

scheduled Effective Date and advise Variable Contract owners of their transfer rights. The Effective Date will be no earlier than 20 days after the mailing of the Pre-Substitution Notice.

7. The Applicants note that, in accordance with the terms of each of the Variable Contracts, no sales charges or surrender charges will apply to transfers in connection with the Substitutions, and MLLIC and MLNY represent that no such charge shall be imposed. In addition, within five days after the Substitutions, any Variable Contract owners who were affected by the Substitutions will be sent a Post-Substitution Notice informing them that the Substitutions were carried out and advising them of their transfer rights. The Applicants assert that the procedures to be implemented are sufficient to assure that each Variable Contract owner's cash values immediately after the Substitutions shall be equal to the cash value immediately before the Substitutions, and that the Substitutions will not affect the value of the interests of those owners of other MLLIC and MLNY variable contracts (other than the Variable Contracts) who currently have contract value allocated to any of the portfolios of the Series Fund or the Variable Series Funds.

Applicants' Conditions

For purposes of the approval sought pursuant to Section 26(c) of the 1940 Act, the Substitutions described in the third amended and restated application will not be completed, unless all of the following conditions are met.

1. The Commission shall have issued an order approving the Substitutions under Section 26(c) of the 1940 Act, as necessary to carry out the transactions described in the third amended and restated application.

2. Each Variable Contract owner will have been sent (a) prior to the Effective Date, a copy of the effective prospectus relating to the relevant Replacement Portfolio, (b) prior to the Effective Date, a Pre-Substitution Notice describing the terms of the Substitutions and the rights of the Variable Contract owners in connection with the Substitutions, and (c) if affected by the Substitutions, a Post-Substitution Notice within five days after the Substitutions informing them that the Substitutions were carried out and advising them of their transfer rights.

3. MLLIC and MLNY shall have satisfied themselves that (a) the Variable Contracts allow the substitution of portfolios in the manner contemplated by the Substitutions and related transactions described herein, (b) the

transactions can be consummated as described in the third amended and restated application under applicable insurance laws, and (c) that any applicable regulatory requirements in each jurisdiction where the Variable Contracts are qualified for sale have been complied with to the extent necessary to complete the transaction.

Applicants assert that, for the reasons summarized above, the proposed Substitutions meet the standards of Section 26(c) of the Act and that the requested order should be granted.

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

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 02-8805 Filed 4-10-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-25509; File No. 812-12668]

Lincoln Benefit Life Company, et al.

April 4, 2002.

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

ACTION: Notice of an application for an order pursuant to Section 26(c) of the Investment Company Act of 1940 (the "1940 Act") approving a substitution of underlying fund shares by certain unit investment trusts.

Applicants: Lincoln Benefit Life Company ("Lincoln Benefit"), Lincoln Benefit Life Variable Annuity Account (the "VA Account"), and Lincoln Benefit Life Variable Life Account (the "VL Account") (collectively, the "Applicants").

Summary of Application: Applicants request an order to permit certain registered unit investment trusts to substitute shares of the T. Rowe Price MidCap Growth Fund (the "Replacement Fund") of the T. Rowe Price Equity Series, Inc. ("TRP Equity Series") for shares of the Strong Discovery Fund II (the "Replaced Fund") of the Strong Variable Insurance Funds, Inc. ("Strong VI Funds").

Filing Date: The application was filed on October 19, 2001, and amended and restated on March 19, 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 Applicants with a copy of the request, in person or by mail. Hearing requests must be received

by the SEC by 5:30 p.m. on April 29, 2002, and must 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 requester'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: Secretary, SEC, 450 Fifth Street, NW, Washington, DC, 20549-0609; Applicants, c/o Jorden Burt LLP, 1025 Thomas Jefferson Street, N.W., Suite 400 East, Washington, DC, 20007-0806, Attention: Christopher S. Petito, Esq.

FOR FURTHER INFORMATION CONTACT:

Kenneth C. Fang, Attorney, or William J. Kotapish, Assistant Director, at (202) 942-0670, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application is available for a fee from the Public Reference Branch of the SEC, 450 Fifth Street, NW, Washington, DC, 20549 (tel. (202) 942-8090).

Applicants' Representations

1. Lincoln Benefit is a stock life insurance company organized under the laws of the state of Nebraska in 1938. Lincoln Benefit is an indirect wholly-owned subsidiary of The Allstate Corporation.

2. The VA Account is a segregated asset account of Lincoln Benefit. It was established by Lincoln Benefit in 1992, in accordance with the laws of the state of Nebraska and is registered as a unit investment trust under the 1940 Act. Lincoln Benefit issues certain variable annuity contracts through the VA Account.

3. The VL Account was established by Lincoln Benefit in 1992 in accordance with laws of the state of Nebraska and is registered as a unit investment trust under the 1940 Act. The VL Account is used to fund certain variable life insurance policies issued by Lincoln Benefit.

4. The above noted segregated asset accounts are referred to as "Separate Account Applicants." Certain variable annuity contracts and variable life policies issued by Lincoln Benefit through the Separate Account Applicants are referred to herein as "Contracts." The variable interests under the Contracts are registered with the SEC under the Securities Act of 1933.

5. Strong VI Funds was organized as a Wisconsin corporation on December 28, 1990. Strong VI Funds currently

issues shares in four investment portfolios, of which the Replaced Fund is one. Shares of the Replaced Fund were sold to separate accounts of eleven insurance companies, including Lincoln Benefit, for the purpose of funding variable annuity and variable life insurance policies. Strong VI Funds is registered as an open-end management investment company under the 1940 Act and its shares are registered as securities under the 1933 Act. The Replaced Fund is managed by Strong Capital Management Inc. ("SCM"). SCM is not affiliated with Lincoln Benefit.

6. If the requested substitution order is granted, Lincoln Benefit, on behalf of the Separate Account Applicants, will substitute shares of the Replacement Fund, a series of the TRP Equity Series, for shares of the Replaced Fund. TRP Equity Series was organized as a Maryland corporation in 1994. It offers its shares in seven series. Shares of the Replacement Fund are offered at net asset value and are not subject to Rule 12b-1 fees. TRP Equity Series is registered as an open-end management investment company under the 1940 Act and its shares are registered as securities under the 1933 Act. Its shares are sold only to insurance company separate accounts to fund variable life insurance policies and variable annuity contracts. T. Rowe Price Associates, Inc. ("T. Rowe Price") serves as investment adviser to the Replacement Fund. Neither T. Rowe Price nor the Replacement Fund is affiliated with Lincoln Benefit.

7. SCM is planning to close the Replaced Fund. SCM reached this conclusion based on the Replaced Fund's small asset size, lack of expected asset growth and lack of economies of scale. On April 5, 2001, the Replaced Fund's Board of Directors voted to close the Replaced Fund to new participation agreements. Applicants have been advised that SCM intends to recommend that the Replaced Fund be liquidated once its various insurance company shareholders have arranged for alternative investments. Applicants do not know how long this process might take.

8. On June 1, 2001, the Replaced Fund and its related parties notified Applicants that, as to the Replaced Fund, effective December 1, 2001, they were terminating the Participation Agreement between and among Lincoln Benefit Life Company, Strong VI Funds, SCM, and Strong Funds Distributors, Inc. (the distributor for the Replaced Fund), dated April 6, 1998. As a result of the termination, the Replaced Fund no longer will make its shares available for investment with respect to Contracts

purchased after the effective date of the termination. The Replaced Fund will continue to honor purchase orders placed with respect to Contracts purchased prior to December 1, 2001.

9. Lincoln Benefit has determined that in light of the impending closure and liquidation of the Replaced Fund, it would be best for the company and the Contract owners invested in the Replaced Fund ("Owners") to substitute the shares of the Replaced Fund with shares of the Replacement Fund (the "Substitution"). If Applicants were to take no action until the Replaced Fund liquidates, affected Owners could be injured as a result of the likely increase in the Replaced Fund's expense ratio as other insurance companies exit the Replaced Fund. Accordingly, Applicants request the SEC's approval to effect the Substitution.

10. Lincoln Benefit will redeem for cash all of the shares of the Replaced Fund that it currently holds on behalf of the Separate Account Applicants at the close of business on the date selected for the Substitution. Lincoln Benefit, on behalf of each Separate Account Applicant, will simultaneously place a redemption request with the Replaced Fund and a purchase order with the Replacement Fund, so that each purchase will be for the exact amount of the redemption proceeds. As a result, at all times monies attributable to Owners then invested in the Replaced Fund will remain fully invested and will result in no change in the amount of any Owner's contract value, death benefit or investment in the applicable Separate Account Applicant.

11. The full net asset value of the redeemed shares held by the Separate Account Applicants will be reflected in the Owners' accumulation unit or annuity unit values following the Substitution. Lincoln Benefit has undertaken to assume all transaction costs and expenses relating to the Substitution, including any direct or indirect costs of liquidating the assets of the Replaced Fund, so that the full net asset value of redeemed shares of the Replaced Fund held by the Separate Account Applicants will be reflected in the Owners' accumulation unit or annuity unit values following the Substitution.

12. Applicants anticipate that until the Substitution occurs, SCM will conduct the trading of portfolio securities in accordance with the investment objectives and strategies stated in the Replaced Fund's prospectus and in a manner that provides for the anticipated redemptions of shares held by the Separate Account Applicants.

13. Applicants have determined, based on advice of counsel familiar with insurance laws, that the Contracts allow the Substitution as described in the application, and that the transactions can be consummated as described therein under applicable insurance laws and under the Contracts. In addition, prior to effecting the Substitution, Applicants will have complied with any regulatory requirements they believe are necessary to complete the transactions in each jurisdiction where the Contracts are qualified for sale.

14. Affected Owners will not incur any fees or charges as a result of the Substitution, nor will the rights or obligations of Lincoln Benefit under the Contracts be altered in any way. The proposed Substitution will not have any adverse tax consequences to Owners. The proposed Substitution will not cause Contract fees and charges currently being paid by existing Owners to be greater after the proposed Substitution than before the proposed Substitution. The proposed Substitution will not be treated as transfers for the purpose of assessing transfer charges. Lincoln Benefit will not, with respect to shares substituted, exercise any right it may have under the Contracts to collect transfer fees or impose any additional restriction on transfers during the Free Transfer Period, as defined in paragraph 16 below.

15. Lincoln Benefit has supplemented the prospectuses for the Contracts to reflect the Substitution. Within five days after the Substitution, Lincoln Benefit will send to Owners written notice of the Substitution (the "Notice"), identifying the shares of the Replaced Fund that have been eliminated and the shares of the Replacement Fund that have been substituted. Lincoln Benefit will include in such mailing the applicable prospectus supplement for the Contracts of the Separate Account Applicants describing the Substitution. Lincoln Benefit also will mail a copy of the prospectus for the Replacement Fund to the Owners, unless they already have received a copy of this prospectus in the ordinary course.

16. Owners will be advised in the Notice that for a period of at least 30 days following the mailing of the Notice (the "Free Transfer Period"), Owners may transfer all assets, as substituted, to any other available subaccount without limit or charge. In addition, Owners of variable annuity Contracts, who as a result of the Substitution are receiving variable annuity payments based on the Replacement Fund, will be permitted during the Free Transfer Period to transfer the substituted amounts to

variable annuity payments based on other subaccounts, without limit or charge, notwithstanding any limits on such transfers in the variable annuity Contracts.

Applicants' Legal Analysis

A. Section 26(c)

1. Section 26(c) of the 1940 Act provides that "[i]t shall be unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the [SEC] shall have approved such substitution." Section 26(c) of the 1940 Act was enacted as part of the Investment Company Act Amendments of 1970. Prior to the enactment of these amendments, a depositor of a unit investment trust could substitute new securities for those held by the trust by notifying the trust's security holders of the substitution within five (5) days after the substitution. In 1966, the SEC, concerned with the high sales charges then common to most unit investment trusts and the disadvantageous position in which such charges placed investors who did not want to remain invested in the substituted security, recommended that Section 26 be amended to require that a proposed substitution of the underlying investments of a trust receive prior SEC approval.

2. The purposes, terms, and conditions of the Substitution are consistent with the principles and purposes of Section 26(c) and do not entail any of the abuses that Section 26(c) is designed to prevent. Applicants submit that they *must* effect a substitution, in order to protect Owners from the potential adverse consequences of the closure and liquidation of the Replaced Fund. Applicants state that they selected the Replacement Fund as the substitute, because its investment objectives and policies are substantially similar to those of the Replaced Fund and it has lower expenses and better long-term performance. Owners will be assessed no charges whatsoever in connection with the Substitution and their annual fund expense ratios are expected to decrease. In addition, to the extent an Owner does not wish to participate in the Substitution, he or she is free to transfer to any other option available under the relevant Contract prior to the Substitution and after the Substitution. No transfer fee will be charged, and the transfer will not count against any limit on free transfers under the Contracts.

3. Applicants submit that the Substitution does not present the type of costly forced redemption or other harms

that Section 26(c) was intended to guard against and is consistent with the protection of investors and the purposes fairly intended by the 1940 Act for the following reasons:

(a) The Substitution will continue to fulfill Owners' objectives and risk expectations, because the Replaced Fund and the Replacement Fund have substantially similar investment objectives, policies, and restrictions. Applicants believe that of the investment options currently available under the Contracts, the Replacement Fund is most similar to the Replaced Fund.

(b) after receipt of the Notice informing an Owner of the Substitution, an Owner may request that his or her assets be reallocated to another subaccount at any time during the Free Transfer Period without any limit or charge and without the transfer being counted against any limit on transfers under the Contracts. The Free Transfer Period provides sufficient time for Owners to consider their reinvestment options;

(c) the Substitution will be at net asset value of the respective shares, without the imposition of any transfer or similar charge;

(d) Lincoln Benefit has undertaken to assume all expenses and transaction costs, including, but not limited to, legal and accounting fees and any brokerage commissions, in connection with the Substitution;

(e) the Substitution will in no way alter the contractual obligations of Lincoln Benefit or the rights and privileges of Owners under the Contracts;

(f) the Substitution will in no way alter the tax benefits to Owners;

(g) the Substitution is expected to confer certain economic benefits on Owners by virtue of enhanced asset size and lower expenses, as described below;

(h) at the time of the Substitutions, the aggregate fees and expenses of the Replacement Fund are expected to be lower than those of the corresponding Replaced Fund; and

(i) Lincoln Benefit does not currently receive, and will not receive for three years from the date of the requested Commission order, any direct or indirect benefit from the Replacement Fund, T. Rowe Price Inc., or any of its affiliates at a higher rate than Lincoln Benefit has received from the Replaced Fund, SCM, or any of its affiliates, including without limitation Rule 12b-1 fees, shareholder service or administrative or other service fees, revenue sharing or other arrangements, either with specific reference to the

Replacement Fund or as part of an overall business arrangement.

4. As described below, the Replacement Fund and the Replaced Fund have investment objectives and policies that are substantially similar.

5. The Replaced Fund's investment objective is to seek capital growth. The Replaced Fund pursues its objective by investing, under normal conditions, in securities that its manager believes offer attractive opportunities for growth. The Replaced Fund usually invests in a diversified portfolio of common stocks. It invests a substantial portion of its assets in the stocks of small and mid-capitalization companies. These are chosen through a combination of in-depth fundamental analysis of a company's financial reports and direct, on-site research during company visits. When the manager believes market conditions favor fixed income investments, the manager has the flexibility to invest a significant portion of the Replaced Fund's assets in intermediate- and long-term investment grade bonds. To a limited extent, the Replaced Fund may also invest in foreign securities.

6. The Replacement Fund's investment objective is to provide long-term capital appreciation by investing in mid-cap stocks with potential for above-average earnings growth. The Replacement Fund pursues its objective by investing at least 65% of its assets in a diversified portfolio of common stocks of mid-capitalization companies whose earnings the adviser expects to grow at a faster rate than the average company. While most assets will be invested in U.S. common stocks, other securities may also be purchased, including foreign stocks, futures, and options in keeping with the Replacement Fund's objective.

7. Applicants represent that the Replacement Fund has objectives, policies, and restrictions substantially similar to the objectives, policies and restrictions of the Replaced Fund. The only significant investment difference between the Replaced Fund and the Replacement Fund is that the Replacement Fund's investment objective requires it to invest primarily in the stocks of mid-capitalization companies, whereas the Replaced Fund may invest in stocks of companies of all sizes. In practice, however, the Replaced Fund invests a substantial portion of its assets in mid- and small-capitalization stocks. As a result, the investment strategies of the two funds overlap substantially. Moreover, Owners who currently invest in the subaccounts corresponding to the Replaced Fund will be able to continue to invest in

small-capitalization stocks by allocating contract value to other investment options available under the Contracts.

8. Accordingly, Lincoln Benefit has specifically determined that the Replaced Fund is an appropriate investment vehicle for Owners who have allocated value to the Replaced Fund and that the Substitution will be consistent with Owners' investment objectives and risk expectations.

9. The fees and expenses of the Replacement Fund will be less than the Replaced Fund's fees and expenses. The total expenses for the Replacement Fund for the year ended December 31, 2001, were 0.85% of net assets (0.85% management fee, 0.00% other expenses). The total net expenses for the Replaced Fund for the year ended December 31, 2001, were 1.20% of net assets (1.00% management fee, and 0.20% other expenses) (With respect to the Replaced Fund, SCM may voluntarily waive its fees. In 2001, SCM did not waive any fees. The Replacement Fund does not have any fee waiver or expense reimbursement arrangement). Lincoln Benefit is entitled to receive a service fee from the investment adviser of each Fund in return for providing certain administrative support services. Applicants represent that the service fee rate will not increase as a result of the Substitution.

10. The Replacement Fund has significantly more assets than the Replaced Fund. It is expected that the lower expense ratios should continue as a result of the significantly greater assets of the Replacement Fund.

11. Since its inception on December 31, 1996 the Replacement Fund has had average annual total returns of 13.81%, which are significantly higher than the Replaced Fund's five-year average annual returns of 6.41%. In light of the long-term perspective that is more appropriate under variable contracts, Applicants believe that the longer-term results are most significant for Owners. Moreover, in any event, as a result of the planned closing of the Replaced Fund, its performance no longer will be available to Owners. While there is no guarantee that past performance will continue, the foregoing return data support Applicants' view that the Substitution is not expected to diminish performance or otherwise reduce Contract values.

12. Applicants request an Order of the SEC pursuant to Section 26(c) of the 1940 Act to permit them to effect the Substitution on the terms set forth in the Application.

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

J. Lynn Taylor,

Assistant Secretary.

[FR Doc. 02-8806 Filed 4-10-02; 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 additional meeting during the week of April 8, 2002: an additional closed meeting will be held on Tuesday, April 9, 2002, at 2:30 p.m. Commissioner Hunt, 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 meeting. 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 meeting.

The subject matters of the closed meeting scheduled for Tuesday, April 9, 2002, are:

Formal orders of private investigation;

Institution and settlement of injunctive actions;

Institution and settlement of administrative proceedings of an enforcement nature; and

A litigation matter.

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: April 8, 2002.

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 02-8884 Filed 4-9-02; 11:33 am]

BILLING CODE 8010-01-P

DEPARTMENT OF STATE

[Public Notice 3976]

Bureau of Educational and Cultural Affairs Request for Grant Proposals: Afghanistan Women's Teacher-Training Project

SUMMARY: The Office of Global Educational Programs of the Bureau of Educational and Cultural Affairs announces an open competition for the Afghanistan Women's Teacher-Training Project. Public and private non-profit organizations or universities meeting the provisions described in Internal Revenue Code section 26 U.S.C. 501(c)(3) may submit proposals to enhance the skills of Afghan women teachers working in basic education. The project will be conducted in three phases and Bureau funding of up to \$200,000 is currently available to support one grant. Should additional funding become available, we would anticipate increasing participant numbers.

PROGRAM INFORMATION

1. Overview

The Bureau of Educational and Cultural Affairs seeks to assist in the ongoing efforts to re-establish the ability of the government of Afghanistan to deliver education to all its children by providing a project which targets potential master teachers or teacher trainers. Concentrating on women teachers will offer a sharp contrast to the actions of the previous regime in which women were systematically stripped of their positions and careers in the education field. The Afghan Women's Teacher Training Project will augment the skills of Afghan women teachers working in basic education. The selected participants should have demonstrated their commitment to teaching in recent years by serving Afghanistan's children.

All programming and logistics including design and implementation of the academic, cultural, and administrative components will be the responsibility of the applicant. These responsibilities include (1) a three-phased academic component in Afghanistan and the U.S. that provides for an assessment of the relevant needs of teachers and the education system, recruitment of ten master teachers and their exposure to relevant basic education curricula, train the trainer skills, educational materials and technology, and education policy topics that would benefit basic education teachers in Afghanistan, and follow-on training preferably in Afghanistan, (2) a