares in Column II ("Substitute Shares" or "New Funds") outlined below:

Column I (replaced funds)	Column II (substitute funds)
AIM Variable Insurance Funds ("AIM VI") Capital Appreciation Fund	American Funds Insurance Series ("AFIS") Growth Fund—Class 2.
Alliance Variable Products Series Fund ("Alliance VPS"): Growth Portfolio—Class B	AFIS Growth Fund—Class 2.
Delaware Group VIP Trust ("Delaware VIP"): Emerging Markets Series* Standard Class	AFIS International Fund—Class 2. AFIS International Fund—Class 2.
Delaware VIP: Service Class	
Delaware VIP: Select Growth Series* Standard Class	AFIS Growth Fund—Class 2. AFIS Growth Fund—Class 2.
Delaware VIP: Service Class	
Delaware VIP: Social Awareness Series* Standard Class	Lincoln National Social Awareness Fund. Lincoln National Social Awareness Fund.
Delaware VIP: Service Class	Scudder VIT Funds ("Scudder VIT")
Fidelity Variable Insurance Products Fund ("Fidelity VIP"): Growth Opportunities Portfolio* Initial Class	Scudder VIT Equity 500 Index Fund. Scudder VIT Equity 500 Index Fund.
Fidelity Variable Insurance Products Fund ("Fidelity VIP"): Service Class 2	
Franklin Templeton Variable Insurance Products Trust ("Franklin VIT"): Mutual Shares Securities Fund—Class 2	AFIS Growth-Income Fund—Class 2.
MFS Variable Insurance Trust ("MFS"): Research Series* Initial Class	AFIS Growth Fund—Class 2. AFIS Growth Fund—Class 2.
MFS Variable Insurance Trust ("MFS"): Service Class	
Liberty Variable Investment Trust: Newport Tiger Fund	AFIS International Fund—Class 2.
Franklin VIT: Templeton Foreign Securities Fund—Class 2	AFIS International Fund—Class 2.

*Contracts issued before July 24, 2000 have standard or initial class shares. Contracts issued on or after July 24, 2000 have service class shares.

In addition, Lincoln Life also proposes to replace shares of certain other funds that were only available as investment options to certain "ChoicePlus" contracts issued before February 22, 2000 (the "Closed Funds") as follows:

Column I (replaced funds)	Column II (substitute funds)
Liberty Variable Investment Trust: Colonial U.S. Growth & Income Fund	AFIS Growth-Income Fund—Class 2. AFIS Growth-Income Fund—Class 2.
Delaware VIP Devon Series	
Dreyfus Variable Investment Fund ("Dreyfus"): Small Cap Portfolio	Scudder VIT Small Cap Index Fund.
OCC Accumulation Trust ("OCC"): Global Equity Portfolio	AFIS International Fund—Class 2. AFIS Growth-Income Fund—Class 2.
OCC Accumulation Trust ("OCC"): OCC Managed Portfolio	
Scudder Variable Series ("Scudder SVS"): Government Securities Portfolio	Lincoln National Bond Fund. Scudder VIT Small Cap Index Fund.
Scudder Variable Series ("Scudder SVS"): Scudder SVS Small Cap Growth Portfolio	

6. The investment objective of the AIM VI Capital Appreciation Fund is growth-of-capital. The Fund seeks to meet its objective by investing principally in common stocks of companies that have experienced above-average, long-term growth in earnings

and have excellent prospects for future growth. Under normal circumstances, the Fund invests primarily in large- and medium-capitalization stocks. The Fund may hold a substantial part of its assets in cash or cash equivalents as a temporary defensive measure.

7. The investment objective of the AFIS Growth Fund is growth-of-capital. To pursue this goal, the Fund invests primarily in common stocks of larger companies that are growth oriented and appear to offer superior opportunities for growth of capital. The Fund may

also invest up to 15% of its assets in equity securities of issuers domiciled outside the U.S. and Canada and not included in the Standard & Poors 500 Composite Index.

8. The investment objectives of the AIM VI Capital Appreciation Fund and the AFIS Growth Fund are identical. While their specific investment policies and strategies differ, somewhat, both Funds are stock funds seeking investments with good long-term growth prospects. Each Fund invests primarily in large-sized growth companies, with the AIM VI Capital Appreciation Fund also investing in some mid-sized growth companies. While each of these Funds seeks to achieve its objective through somewhat different investment policies and strategies, an investor in the AIM VI Capital Appreciation Fund is attempting to achieve the same long-term goal as that sought by AFIS Growth Fund investors.

9. The investment objective of the Alliance VPS Growth Portfolio is long-term-growth-of-capital. The Fund seeks to meet its objective by investing primarily in equity securities of companies with favorable earnings outlooks and long-term growth rates expected to exceed that of the U.S. economy over time. The Portfolio emphasizes investments in large- and mid-cap companies. The Portfolio may invest up to 25% of its total assets in lower-rated fixed-income securities and convertible bonds and generally up to 20% of its total assets in foreign securities.

10. The investment objective of the AFIS Growth Fund is growth-of-capital. To pursue this goal, the Fund invests primarily in common stocks of larger companies that are growth oriented and appear to offer superior opportunities for growth of capital. The Fund may also invest up to 15% of its assets in equity securities of issuers domiciled outside the U.S. and Canada and not included in the Standard & Poors 500 Composite Index.

11. The investment objectives of the Alliance VPS Growth Portfolio and the AFIS Growth Fund are substantially similar. While their specific investment strategies differ, somewhat, both Funds are stock funds seeking investments with good long-term growth prospects. Each Fund invests primarily in large-sized growth companies, with the Alliance VPS Growth Portfolio also investing in some mid-sized growth companies. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the Alliance VPS Growth Portfolio is generally attempting to achieve the same long-

term goal as that sought by the AFIS Growth Fund investors.

12. The investment objective of the Delaware VIP Emerging Markets Series is long-term capital appreciation. The Series invests primarily in equity securities from emerging foreign countries. The Series uses a dividend discount analysis to evaluate specific investment opportunities in various countries. The Series also uses a purchasing power parity approach to determine what currencies and what markets are overvalued or undervalued relative to the U.S. dollar. Together, the Series uses these analyses to determine good value oriented investments. The Series is an international fund. Under normal circumstances, at least 80% of the Series' total assets will be invested in the securities of issuers from at least three different countries (whose economics are considered to be emerging or developing) outside of the United States. The Series may invest in a broad range of equity securities including common stocks. The Series may invest up to 35% of its net assets in high yield, high risk foreign fixed income securities.

13. The investment objective of the AFIS International Fund is growth of capital (capital appreciation). The Fund invests primarily in common stocks of companies located outside the United States. The basic strategy of the Fund is to seek undervalued securities that represent good long-term investment opportunities. The Fund will invest at least 65% of its assets in equity securities (including depositary receipts of issuers domiciled outside the U.S.; however, under normal market conditions, the fund will invest substantially all of its assets in issuers domiciled outside the U.S. The Fund may invest up to 5% of its assets in debt securities rated BBB or Baa or below by S&P or Moody's.

14. The investment objectives of the Delaware VIP Emerging Markets Series and the AFIS International Fund are substantially similar. Both Funds invest in common stocks with potential for capital appreciation using value investment styles. Both Funds invest at least 65% of their assets in equity securities of issuers domiciled outside the United States, using value investment styles, with the Delaware VIP Emerging Markets Series emphasizing emerging foreign country investment. Delaware VIP Emerging Markets Series may also hold a higher percentage of high yield, high risk debt securities. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the Delaware

VIP Emerging Markets Series is generally attempting to achieve the same long-term goal as that sought by the AFIS International Fund investors.

15. The investment objective of the Delaware VIP Select Growth Series is long-term capital appreciation. The Fund seeks to meet its objective by investing primarily in equity securities of companies that the investment manager believes have the potential for high earnings growth over time. The Series emphasizes investments in large- and mid-cap companies and may also invest in small-cap companies. The Series will invest at least 65% of its assets in equity securities and generally will invest 90% to 100% of its assets in equity securities. The Series may invest up to 15% of its assets in illiquid securities. The Series may invest all its assets in high quality fixed-income securities, cash or cash equivalents for defensive purposes.

16. The investment objective of the AFIS Growth Fund is growth of capital. To pursue this goal, the Fund invests primarily in common stocks of larger companies that are growth oriented and appear to offer superior opportunities for growth of capital. The Fund may also invest up to 15% of its assets in equity securities of issuers domiciled outside the U.S. and Canada and not included in the Standard & Poors 500 Composite Index.

17. The investment objectives of the Delaware VIP Select Growth Series and the AFIS Growth Fund are substantially similar. While their specific investment strategies differ, somewhat, both Funds are stock funds seeking investments with good long-term growth prospects, with Delaware VIP Select Growth Series seeking capital appreciation. Each Fund invests primarily in large-sized growth companies; the Delaware VIP Select Growth Series also invests in some mid- and small-sized growth companies. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the Delaware VIP Select Growth Series is generally attempting to achieve the same long-term goal as that sought by the AFIS Growth Fund investors.

18. The investment objective of the Delaware VIP Social Awareness Series is long-term growth of capital (capital appreciation). The Series invests primarily in common stocks of medium to large-sized domestic companies that meet certain socially responsible criteria and which are expected to grow over time. The Series' socially responsible criteria exclude companies that engage in activities relating to nuclear power; military weapons; liquor, tobacco or

gambling industries; and animal testing for personal care products and those companies that engage in activities likely to result in damage to the natural environment. The Series invests primarily in companies whose stock prices appear low relative to their underlying value or future potential. The Series uses a computer-driven selection process designed to identify stocks, and, aided by this technology, the investment manager evaluates and ranks hundreds of stocks daily using a variety of factors such as dividend yield, earnings growth and price to earnings ratios. The Series blends growth and value investment styles. Generally, 90% to 100% of the Series' assets will be invested in common stocks. The Series may hold a substantial part of its assets in cash or cash equivalents as a temporary defensive measure.

19. The investment objective of the Lincoln National Social Awareness Fund is long-term growth of capital (capital appreciation). The Fund invests primarily in common stocks of medium to large-sized domestic companies that meet certain socially responsible criteria and which are expected to grow over time. The Fund's socially responsible criteria exclude companies that engage in activities relating to nuclear power; military weapons; liquor, tobacco or gambling industries; and animal testing for personal care products and those companies that engage in activities likely to result in damage to the natural environment. The Fund invests primarily in companies whose stock prices appear low relative to their underlying value or future potential. The Fund uses a computer-driven selection process designed to identify stocks and, aided by this technology, the investment manager evaluates and ranks hundreds of stocks daily using a variety of factors such as dividend yield, earnings growth and price-to-earnings ratios. The Fund blends growth and value investment styles. Generally, 90% to 100% of the Series' assets will be invested in common stocks. The Fund may hold a substantial part of its assets in cash or cash equivalents as a temporary defensive measure.

20. The investment objectives of the Delaware VIP Social Awareness Series and the Lincoln National Social Awareness Fund are identical. Both Funds seek long-term growth of capital. Additionally, both Funds invest in common stocks of medium to large-sized domestic companies using growth and value investment styles with socially responsible investment criteria. An investor in the Delaware VIP Social Awareness Series is attempting to achieve the same long-term goal as that

sought by the Lincoln National Social Awareness Fund investors.

21. The investment objective of the Fidelity VIP Growth Opportunities Portfolio is growth of capital. The Portfolio invests primarily in common stocks and securities convertible into common stocks of medium to large-sized domestic companies. The Portfolio may also invest in other types of securities, including bonds, which may be lower-quality debt securities. The Portfolio may invest in domestic and foreign issuers. The Portfolio invests in either "growth" stocks or "value" stocks or both. The Portfolio uses fundamental analysis of each issuer's financial condition and industry position and market and economic conditions to select investments.

22. The investment objective of the Scudder VIT 500 Index Fund is capital appreciation. The Fund seeks to replicate the performance of the S&P 500 Index, which emphasizes stocks of large U.S. companies. The Fund uses quantitative analysis techniques to structure the Fund to obtain a high correlation to the S&P 500 Index while remaining as fully invested as possible in all market environments. Under normal circumstances, the Fund will invest at least 80% of its assets in stocks of companies included in the S&P 500 Index and in derivative instruments, such as futures contracts and options, that provide exposure to the stocks of companies in the S&P 500 Index.

23. The investment objectives of the Fidelity VIP Growth Opportunities Portfolio and the Scudder VIT Equity 500 Index Fund are substantially similar. Both funds seek growth of capital. Additionally, both Funds invest in common stocks of large growth and value companies, with Fidelity VIP Growth Opportunities Portfolio also investing in some medium-sized growth and value companies. In short, while each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the Fidelity VIP Growth Opportunities Portfolio is generally attempting to achieve the same long-term goal as that sought by the Scudder VIT Equity 500 Index Fund investors.

24. The investment objective of the Franklin Mutual Shares Securities Fund is capital appreciation and secondarily income. The Fund invests primarily in medium and large capitalization companies. The Fund may also invest a significant portion of its assets in small capitalization companies. The Fund primarily invests in equity securities of companies that the manager believes are available at market prices less than their value based on certain recognized or

objective criteria (intrinsic value). The Fund primarily invests in undervalued stocks (those trading at a discount to intrinsic value) and to a smaller extent, the Fund also invests in restructuring companies and distressed companies. Under normal market conditions, the Fund will invest at least 65% of its total assets in equity securities of undervalued companies. The Fund intends to invest up to approximately 20% of its assets in foreign equity and debt securities. The Fund may hold a substantial part of its assets in cash or cash equivalents as a temporary defensive measure.

25. The investment objective of the AFIS Growth-Income Fund is both capital appreciation and income. To pursue this goal, the Fund invests primarily in common stocks or other securities that demonstrate the potential for appreciation and/or dividends. The Fund may also invest up to 10% of its assets in securities of issuers domiciled outside the U.S. and not included in the Standard & Poors 500 Composite Index. The Fund may also invest up to 5% of its assets in debt securities rated BA and BB or below by S&P or Moody's. The Fund cannot invest more than 25% of the Fund's assets in the securities of issuers in the same industry. The basic strategy of the Fund is to seek undervalued securities that represent good long-term investment opportunities. For defensive purposes, the Portfolio may invest up to 10% of its assets in defensive instruments such as U.S. Government securities and money market instruments.

26. The investment objectives of the Franklin Mutual Shares Securities Fund and the AFIS Growth-Income Fund are substantially similar. While their specific investment strategies differ, somewhat, both Funds are stock funds seeking undervalued investments with good long-term growth prospects. Each Fund invests primarily in domestic large-sized value companies, with the Franklin Mutual Shares Securities Fund also investing in medium- and small sized companies and potentially more in foreign securities. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the Franklin Mutual Shares Securities Fund is generally attempting to achieve the same long-term goal as that sought by the AFIS Growth Income Fund investors.

27. The investment objective of the MFS Research Series is long-term growth of capital and future income. The Series seeks to meet its objective by investing primarily in equity securities of companies with favorable prospects

for long-term growth, attractive valuations based on current and expected earnings or cash flow, dominant or growing market share, and superior management. Under normal market conditions, the Series invests at least 80% of its total assets in common stocks and related securities. The Series emphasizes investments in large-cap companies but may also invest significant amounts of the Series' assets in companies of any size. Future income is a secondary investment objective, with growth of capital being the primary objective.

28. The investment objective of the AFIS Growth Fund is growth of capital. To pursue this goal, the Fund invests primarily in common stocks of larger companies that are growth oriented and appear to offer superior opportunities for growth of capital. The Fund may also invest up to 15% of its assets in equity securities of issuers domiciled outside the U.S. and Canada and not included in the Standard & Poors 500 Composite Index.

29. The investment objectives of MFS Research Series and AFIS Growth Fund are substantially similar. While their specific investment strategies differ, somewhat, both Funds are stock funds seeking investments with good long-term growth prospects. Each Fund invests primarily in large-sized growth companies, with the MFS Research Series also investing in mid- and small-sized companies. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the MFS Research Series is generally attempting to achieve the same long-term goal as that sought by the AFIS Growth Fund investors.

30. The investment objective of the Newport Tiger Fund is long-term capital appreciation. Under normal market conditions, the Fund invests primarily in stocks of companies located in the ten "Tiger" countries of Asia. The "Tigers" of Asia are Hong Kong, Singapore, South Korea, Taiwan, Malaysia, Thailand, India, Indonesia, The People's Republic of China and the Philippines. Stocks of quality growth companies are typically selected as investments for the Fund. For defensive purposes, the Fund may, but is not required to, invest up to 100% of its assets in cash or high quality, short-term debt securities.

31. The investment objective of the AFIS International Fund is growth of capital (capital appreciation). The Fund invests primarily in common stocks of companies located outside the United States. The basic strategy of the Fund is to seek undervalued securities that

represent good long-term investment opportunities. The Fund will invest at least 65% of its assets in equity securities (including depositary receipts) of issuers domiciled outside the U.S.; however, under normal market conditions, the Fund will invest substantially all of its assets in issuers domiciled outside the U.S. The Fund may invest up to 5% of its assets in straight debt securities rated BBB or Baa or below by S&P or Moody's.

32. The investment objectives of the Newport Tiger Fund and the AFIS International Fund are substantially similar. The Newport Tiger Fund seeks long-term capital appreciation and the AFIS International Fund seeks growth of capital (capital appreciation). The Newport Tiger Fund invests principally in equity securities located in Asia, using growth-investing strategies. AFIS International Fund invests principally in equity securities located outside the United States using value and growth investing strategies. By investing in non-Asian companies (European) as well as Asian companies, the AFIS International Fund also provides additional diversification versus the Newport Tiger Fund.

While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the Newport Tiger Fund is generally attempting to achieve the same long-term goal (i.e., long-term growth) as that sought by the AFIS International Fund investors.

33. The investment objective of the Templeton Foreign Securities Fund is long-term capital growth. The Fund invests its assets using "bottom up," value-oriented, and long-term approaches. The Fund is an international fund. Under normal circumstances, at least 65% of the Fund's total assets will be invested in the equity securities of companies located outside the U.S., including those in emerging markets. The Fund generally invests in large to medium capitalization companies with market capitalizations greater than \$2 billion. The Fund may hold a substantial part of its assets in U.S. or non-U.S. currency short-term investments, including cash or cash equivalents as a temporary defensive measure.

34. The investment objective of the AFIS International Fund is growth of capital (capital appreciation). The Fund invests primarily in common stocks of companies located outside the United States. The basic strategy of the Fund is to seek undervalued securities that represent good long-term investment opportunities. The Fund will invest at least 65% of its assets in equity

securities (including depositary receipts) of issuers domiciled outside the U.S.; however, under normal market conditions, the Fund will invest substantially all of its assets in issuers domiciled outside the U.S. The Fund may invest up to 5% of its assets in debt securities rated BBB or Baa or below by S&P or Moody's.

35. The investment objectives of the Templeton Foreign Securities Fund and the AFIS International Fund are substantially similar in that the Funds seek long-term growth and capital appreciation, respectively. Both Funds invest in common stocks with potential for capital appreciation using value investment styles. Both Funds are international funds and invest at least 65% of their assets in equity securities of issuers domiciled outside the United States. While each of these funds seeks to achieve its objective through somewhat different investment strategies, an investor in the Templeton International Securities is generally attempting to achieve the same long-term goal as that sought by the AFIS International Fund investors.

36. The investment objective of the Colonial U.S. Growth & Income Fund is long-term capital growth and income. Under normal market conditions, the Fund invests primarily in large capitalization stocks. These are stocks with market capitalization of greater than \$3 billion at the time of purchase. Up to 10% of the Fund's assets may be invested in debt securities. The Fund uses a value investing strategy that focuses on buying stocks cheaply when they are under valued or "out of favor." The Fund buys stocks that have attractive current prices, consistent operating performance and/or favorable future growth prospects. The Fund cannot concentrate more than 25% of its total assets in any one industry.

37. The investment objective of the AFIS Growth-Income Fund is both capital appreciation and income. To pursue this goal, the Fund invests primarily in common stocks or other securities which demonstrate the potential for appreciation and/or dividends. The basic strategy of the Fund is to seek undervalued securities that represent good long-term investment opportunities. The Fund may invest up to 10% of its assets in securities of issuers domiciled outside the U.S. and not included in the Standard & Poors 500 Composite Index. The Fund may also invest up to 5% of its assets in straight debt securities rated BA and BB or below by S&P or Moody's. The Fund cannot invest more than 25% of the Fund's assets in the securities of issuers in the same industry. For

defensive purposes, the portfolio may invest up to 100% of its assets in defensive instruments such as U.S. Government securities and money market instruments.

38. The investment objectives of the Colonial U.S. Growth & Income Fund and the AFIS Growth-Income Fund are substantially similar. Both Funds are stock funds seeking undervalued investments with good long-term growth prospects. Each Fund invests primarily in large-sized value companies. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the Colonial U.S. Growth & Income Fund is generally attempting to achieve the same long-term goal as that sought by the AFIS Growth-Income Fund investors.

39. The investment objective of the Delaware VIP Devon Series is total return (current income and capital appreciation). The Series invests primarily in common stocks that the investment manager believes have the potential for above-average earnings per share growth over time combined with a high degree of earnings consistency. The Series blends traditional growth and value investment styles. Generally, 90% to 100% of the Series' assets will be invested in common stocks under normal market conditions. The Series may also invest up to 5% of net assets in convertible securities. The Series may hold a substantial part of its assets in cash or cash equivalents as a temporary defensive measure.

40. The investment objective of the AFIS Growth-Income Fund is both capital appreciation and income. To pursue this goal, the Fund invests primarily in common stocks or other securities which demonstrate the potential for appreciation and/or dividends. The Fund may also invest up to 10% of its assets in securities of issuers domiciled outside the U.S. and not included in the Standard & Poors 500 Composite Index. The Fund may also invest up to 5% of its assets in straight debt securities rated BA and BB or below by S&P or Moody's. The Fund cannot invest more than 25% of the Fund's assets in the securities of issuers in the same industry. The basic strategy of the Fund is to seek undervalued securities that represent good long-term investment opportunities. For defensive purposes, the Portfolio may invest up to 100% of its assets in defensive instruments such as U.S. Government securities and money market instruments.

41. The investment objectives of the Delaware VIP Devon Series and the AFIS Growth-Income Fund are

substantially similar. While their specific investment strategies differ somewhat, both Funds are stock funds seeking undervalued investments with good long-term growth prospects. Each Fund invests primarily in domestic large-sized companies, using both growth and/or value investment styles. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the Delaware VIP Devon Series is generally attempting to achieve the same long-term goal as that sought by the AFIS Growth-Income Fund investors.

42. The investment objective of the Dreyfus Small Cap Portfolio is capital appreciation. The Portfolio focuses on small-cap companies with total market values of less than \$2 billion. The Portfolio uses a blended strategy, investing in growth stocks, value stocks or stocks that exhibit characteristics of both.

43. The investment objective of the Scudder VIT Small Cap Index Fund is capital appreciation. The Fund seeks to replicate the performance of the Russell 2000 Index, which emphasizes stocks of small U.S. companies. The Fund uses quantitative analysis techniques to structure the Fund to obtain a high correlation to the Russell 2000 Index while remaining as fully invested as possible in all market environments. Under normal circumstances, the Fund will invest at least 80% of its assets in stocks of companies included in the Russell 2000 Index and in derivative instruments, such as futures contracts and options, that provide exposure to the stocks of companies in the Russell 2000 Index.

44. The investment objectives of the Dreyfus Small Cap Portfolio and the Scudder VIT Small Cap Index Fund are identical. Both Funds seek capital appreciation. Additionally, both Funds invest in small, growth-oriented companies and small, value-oriented companies. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the Dreyfus Small Cap Portfolio is generally attempting to achieve the same long-term goal as that sought by the Scudder VIT Small Cap Index Fund investors.

45. The investment objective of the OCC Global Equity Portfolio is long-term capital appreciation. The Portfolio invests primarily in equity securities on a worldwide basis and may invest up to a lesser extent in U.S. or foreign fixed-income securities. The Portfolio may invest up to 35% of its total assets in fixed-income securities that may be lower than investment grade. The

Portfolio applies the principles of value investing to select securities. The Portfolio uses fundamental company analysis to select stocks that it believes are undervalued by the marketplace and have favorable cash flow, management, franchises or intrinsic value. For defensive purposes, the Portfolio may invest up to 100% of its assets in defensive investments such as U.S. Government securities and money market instruments.

46. The investment objective of the AFIS International Fund is growth of capital (capital appreciation). The Fund invests primarily in common stocks of companies located outside the United States. The basic strategy of the Fund is to seek undervalued securities that represent good long-term investment opportunities. The Fund will invest at least 65% of its assets in equity securities (including depository receipts) of issuers domiciled outside the U.S.; however, under normal market conditions, the Fund will invest substantially all of its assets in issuers domiciled outside the U.S. The Fund may invest up to 5% of its assets in straight debt securities rated BBB or Baa or below by S&P or Moody's.

47. The investment objectives of the OCC Global Equity Portfolio and the AFIS International Fund are substantially identical. The OCC Global Equity Portfolio seeks long-term capital appreciation and the AFIS International Fund seeks growth of capital (capital appreciation). The OCC Global Equity Portfolio invests principally in equity securities located anywhere in the world using traditional value investing strategies. AFIS International Fund invests principally in equity securities located outside the United States using value and growth investing strategies. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the OCC Global Equity Portfolio is generally attempting to achieve the same long-term goal (i.e., long-term growth) as that sought by the AFIS International Fund investors.

48. The investment objective of the OCC Managed Portfolio is growth of capital over time (current income and capital appreciation). The Portfolio invests in common stocks, bonds and cash equivalents, the percentages of which will vary based on the Fund's assessment of the relative outlook for such investments. However, the Portfolio normally invests mainly in equity securities. The Portfolio may purchase securities listed on U.S. or foreign securities exchanges or traded in the U.S. or foreign over-the-counter markets. The Portfolio can invest up to

100% of its assets in debt securities, but will do so only if equity securities are not an attractive investment. The Portfolio applies the principles of value investing to select securities. The Portfolio uses fundamental company analysis to select stocks that it believes are undervalued by the marketplace and have favorable cash flow, management, franchises or intrinsic value. For defensive purposes, the portfolio may invest up to 100% of its assets in defensive investments such as U.S. Government securities and money market instruments.

49. The investment objective of the AFIS Growth-Income Fund is both capital appreciation and income. The portfolio invests primarily in common stocks or other securities, which demonstrate the potential for appreciation and/or dividends. The Fund may invest up to 10% of its assets in securities of issuers domiciled outside the U.S. and not included in the Standard & Poors 500 Composite Index. The Fund may also invest up to 5% of its assets in debt securities rated BA and BB or below by S&P or Moody's. The Fund cannot invest more than 25% of the Fund's assets in the securities of issuers in the same industry. The basic strategy of the Fund is to seek undervalued securities that represent good long-term investment opportunities. For defensive purposes, the portfolio may invest up to 100% of its assets in defensive investments such as U.S. Government securities and money market instruments.

50. The investment objectives of the OCC Managed Portfolio and the AFIS Growth-Income Fund are substantially similar. Both Funds seek growth of capital over time and income. While their specific investment strategies differ, somewhat, both Funds are stock funds seeking primarily domestic undervalued investments with good long-term growth prospects. Each Fund invests primarily in large-sized value companies. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the OCC Managed Portfolio is generally attempting to achieve the same long-term goals as those sought by the AFIS Growth Income Fund. For defensive purposes, the Portfolio may invest up to 100% of its assets in defensive investments such as U.S. Government securities and money market instruments.

51. The investment objective of the Scudder SVS Government Securities Portfolio is high current return consistent with preservation of capital. The Portfolio invests at least 65% of its

total assets in U.S. Government securities and repurchase agreements of U.S. Government securities. U.S. Government-related debt instruments in which the Portfolio may invest include: direct obligations of the U.S. Treasury and securities issued or guaranteed by U.S. Government agencies or government-sponsored entities. The Portfolio may invest up to 35% of its assets in other types of fixed-income securities, including corporate debt securities with investment-grade credit ratings. The Portfolio may invest up to 10% of its assets in fixed income securities not subject to these limitations, including securities that are rated below investment grade and non-rated securities. The Portfolio generally manages its exposure to interest rate risk by adjusting its duration. For temporary defensive purposes, the Portfolio may invest up to 100% of its assets in short-term high quality debt securities, cash and cash equivalents.

52. The investment objective of the Lincoln National Bond Fund is maximum current income consistent with a prudent investment strategy. The Fund's investment strategy is to determine appropriate levels of interest rate risk and credit risk for the Fund and then hold a diverse group of debt obligations that offer the most attractive yields given the anticipated interest rate environment. The Fund will invest primarily in a combination of: high quality investment-grade corporate bonds; obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities; and mortgage-backed securities. The Fund also invests a small percentage of assets in corporate bonds rated lower than medium-grade (junk bonds) and high-quality U.S. dollar denominated foreign debt obligations. The Fund invests in significant amounts of debt obligations with medium term maturities (5–15 years) and some debt obligations with short-term maturities (0–5 years) and long-term maturities (over 15 years). The Fund may invest in money market instruments as a temporary defensive strategy.

53. The investment objectives of the Scudder SVS Government Securities Portfolio and the Lincoln National Bond Fund are substantially similar. Both Funds seek high current income and reduced risk (preservation of capital or prudent investment risk). Additionally, both Funds invest in similar fixed income securities: U.S. Government obligations, investment-grade corporate debt, and limited investment in lower grade corporate debt. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the

Scudder SVS Government Securities Portfolio is generally attempting to achieve the same long-term goals as those sought by the Lincoln National Bond Fund.

54. The investment objective of the Scudder SVS Small Cap Growth Portfolio is maximum capital appreciation. The Portfolio generally invests at least 65% of its assets in small capitalization stocks similar in size to those companies comprising the Russell 2000 Index. Many of these companies would be in the early stages of their life cycle. Equity securities in which the Portfolio invests consist primarily of common stocks, but may include convertible securities, including warrants and rights. The Portfolio emphasizes growth stocks in selecting equity securities. In selecting growth stocks, the Portfolio emphasizes stock selection and fundamental research in seeking to enhance long-term performance potential. The Portfolio may also invest up to 25% of its assets in common stocks of foreign companies. For temporary defensive purposes, the Portfolio may invest up to 100% of its assets in high-quality debt securities, cash and cash equivalents.

55. The investment objective of the Scudder VIT Small Cap Index Fund is capital appreciation. The Fund seeks to replicate the performance of the Russell 2000 Index, which emphasizes stocks of small U.S. companies. The Fund uses quantitative analysis techniques to structure the Fund to obtain a high correlation to the Russell 2000 Index while remaining as fully invested as possible in all market environments. Under normal circumstances, the Fund will invest at least 80% of its assets in stocks of companies included in the Russell 2000 Index and in derivative instruments, such as futures contracts and options, that provide exposure to the stocks of companies in the Russell 2000.

56. The investment objectives of the Scudder SVS Small Cap Growth Portfolio and the Scudder VIT Small Cap Index Fund are almost identical in that both Funds seek capital appreciation. Additionally, both Funds invest in small, growth-oriented companies, with the Scudder VIT Small Cap Index Fund also investing in small, value-oriented companies. While each of these Funds seeks to achieve its objective through somewhat different investment strategies, an investor in the Scudder SVS Small Cap Growth Portfolio is generally attempting to achieve the same long-term goal as that sought by the Scudder VIT Small Cap Index Fund investors.

57. The following chart shows the average annual total returns for the Replaced Funds for the past six calendar year periods.

Replaced funds	Total return of replaced funds for the periods indicated below (percent)					
	Calendar year 2001	Calendar year 2000	Calendar year 1999	Calendar year 1998	Calendar year 1997	Calendar year 1996
AIM VI Capital Appreciation Fund (Inception date: 5/5/93)	-23.28	-10.91	44.61	19.30	13.51	17.58
Alliance VPS Growth Portfolio—Class B Shares (Inception date: 9/15/94) ¹	-23.47	-17.75	34.22	28.48	29.77	28.22
Colonial U.S. Growth & Income Fund (Inception date: 7/5/94)	-0.60	3.60	12.00	20.15	32.23	21.84
Delaware VIP Devon Series (Inception date: 5/1/97)	-9.19	-11.76	-10.13	24.05	N/A	N/A
Delaware VIP Emerging Markets Series—Standard Class (Inception date: 5/1/97) ³	5.28	-23.60	48.28	-38.28	N/A	N/A
Delaware VIP Select Growth Series—Standard Class (Inception date: 5/3/99) ³	-23.78	-22.46	N/A	N/A	N/A	N/A
Delaware VIP Social Awareness Series—Standard Class (Inception date: 5/1/97) ³	-9.54	-9.37	12.91	15.45	N/A	N/A
Dreyfus Small Cap Portfolio (Inception date: 8/31/90)	-6.12	13.31	23.15	-3.44	16.75	16.6
Fidelity VIP Growth Opportunities Portfolio—Initial Class (Inception date: 1/3/95) ³	-14.42	-17.07	4.27	24.61	29.95	18.27
Franklin Mutual Shares Securities Fund—Class 2 Shares (Inception date: 11/8/96) ²	7.31	13.25	13.15	-0.16	17.48	N/A
MFS Research Series Initial Class (Inception date: 7/26/95) ³	-21.25	-4.85	24.05	23.39	20.26	22.33
Newport Tiger Fund (Inception date: 5/1/95)	-18.48	-15.63	68.01	-6.43	-31.14	11.73
OCC Global Equity Portfolio (Inception date: 3/1/95)	-13.80	4.70	26.50	13.29	14.02	15.02
OCC Managed Portfolio (Inception date: 8/1/88)	-4.90	9.70	0.83	7.12	22.29	22.77
Scudder SVS Government Securities Portfolio (Inception date: 9/3/87)	7.48	10.93	0.68	7.03	8.96	2.56
Scudder SVS Small Cap Growth Portfolio (Inception date: 5/2/94)	-28.91	10.71	34.56	18.37	34.20	28.04
Templeton Foreign Securities Fund—Class 2 Shares (Inception date: 5/1/92) ²	-15.75	-2.38	23.23	9.08	9.46	23.79

¹ Total return shown reflects the historical performance of Class A shares since the inception of the Fund, adjusted to reflect the 12b-1 fees imposed on Class B shares of the Fund.

² Total return shown reflects the historical performance of Class 1 shares since the inception of the Fund, adjusted to reflect the 12b-1 fees imposed on Class 2 shares of the Fund.

³ This Replaced Fund offers different share classes under various Contracts; the performance shown for the Replaced Fund is for the class with the lowest expenses.

58. The following chart shows the average annual total returns for the Substitute Funds for the past six calendar year periods.

Substitute funds	Total return of substitute funds for the periods indicated below (percent)					
	Calendar year 2001	Calendar year 2000	Calendar year 1999	Calendar year 1998	Calendar year 1997	Calendar year 1996
AFIS Growth Fund—Class 2 Shares (Inception date: 2/8/94) ¹	-18.15	4.47	57.27	35.24	29.80	13.07
AFIS Growth-Income Fund—Class 2 Shares (Inception date: 2/8/84) ¹	2.56	7.95	11.20	18.09	25.54	18.41
AFIS International Fund—Class 2 Shares (Inception date: 5/1/90) ¹	-19.89	-22.06	75.97	20.92	8.82	17.23
Scudder VIT Equity 500 Index (Inception date: 10/1/97)	-12.18	-9.24	20.39	28.71	N/A	N/A
Scudder VIT Small Cap Index (Inception date: 8/22/97)	2.07	-3.87	20.16	-2.18	N/A	N/A
Lincoln National Bond Fund (Inception date: 12/28/81) ..	9.18	10.88	-3.30	9.56	9.30	2.31
Lincoln National Social Awareness Fund (Inception date: 5/2/88)	-9.50	-8.32	15.44	19.89	37.53	28.94

¹ Total return shown reflects the historical performance of Class 1 shares since the inception of the Fund, adjusted to reflect the 12b-1 fees imposed on Class 2 shares of the Fund.

59. The following chart shows the approximate size for each of the Replaced Funds as of December 31, 2001 as well as the expense ratios, management fees, and 12b-1 fee for each of the Replaced Funds for Calendar Year 2001.

Replaced funds	Net assets at December 31, 2001 (in thousands) ²	Gross calendar year 2001 expense ratio ³ (percent)	Net calendar year 2001 expense ratio (percent)	Gross calendar year 2001 management fee (percent)	Net calendar year 2001 management fee (percent)	Calendar year 2001 12b-1 fee (percent)
AIM VI Capital Appreciation Fund (Inception date: 5/5/93)	1,163,764	0.85	0.85	0.61	0.61	N/A
Alliance VPS Growth Portfolio—Class B Shares (Inception date: 9/15/94)	320,452	1.11	1.11	0.75	0.75	0.25
Colonial U.S. Growth & Income Fund (Inception date: 7/5/94)	207,684	0.96	0.96	0.80	0.80	N/A
Delaware VIP Devon Series (Inception date: 5/1/97)	33,080	0.72	0.72	0.65	0.65	N/A
Delaware VIP Emerging Markets Series—Standard Class (Inception date: 5/1/97) ¹	12,641	1.45	1.45	1.25	1.07	N/A
Delaware VIP Select Growth Series—Standard Class (Inception date: 5/3/99) ¹	69,602	0.88	0.88	0.75	0.75	N/A
Delaware VIP Social Awareness Series—Standard Class (Inception date: 5/1/97) ¹	23,887	0.85	0.85	0.75	0.69	N/A
Dreyfus Small Cap Portfolio (Inception date: 8/31/90)	693,079	0.79	0.79	0.75	0.75	N/A
Fidelity VIP Growth Opportunities Portfolio—Initial Class (Inception date: 1/3/95) ^{1,4}	975,582	0.69	0.69	0.58	0.58	N/A
Franklin Mutual Shares Securities Fund—Class 2 Shares (Inception date: 11/8/96)	661,957	1.04	1.04	0.60	0.60	0.25
MFS Research Series—Initial Class (Inception date: 7/26/95) ¹	808,889	0.90	0.90	0.75	0.75	N/A
Newport Tiger Fund (Inception date: 5/1/95)	35,920	1.31	1.31	0.90	0.90	N/A
OCC Global Equity Portfolio (Inception date: 3/1/95)	31,289	1.20	1.20	0.80	0.80	N/A
OCC Managed Portfolio (Inception date: 8/1/88)	572,321	0.88	0.88	0.78	0.78	N/A
Scudder SVS Government Securities Portfolio (Inception date: 9/3/87)	305,223	0.60	0.60	0.55	0.55	N/A
Scudder SVS Small Cap Growth Portfolio (Inception date: 5/2/94)	231,850	0.68	0.68	0.65	0.65	N/A
Templeton Foreign Securities Fund—Class 2 Shares (Inception date: 5/1/92)	790,725	1.16	1.16	0.69	0.69	0.25

¹ This Replaced Fund offers different share classes under different Contracts; expenses and fees shown are for the Replaced Fund Class with the lowest fees and expenses.

² Reflects total assets of all classes of shares, where applicable, of the fund.

³ Total annual expenses.

⁴ Actual annual class operating expenses were lower because a portion of the brokerage commissions that the fund paid was used to reduce the fund's expenses, and/or because through arrangements with the fund's custodian, credits realized as a result of uninvested cash balances were used to reduce a portion of the fund's custodian expenses. See the accompanying prospectus for details.

60. The next chart provides the approximate size for each of the Substitute Funds as of December 31, 2001, as well as the expense ratio, management fee and 12b-1 fee for each of the Substitute Funds for Calendar Year 2001.

Substitute funds	Net assets ¹ at December 31, 2001 (in thousands)	Gross calendar year 2001 expense ratio ² (percent)	Net calendar year 2001 expense ratio ² (percent)	Gross calendar year 2001 management fee (percent)	Net calendar year 2001 management fee (percent)	Calendar year 2001 12b-1 fee (percent)
AFIS Growth Fund—Class 2 Shares (Inception date: 2/8/94)	8,144,406	0.63	0.63	0.37	0.37	0.25
AFIS Growth—Income Fund (Inception date: 2/8/84)	8,614,715	0.60	0.60	0.33	0.33	0.25
AFIS International Fund—Class 2 Shares (Inception date: 5/1/90)	2,400,096	0.86	0.86	0.55	0.55	0.25
Scudder VIT Equity 500 Index (Inception date: 10/1/97)	465,836	0.31	0.30	0.20	0.20	N/A
Scudder VIT Small Cap Index (Inception date: 8/22/97)	151,742	0.63	0.45	0.35	0.35	N/A
Lincoln National Bond Fund (Inception date: 12/28/81)	556,894	0.53	0.53	0.45	0.45	N/A

Substitute funds	Net assets ¹ at December 31, 2001 (in thousands)	Gross calendar year 2001 expense ratio ² (percent)	Net calendar year 2001 expense ratio ² (percent)	Gross calendar year 2001 management fee (percent)	Net calendar year 2001 management fee (percent)	Calendar year 2001 12b-1 fee (percent)
Lincoln National Social Awareness Fund (Inception date: 5/2/88)	1,274,803	0.40	0.40	0.34	0.34	N/A

¹ Reflects total assets of all classes of shares, where applicable, of the Fund.

² Total annual expenses.

61. By supplements to the prospectuses for the Contracts, as well as the most current prospectuses for the Contracts, all owners and prospective owners of the Contracts were notified of Lincoln Life's and LLNY's intention to take the necessary actions, including seeking the order requested by the amended and restated Application, to substitute portfolios.

62. The supplements and prospectuses stated that on the date of the proposed substitutions (after the relief requested has been obtained and all necessary systems support changes have been made), the Substitute Funds will replace the Replaced Funds as the underlying investments for such sub-accounts. In addition, the supplements informed owners and prospective owners that Lincoln Life and LLNY would not exercise any rights reserved by them under the Contracts to impose restrictions or fees on transfers from the Replaced Funds until at least thirty (30) days after the proposed substitutions. Certain supplements and prospectuses also advised existing and prospective "ChoicePlus" Contract owners that as of a to-be-specified date (for existing ChoicePlus Contract owners) and as of February 22, 2000 (for prospective ChoicePlus Contract owners) they would be unable to allocate net purchase payments to, or transfer cash values to, the sub-accounts of Lincoln Life Account N corresponding to each of the Closed Funds.

63. By means of an additional prospectus supplement or updated prospectus, Contract owners will be advised, at least thirty (30) days in advance of the substitutions, of the actual date of the substitutions. At least sixty (60) days before the date of the proposed substitutions, affected owners will also be provided with a prospectus for each Substitute Fund that includes complete current information concerning the Substitute Funds. Thus, any owner affected by the substitutions will have received current prospectus disclosure for each Substitute Fund at least sixty (60) days or more in advance of the proposed substitutions.

64. Lincoln Life and LLNY will redeem shares of each Replaced Fund in

cash and purchase with the proceeds shares of the corresponding Substitute Fund. Redemption requests and purchase orders will be placed simultaneously so that the contract values will remain fully invested at all times. The proposed substitutions will take place at relative net asset value 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 Accounts. Contract owners will not incur any additional fees or charges as a result of the proposed substitutions nor will their rights or Lincoln Life's or LLNY's obligations under the Contracts be altered in any way. All expenses incurred in connection with the proposed substitutions, including legal, accounting, brokerage and other fees and expenses, will be paid by Lincoln Life or LLNY. In addition, the proposed substitutions will not impose any tax liability on Contract owners. The proposed substitutions will not cause the contract fees and charges currently imposed by Lincoln Life and LLNY and paid by existing Contract owners to be greater after the proposed substitutions than before the proposed substitutions. Lincoln Life and LLNY do not currently impose any restrictions or fees on transfers under the Contracts, and will not exercise any right they may have under the Contracts to impose restrictions on transfers from the Replaced Funds under the Contracts for a period of at least thirty (30) days following the proposed substitutions.

65. Lincoln Life and LLNY will not increase contract charges or total separate account charges (net of any waiver or reimbursements) of the sub-accounts that invest in the Substitute Funds for those Contract owners who were Contract owners on the date of the substitution for a period of two years from the date of the substitution. If the total operating expenses for any Substitute Fund (taking into account any expense waiver or reimbursement) for any fiscal quarter for the two-year period following the date of substitution exceed on an annualized basis the net expense ratio for its corresponding Replaced Fund for the fiscal year ended

December 31, 2001, Lincoln Life and LLNY will reduce (through waiver or reimbursement) the separate account expenses paid during that quarter of the sub-account that invests in such Substitute Fund for Contract owners who were Contract owners on the date of the substitution to the extent necessary to offset the amount by which the Substitute Fund's expense ratio for such period exceeds, on an annualized basis, the year 2001 expense ratio level of the Replaced Fund.

66. In addition, with regard to the substitution involving the AIM VI Capital Appreciation Fund and the AFIS Growth Fund, Lincoln and LLNY will not receive, for three years from the date of the substitution, any direct or indirect benefits from the AFIS Growth Fund, its advisers or underwriters, or from affiliates of the AFIS Growth Fund, their advisers or underwriters, in connection with assets attributable to the Contracts affected by the substitution involving the AIM VI Capital Appreciation Fund and the AFIS Growth Fund, at a higher rate than Lincoln Life and LLNY received from the AIM VI Capital Appreciation Fund, its advisers or underwriters, or from affiliates of the AIM VI Capital Appreciation Fund, their advisers or underwriters, including without limitation Rule 12b-1 fees, shareholder service or administrative or other service fees, revenue-sharing or other arrangements. Lincoln Life and LLNY each represent that the substitution involving the AIM VI Capital Appreciation Fund and the AFIS Growth Fund and its selection of the AFIS Growth Fund was not motivated by any financial consideration paid or to be paid to it or to any of its affiliates by the AFIS Growth Fund, its advisers or underwriters, or by the affiliates of the AFIS Growth Fund, their advisers or underwriters.

Applicants' Legal Analysis

1. Section 26(c) of the Act requires the depositor of a registered unit investment trust holding the securities of a single issuer to obtain Commission approval before substituting the securities held by the trust. Specifically, Section 26(c) states:

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. 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 policy and provisions of this title.

2. Applicants state that the proposed substitution of shares of the Substitute Portfolios for those of the Replaced Portfolios appears to involve a substitution of securities within the meaning of Section 26(c) of the Act. Applicants therefore request an order from the Commission pursuant to Section 26(c) approving the proposed substitutions.

3. The Contracts give Lincoln Life and LLNY the right, subject to Commission approval, to substitute shares of another open-end management investment company for shares of an open-end management investment company held by a sub-account of the relevant account. The prospectuses for the Contracts and the Accounts contain appropriate disclosure of this right. The Contracts state as follows:

Substituted Securities. Shares corresponding to a particular Fund may not always be available for purchase or [Lincoln Life] may decide that further investment in such Fund is no longer appropriate in view of the purposes of the Variable Account, or in view of legal, regulatory or federal income tax restrictions. In such event, shares of another registered open-end investment company or unit investment trust may be substituted both for Fund shares already purchased and/or as the securities to be purchased in the future, provided that these substitutions meet applicable Internal Revenue Service diversification guidelines and have been approved by the Securities and Exchange Commission and such other regulatory authorities as may be necessary. In the event of any substitution pursuant to this provision, the company may make appropriate endorsement(s) to this contract to reflect the substitution.

4. The prospectuses for the Contracts state under the caption "Investments of the Variable Annuity Account" the following: [Lincoln Life] [LLNY] reserve[s] the right to add, delete or substitute funds.

5. Lincoln Life and LLNY reserve this right of substitution both to protect themselves and Contract owners in situations where either might be harmed or disadvantaged by circumstances surrounding the issuer of the shares held by one or more of their separate accounts and to afford these companies the opportunity to replace such shares where to do so could benefit themselves and Contract owners. For example, the

Commission staff has approved substitutions made by insurance companies in response to pending mergers or liquidations of the issuer of shares held by the companies' separate accounts and has approved numerous substitutions by life insurance companies of shares of an issuer for shares of a similar issuer held by the companies' separate accounts in a variety of circumstances.

6. As mentioned above, the investment objective of the AFIS Growth-Income Fund and the Colonial U.S. Growth & Income Fund are substantially similar. Both Funds are stock funds seeking undervalued investments with good long-term growth prospects.

7. The AFIS Growth-Income Fund's and the Delaware VIP Devon Series' investment objectives are substantially similar; both seek capital appreciation with AFIS Growth-Income Fund also seeking income. Additionally, both Funds invest in common stocks using both growth and/or value investment styles.

8. The Lincoln National Bond Fund's and the Scudder SVS Government Securities Portfolio's investment objectives are substantially similar; both Funds seek high current income consistent with the preservation of capital. Additionally, both Funds invest in similar fixed-income securities: U.S. Government obligations and investment-grade corporate debt, with some limited investment in below investment-grade corporate debt.

9. The AFIS International Fund's and the OCC Global Equity Portfolio's investment objectives are substantially similar; the OCC Global Equity Portfolio seeks long-term capital appreciation and the AFIS International Fund seeks growth of capital (capital appreciation). The OCC Global Equity Portfolio invests principally in equity securities located anywhere in the world using traditional value investing strategies, while AFIS International Fund invests principally in equity securities located outside the United States using value and growth investing strategies.

10. The AFIS Growth-Income Fund's and the OCC Managed Portfolio's investment objectives are substantially similar; both Funds seek growth of capital over time (income and capital appreciation). AFIS Growth-Income Fund seeks undervalued investments with good long-term growth prospects, while the OCC Managed Portfolio uses traditional value investing in both equity and fixed-income securities.

11. The investment objectives of AIM VI Capital Appreciation and the AFIS Growth Fund are identical; both seek

growth of capital. Additionally, both Funds invest in common stocks using growth investment styles.

12. The investment objectives of the Alliance VPS Growth Portfolio and the AFIS Growth Fund are substantially similar; both seek growth of capital. Additionally, both Funds invest in common stocks using growth investment styles.

13. The investment objectives of the Delaware VIP Emerging Markets Series and the AFIS International Fund are substantially similar; both Funds seek capital appreciation by investing in common stocks with potential for capital appreciation, using value investment styles. Additionally, both Funds invest principally in equity securities located outside the United States, with the Delaware VIP Emerging Markets Series emphasizing emerging foreign country investment and may also hold a higher percentage of high-yield, high-risk debt securities.

14. The investment objectives of the Delaware VIP Select Growth Series and the AFIS Growth Fund are substantially similar; both seek growth of capital, with Delaware VIP Select Growth Series' emphasis on long-term capital appreciation. Additionally, both Funds invest in common stocks using growth investment styles. Both Funds invest in large-sized companies, with Delaware VIP Select Growth Series also investing in medium- and small-sized companies.

15. The investment objectives of the Delaware VIP Social Awareness Series and the Lincoln National Social Awareness Fund are identical; both seek long-term growth of capital.

Additionally, both Funds invest in common stocks of medium to large-sized domestic companies using growth and/or value investment styles with socially responsible investment criteria.

16. The investment objectives of the Scudder VIT Small Cap Index Fund and the Dreyfus Small Cap Portfolio are identical; both seek capital appreciation. Additionally, both invest in common stocks of small-sized growth and value companies.

17. The investment objectives of the Fidelity VIP Growth Opportunities Portfolio and the Scudder VIT Equity 500 Index Fund are substantially similar; both seek growth of capital. Additionally, both Funds invest in common stocks of large-sized growth and value companies, with Fidelity VIP Growth Opportunities Portfolio also investing in some medium-sized growth and value companies.

18. The investment objectives of the Franklin Mutual Shares Securities Fund and the AFIS Growth-Income Fund are substantially similar; both seek capital

appreciation, with AFIS Growth-Income Fund also seeking income and Franklin Mutual Share Securities Fund secondarily seeking income. Additionally, both Funds invest in common stocks using value investment styles. Both Funds invest in large-sized domestic companies, with Franklin Mutual Shares Securities Fund also investing in medium- and small-sized companies and foreign companies and debt securities.

19. The investment objectives of the AFIS Growth Fund and MFS Research Series are substantially similar; both seek growth of capital, with MFS Research Series also seeking income. Additionally, both Funds invest in common stocks using growth investment styles. Both Funds invest in large-sized companies, with MFS Research Series also investing in medium- and small-sized companies.

20. The investment objectives of the Newport Tiger Fund and the AFIS International Fund are substantially similar; both invest in common stocks with potential for capital appreciation, with AFIS International Fund primarily using a value investment style and Newport Tiger Fund primarily using a growth investment style. Additionally, both Funds invest principally in equity securities located outside the United States, with the Newport Tiger Fund investing principally in Asian companies, while the AFIS International Fund provides additional diversification in non-Asian (European) companies.

21. The investment objectives of the Templeton Foreign Securities Fund and the AFIS International Fund are substantially similar; both invest in common stocks with potential for capital appreciation using value investment styles. Additionally, both Funds invest principally in equity securities located outside the United States.

22. The investment objectives of the Scudder SVS Small Cap Growth Portfolio and the Scudder VIT Small Cap Index Fund are substantially similar; both seek capital appreciation, with Scudder VIT Small Cap Index Fund utilizing a quantitative investment style and Scudder SVS Small Cap Growth Portfolio utilizing a growth investment style. Additionally, both Funds invest principally in common stocks of small-sized growth companies, with the Scudder VIT Small Cap Index Fund also investing in small-sized value companies.

23. The Applicants have concluded that, although there are differences in the objectives and policies of the Funds, their objectives and policies are sufficiently consistent to assure that

following the substitutions, the achievement of the core investment goals of the affected owners in the Replaced Funds will not be frustrated.

24. The Applicants' proposed substitutions would effectively consolidate the Lincoln Life and LLNY assets of each Substitute Fund held by the accounts with those of the corresponding Replaced Fund, with a goal of each Substitute Fund having lower future expense ratios than the past expense ratios. Larger funds can have lower expenses due to two reasons. First, with a larger asset size, fixed fund expenses are spread over a larger base, lowering the expense ratio. Second, larger funds may have lower trading expenses, potentially resulting in higher total returns. In the following comparisons, "expense ratio" refers to both gross and net expense ratios, and "management fee" includes both gross and net management fees, as well as any applicable 12b-1 fees.

25. The AFIS Growth Fund has a lower expense ratio and slightly higher management fee (though total expenses are lower) and is much larger than the AIM VI Capital Appreciation Fund. The AFIS Growth Fund also has performed better for five time periods and lower for one time period compared to the AIM VI Capital Appreciation Fund.

26. The AFIS Growth Fund has a lower expense ratio and management fee and is much larger than the Alliance VPS Growth Portfolio. The AFIS Growth Fund has performed better for four time periods, the same for one time period, and lower for one time period than the Alliance VPS Growth Portfolio.

27. The AFIS International Fund has a lower expense ratio and management fee and is much larger than the Delaware VIP Emerging Markets Series. The AFIS International Fund also has performed better for three time periods and lower for one time period compared to the Delaware VIP Emerging Markets Series.

28. The AFIS Growth Fund has a lower expense ratio and management fee and is much larger than the Delaware VIP Select Growth Series. The AFIS Growth Fund also has performed better for two time periods compared to the Delaware VIP Select Growth Series.

29. The Lincoln National Social Awareness Fund has a lower expense ratio and management fee and is much larger compared to the Delaware VIP Social Awareness Series. The Lincoln National Social Awareness Fund also has performed the same for one time period and better for four time periods compared to the Delaware VIP Social Awareness Series.

30. The Scudder VIT Small Cap Index Fund has a lower expense ratio and management fee and is much smaller than the Dreyfus Small Cap Index Portfolio. The Scudder VIT Small Cap Index Fund also has better performance for two time periods and lower performance for two time periods compared to the Dreyfus Small Cap Index Fund.

31. The Scudder VIT Equity 500 Index Fund has a lower expense ratio and management fee and is smaller than the Fidelity Growth Opportunities Portfolio. The Scudder VIT Equity 500 Index Fund also has better performance for four time periods compared to the Fidelity Growth Opportunities Fund.

32. The AFIS Growth-Income Fund has a lower expense ratio and management fee and is much larger than the Franklin Mutual Shares Securities Fund. The AFIS Growth-Income Fund also has performed better for two time periods and lower for three time periods compared to the Franklin Mutual Shares Securities Fund.

33. The AFIS Growth-Income Fund has a lower expense ratio and management fee and is larger than the Colonial U.S. Growth & Income Fund. The AFIS Growth-Income Fund also has performed better for two time periods, slightly lower for two time periods and lower for two time periods compared to the Colonial U.S. Growth & Income Fund.

34. The AFIS Growth-Income Fund has a lower expense ratio and management fee and is much larger than the Delaware VIP Devon Series. In addition, as indicated previously, the AFIS Growth-Income Fund has performed better for three time periods and lower for one period compared to the Delaware VIP Devon Series.

35. The AFIS International Fund has a lower expense ratio and the same management fee and is much larger than the OCC Global Equity Portfolio. The AFIS International Fund has performed better for three time periods and lower for three time periods compared to the OCC Global Equity Portfolio.

36. The AFIS Growth-Income Fund has a lower expense ratio and management fee and is much larger than the OCC Managed Portfolio. The AFIS Growth-Income Fund has performed better for four time periods and lower for two time periods compared to the OCC Managed Portfolio.

37. The Lincoln National Bond Fund has a lower expense ratio and management fee and is larger than the Scudder SVS Government Securities Portfolio. The Lincoln National Bond Fund has performed better for three time periods and lower for three time

periods compared to the Scudder SVS Government Securities Portfolio.

38. The AFIS International Fund has a lower expense ratio and management fee and is much larger than the Templeton Foreign Securities Fund. The AFIS International Fund also has performed better for two time periods and lower for four time periods compared to the Templeton Foreign Securities Fund.

39. The AFIS Growth Fund has a lower expense ratio and management fee and is much larger than the MFS Research Series. The AFIS Growth Fund also has performed better for five time periods and lower for one time period compared to the MFS Research Series.

40. The AFIS International Fund has a lower expense ratio and management fee and is much larger than the Newport Tiger Fund. The AFIS International Fund also has performed better for four time periods and lower for two time periods compared to the Newport Tiger Fund.

41. The Scudder VIT Small Cap Index Fund has a lower expense ratio and management fee and is smaller than the Scudder SVS Small Cap Growth Portfolio. The Scudder VIT Small Cap Index Fund also has performed better for one time period and has lower performance for three time periods compared to the Scudder SVS Small Cap Growth Portfolio.

Conclusion

Applicants submit that, for all the reasons stated above, the proposed substitutions are consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-15250 Filed 6-17-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meetings during the week of June 17, 2002:

Closed Meetings will be held on Tuesday, June 18, 2002, at 10 a.m., and Wednesday, June 19, 2002, at 10 a.m., and an Open Meeting will be held on Thursday, June 20, 2002, at 10 a.m., in

Room 1C30, the William O. Douglas Room.

Commissioner Glassman, as duty officer, determined that no earlier notice thereof was possible.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meetings. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), (9)(B), and (10) and 17 CFR 200.402(a)(3), (5), (7), (9)(ii) and (10), permit consideration of the scheduled matters at the closed meetings.

The subject matter of the Closed Meeting scheduled for Tuesday, June 18, 2002, will be:

Formal orders of investigation; Institution and settlement of injunctive actions; and

Institution and settlement of administrative proceedings of an enforcement nature.

The subject matter of the Closed Meeting scheduled for Wednesday, June 19, 2002, will be:

Formal orders of investigation; Institution and settlement of injunctive actions;

Institution and settlement of administrative proceedings of an enforcement nature; and an Order compelling testimony.

The subject matter of the Open Meeting scheduled for Thursday, June 20, 2002, will be:

1. The Commission will consider whether to adopt technical amendments to Rules 3a-1, 3a-2, 3a-3, 3a-5, 3a-6, 6c-6, 6e-2, 6e-3(T), 20b, and 30f-1 under the Investment Company Act of 1940 and Rules 16a-2 and 16a-3 under the Securities Exchange Act of 1934; as well as whether to adopt technical amendments to Forms 3, 4, and 5, and the references to these forms contained in the Code of Federal Regulations. The amendments will correct statutory references currently contained in the rules and the forms.

2. The Commission will consider whether to issue an interpretive release regarding the application of certain provisions of the federal securities laws to trading in security futures products. In light of the framework established by the Commodity Futures Modernization Act for the joint regulation of security futures products by the Securities and Exchange Commission and the Commodity Futures Trading Commission, the interpretive release is designed to provide guidance to securities industry and futures industry participants in applying certain provisions of the federal securities laws to trading in security futures products. This

release responds to many of the interpretive issues identified by industry participants. Some questions pertain to the status and treatment of the instruments themselves under the Securities Act of 1933 and the Securities Exchange Act of 1934. Other questions pertain to the application of trading rules and other rules that apply to market intermediaries.

3. The Commission will consider whether to propose rule amendments and new rules designed to enhance the quality of financial information through improving oversight of the auditing process. The proposed rules would create the framework for a new private sector regulatory scheme for the accountants that audit or review financial statements filed with the Commission. The proposed rules also would reform oversight and improve the accountability of auditors of public companies, thereby enhancing the reliability and integrity of the financial reporting process. Under the proposed framework, a new organization, among other things, would (1) conduct reviews of accounting firms' quality controls, (2) discipline accountants for unethical or incompetent conduct, or other violations of professional standards, and (3) either set or rely on designated private sector bodies to set auditing, quality control and ethics standards.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: June 13, 2002.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-15420 Filed 6-14-02; 11:58 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46069; File No. S7-12-01]

Notice of Application of Evangelical Christian Credit Union for Exemptive Relief Under Sections 15 and 36 of the Exchange Act and Request for Comment

June 12, 2002.

The Commission has received a request from a federally insured credit union, Evangelical Christian Credit Union ("ECCU"), for an exemption pursuant to Sections 15(a)(2) and 36(a) of the Securities Exchange Act of 1934 ("Exchange Act"). ECCU requests relief from the broker-dealer registration requirements of Section 15(a)(1) of the Exchange Act and the reporting and other requirements of the Exchange Act applicable to broker-dealers so that it might offer sweep account services to its members without registering as a broker-dealer. In order to provide an