

be submitted to OMB within 30 days of this notice.

Dated: January 5, 2005.

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 05-463 Filed 1-10-05; 8:45 am]

**BILLING CODE 8010-01-M**

## SECURITIES AND EXCHANGE COMMISSION

### Submission for OMB Review; Comment Request

Upon Written Request; Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Form CB; OMB Control No. 3235-0518; SEC File No. 270-457.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget request for extension of the previously approved collection of information discussed below.

Form CB (OMB Control No. 3235-0518; SEC File No. 270-457) is a tender offer statement filed in connection with a tender offer for a foreign private issuer. This form is used to report an issuer tender offer conducted in compliance with Exchange Act Rule 13e-4(h)(8) and a third-party tender offer conducted in compliance with Exchange Act Rule 14d-1(c). It also is used by a subject company pursuant to Exchange Act Rule 14e-2(d). This information is made available to the public. Information provided on Form CB is mandatory. Approximately 200 respondents file Form CB at an estimated .5 hours per response for a total annual burden of 100 hours. It is estimated that 25% of the total burden hours (25 reporting burden hours) is prepared by the filer. The remaining 75% of the burden hours is prepared by outside counsel.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Written comments regarding the above information should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building,

Washington, DC 20503, or send an e-mail to: [David\\_Rostker@omb.eop.gov](mailto:David_Rostker@omb.eop.gov); and (ii) R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

January 3, 2005.

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. E5-50 Filed 1-10-05; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-26719; File No. 812-13110]

### IDS Life Insurance Company, et al., Notice of Application

January 5, 2005.

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

**ACTION:** Notice of application for an amended order pursuant to section 11(a) of the Investment Company Act of 1940, as amended ("Act") approving the terms of an offer of exchange.

**APPLICANTS:** IDS Life Insurance Company ("IDS Life"), IDS Life Variable Account 10 ("Account 10") and IDS Life Accounts F, G, H, IZ, JZ, KZ, LZ, MZ, N, PZ, QZ, RZ, SZ and TZ ("Old Accounts" and collectively with Account 10, "Accounts") (collectively, "Applicants").

**SUMMARY OF APPLICATION:** Applicants seek an order to amend an Existing Order (described below) ("Amended Order") pursuant to section 11(a) of the Act to approve extending the terms of an existing offer of exchange of certain outstanding annuity contracts issued by IDS Life and made available through the Old Accounts ("Old Contracts") for new American Express Retirement Advisor Advantage Plus<sup>sm</sup> Variable Annuity contracts issued by IDS Life and made available through Account 10 ("RAVA Advantage Plus" and collectively with the Old Contracts, "Contracts").

**FILING DATE:** The Application was filed on July 19, 2004 and amended and restated on December 20, 2004.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission

by 5:30 p.m. on January 31, 2005 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 who wish to be notified of a hearing may request notification by writing to the Commission's secretary.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants, Mary Ellyn Minenko, Vice President and Group Counsel, American Express Financial Advisors Inc., 50607 AXP Financial Center, Minneapolis, MN 55474.

### FOR FURTHER INFORMATION CONTACT:

Mark Cowan, Senior Counsel, or Zandra Bailes, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

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

### Applicants' Representations

1. IDS Life is a stock life insurance company organized in 1957 under the laws of the State of Minnesota. It conducts a conventional life insurance business. IDS Life is registered with the Commission as a broker-dealer under the Securities Exchange Act of 1934, as amended, and is a member of the National Association of Securities Dealers. IDS Life is a wholly owned subsidiary of American Express Financial Corporation ("AEFC"). IDS Life is the issuer and principal underwriter of the Contracts funded through the Accounts.

2. Account 10 is a segregated asset account of IDS Life. Account 10 funds the variable benefits available under RAVA Advantage Plus. Account 10 and its component subaccounts are registered together with the Commission as a single unit investment trust under the Act (File No. 811-07355).

3. The Old Accounts are segregated asset accounts of IDS Life. The Old Accounts fund the variable benefits available under the IDS Life Variable Retirement Annuity ("VRA"), the IDS Life Combination Retirement Annuity ("CRA"), the IDS Life Flexible Annuity ("Flex") and the IDS Life Employee Benefit Annuity ("EBA"). The Old Accounts are registered together with the Commission as a single unit

investment trust under the Act (File No. 811-3217).

4. Applicants assert that in recent years the variable annuity marketplace has become increasingly competitive. Many of the purchasers of variable annuity contracts in the 1980s and early 1990s are at, or close to, the expiration of their contingent deferred sales charge ("CDSC") periods, and the contract values of many contracts are no longer subject to a CDSC. Holders of such contracts have become prime targets for competitors' variable annuity sales efforts. One feature offered to variable annuity purchasers is a "bonus" or "credit" funded from the insurer's general account, generally ranging from 1-4% of contract value. IDS Life has experienced the effects of these "bonus offers" through the loss of a portion of its Old Contracts.

5. IDS Life states that its competitors are permitted to make bonus offers to IDS Life's Old Contract owners because offers of exchange to contract owners of unaffiliated insurance companies are not prohibited by Section 11 of the Act by virtue of a no-action position granted to Alexander Hamilton Funds (pub. avail. July 20, 1994) ("Alexander Hamilton"). Applicants state that Alexander Hamilton stands for the proposition that, except for limited exceptions, exchange offers between unaffiliated investment companies are not prohibited under section 11. Consistent with section 11(a), therefore, a fund may impose a CDSC on shares purchased by investors with proceeds of shares from an unaffiliated fund.

6. Applicants assert that, but for the existence of the affiliated nature of the exchange, IDS Life would be able to offer an exchange program to its existing Old Contract owners that is similar to its competitors' programs. However, unlike its competitors who may make bonus offers to Old Contract owners, IDS Life is constrained from making a similar offer without first obtaining Commission approval of the terms of the exchange.

#### *Existing Exchange Offer*

7. Applicants state that in response to this competitive dilemma, IDS Life developed an offer of exchange. On March 12, 2002, the Commission issued an order approving the terms of the offer of exchange ("Existing Exchange Offer") that permits eligible contract owners to exchange Old Contracts for American Express Retirement Advisor Advantage<sup>SM</sup> Variable Annuity ("RAVA Advantage") contracts issued by IDS Life and made available through Account 10 ("Existing Order"). RAVA Advantage is an enhanced contract that

offers a lower mortality and expense risk ("M&E") charge than the Old Contracts, credits ("Purchase Payment Credits") on certain payments to the contracts (initial payments and subsequent additional payments to the contracts are referred to herein individually as a "Purchase Payment" and collectively as "Purchase Payments"), more subaccounts investing in corresponding funds or portfolios (collectively, "Investment Funds") and optional enhanced death benefits. IDS Life applies a credit to certain exchanges ("Exchange Credit" and collectively with Purchase Payment Credits, "Credits") that is in addition to any Purchase Payment Credit for which the contract owner would otherwise be eligible under the RAVA Advantage contract.

8. When a contract owner exchanges into a RAVA Advantage contract, he or she can allocate the Purchase Payment to any of the Investment Funds available under RAVA Advantage. If a contract owner exercises the free look option, IDS Life reverses either the RAVA Advantage contract value (less any Credits) or the Purchase Payment made to the RAVA Advantage contract, depending on applicable law. IDS Life applies this amount to restore the Old Contract to the extent possible. IDS Life allocates this amount to the selected Old Contract investments in the proportions that existed just prior to the exchange. Any adjustments made due to investment experience are allocated or deducted according to the selected investment percentage allocations under the Old Contract just prior to the exchange. Withdrawals made after the free look period under RAVA Advantage has expired are governed by the terms of the RAVA Advantage contract, including application of the CDSC. To the extent a death benefit or surrender payment included any Credit amounts applied within twelve months preceding: (i) The date of death that results in a lump sum death benefit under RAVA Advantage; or (ii) a request for a CDSC waiver due to the owner or annuitant's confinement to a nursing home, IDS Life will recapture the Credits.

#### *Extended Exchange Offer*

9. In February 2004, IDS Life began selling RAVA Advantage Plus in approved States. RAVA Advantage Plus is an enhanced version of RAVA Advantage and is available as a nonqualified annuity for after-tax contributions only, or as a qualified annuity under certain retirement plans. RAVA Advantage Plus—Band 3 is available to current or retired employees

of AEFC and their spouses (collectively, "Employees"); current or retired financial advisors who are registered representatives of IDS Life and their spouses (collectively, "Advisors"); or individuals who, with IDS Life's approval, invest an initial Purchase Payment of \$1,000,000 or more (collectively, "Band 3 Contracts"). RAVA Advantage Plus offers an additional death benefit, additional Purchase Payment Credits under Band 3 Contracts, different Investment Funds, guarantee period accounts ("GPAs"), an optional guaranteed minimum withdrawal benefit ("Withdrawal Benefit"), different transfer provisions and additional features such as a special dollar-cost averaging program. If an Old Contract owner exchanged into a RAVA Advantage Plus contract, he or she could allocate Purchase Payments to any of the Investment Funds available under RAVA Advantage Plus, including most of the Investment Funds available under the Old Contract, as well as Investment Funds that are not available under the Old Contract. To the extent a death benefit or surrender payment included any Credit amounts applied within twelve months preceding: (i) The date of death that results in a lump sum death benefit under RAVA Advantage Plus; (ii) a request for a CDSC waiver due to the owner or owner's spouse's confinement to a nursing home or hospital or the owner's terminal illness; or (iii) the owner's settlement under an annuity payout plan, IDS Life will recapture the Credits. If a non-natural person owns the RAVA Advantage Plus contract, the benefits and distributions under the contract are based on the life of the annuitant.

10. Applicants now seek an Amended Order to approve extending the terms of the Existing Exchange Offer to permit the exchange of the Old Contracts for new RAVA Advantage Plus contracts in those states where RAVA Advantage Plus is approved ("Extended Exchange Offer"). The terms of the Extended Exchange Offer would be substantially similar to those described in the Existing Order. Applicants state that the Extended Exchange Offer, like the Existing Exchange Offer, is designed to respond to IDS Life's competitive dilemma and to assure that persisting contract owners who accept the Extended Exchange Offer receive an immediate and enduring economic benefit.

#### *Comparison of RAVA Advantage and RAVA Advantage Plus*

11. The primary differences between RAVA Advantage and RAVA Advantage Plus are as follows:

a. Purchase Payments

Both RAVA Advantage and RAVA Advantage Plus may be issued as a non-qualified annuity for after-tax contributions only, or as a qualified annuity under the following retirement plans: (i) Individual Retirement Annuities, including Roth IRAs (collectively, "IRAs"); (ii) SIMPLE IRAs; (iii) Simplified Employee Pension ("SEP") plans; (iv) plans under Section 401(k) of the Internal Revenue Code of 1986, as amended ("Code") ("section 401(k) Plans"); (v) custodial and trustee plans under section 401(a) of the Code ("section 401(a) Plans"); or (vi) Tax-Sheltered Annuities under section 403(b) of the Code ("TSAs"). Under RAVA Advantage, the owner may allocate Purchase Payments to subaccounts or the fixed account in even 1% increments. Under RAVA Advantage Plus, if the owner has not selected the Withdrawal Benefit, the owner may allocate Purchase Payments to the subaccounts, GPAs (in approved States), the fixed account and/or the special dollar cost averaging account (when available) in even 1% increments. If the owner has selected the Withdrawal Benefit, the owner must allocate Purchase Payments in accordance with an available asset allocation program. IDS Life reserves the right to not accept Purchase Payments allocated to the fixed account for twelve months following either a partial surrender from the fixed account or a lump sum transfer from the fixed account to a subaccount.

b. Investment Funds and Other Investment Options

Owners of RAVA Advantage contracts currently may allocate their Purchase Payments among 53 Investment Funds from 17 fund families. Owners of RAVA Advantage Plus contracts currently may allocate their Purchase Payments among 56 Investment Funds from 17 fund families. RAVA Advantage also offers a fixed account investment option with a guaranteed minimum interest rate of 3% on an annual basis. RAVA Advantage Plus offers a fixed account investment option with a guaranteed minimum interest rate ranging from 1.5% to 3% on an annual basis depending on the State in which the contract is issued. In addition, RAVA Advantage Plus offers GPAs (in approved States). The owner may allocate Purchase Payments and Purchase Payment Credits to one or more of the GPAs with guarantee periods that IDS Life declares. Each GPA pays an interest rate that IDS Life declares when the owner makes an allocation to the account.

c. Optional Withdrawal Benefit

RAVA Advantage Plus contains a new optional living benefit that currently is not available under RAVA Advantage. The Withdrawal Benefit is available (in approved States) if the owner is age 75 or younger at contract issue. The Withdrawal Benefit gives the owner the right to take limited partial withdrawals in each contract year that ultimately equal Purchase Payments plus Purchase Payment Credits, as adjusted for certain excess withdrawals. The Guaranteed Benefit Payment is the amount that the owner is entitled to take through partial withdrawals each contract year. An annual Elective Step up option is available that allows the owner to step up the Guaranteed Benefit Amount to 100% of the contract anniversary value, subject to certain rules. The Withdrawal Benefit requires that the owner participate in an available asset allocation program. The current cost of the Withdrawal Benefit is 0.60%. IDS Life reserves the right to increase this cost up to a maximum of 2.50% for new RAVA Advantage Plus contract owners. However, any change to the cost will only apply to an existing RAVA Advantage Plus contract owner if: (i) He or she changes asset allocation models and the current cost for new owners is higher than the cost currently paid by the existing owner; or (ii) the existing RAVA Advantage Plus contract owner chooses the annual Elective Step up and the current cost for new owners is higher than the cost currently paid by the existing owner. IDS Life also reserves the right to charge a fee that varies by the asset allocation model selected.

d. Transfers

Under RAVA Advantage the owner may transfer contract values between the subaccounts, or from the subaccounts to the fixed account. However, certain restrictions apply with respect to the timing of transfers from the fixed account. Under RAVA Advantage Plus, if required to participate in the asset allocation program in connection with the Withdrawal Benefit, the owners may not make transfers except among the various asset allocation models then available. Otherwise, the owner may transfer contract values between the subaccounts. The owner also may transfer contract values from the subaccounts to the GPAs and the fixed account. However, certain restrictions apply with respect to the timing of transfers from the fixed account. The owner may transfer contract values from any GPA to the subaccounts, fixed

account or another GPA any time after 60 days of transfer or Purchase Payment allocation into that GPA. Transfers made more than 30 days before the end of the guarantee period will receive a market value adjustment, which may result in a gain or loss of contract value.

e. Purchase Payment Credits

Under RAVA Advantage, the Purchase Payment Credits are: 1% of each Purchase Payment received if the owner selected the ten-year CDSC schedule and the initial Purchase Payment is under \$100,000 or if the owner selected the seven-year CDSC schedule and the initial Purchase Payment is at least \$100,000; and 2% of each Purchase Payment received if the owner selected the ten-year CDSC schedule and the initial Purchase Payment is at least \$100,000.

Under RAVA Advantage Plus, the Purchase Payment Credits are: 1% of each Purchase Payment received if the owner selected the ten-year CDSC schedule and the initial Purchase Payment is under \$100,000 or if the owner selected the seven-year CDSC schedule and the initial Purchase Payment is at least \$100,000 but less than \$1,000,000; and 2% of each Purchase Payment received if the owner selected the ten-year CDSC schedule and the initial Purchase Payment is at least \$100,000 but less than \$1,000,000. For Band 3 Contracts, the Purchase Payment Credits are: 2% of each Purchase Payment received if the owner selected the seven-year CDSC schedule; and 3% of each Purchase Payment received if the owner selected the ten-year CDSC schedule.

f. Recapture of Purchase Payment Credits

Under RAVA Advantage, IDS Life currently recaptures Purchase Payment Credits if the owner returns the RAVA Advantage contract during the free look period. IDS Life also may recapture Purchase Payment Credits if they were applied within twelve months preceding: the date of death that results in a lump sum death benefit; or a request for a surrender due to the owner or annuitant's confinement to a nursing home. See, *IDS Life Insurance Company, et al., Investment Company Act Release Nos. 24220 (December 23, 1999) (Notice) and 24257 (January 19, 2000) (Order)*.

Under RAVA Advantage Plus, IDS Life currently recaptures Purchase Payment Credits if the owner returns the RAVA Advantage Plus contract during the free look period. IDS Life also may recapture Purchase Payment Credits if they were applied within twelve months

preceding; the date of death that results in a lump sum death benefit; a request for a surrender due to the owner or owner's spouse's confinement to a nursing home or hospital or the owner's terminal illness; or settlement under an annuity payout plan. See, *IDS Life Insurance Company, et al.*, Investment Company Act Release Nos. 26338 (January 22, 2004) (Notice) and 26354 (February 20, 2004) (Order).

#### g. Surrender Options

Under RAVA Advantage, the owner can access contract values at any time through partial or full surrender and the owner has a Free Withdrawal Amount equal to earnings or up to 10% of the prior anniversary contract value per contract year (if not already included in earnings).

Under RAVA Advantage Plus, the owner can access contract values at any time through partial or full surrender. If the owner has not selected the Withdrawal Benefit, the owner has a Total Free Amount equal to earnings or up to 10% of the prior anniversary contract value per contract year (if not already included in earnings). If the owner selected the Withdrawal Benefit, the owner may withdraw up to the Guaranteed Benefit Payment each contract year. Amounts withdrawn in excess of Guaranteed Benefit Payment may reduce future amounts available under the Withdrawal Benefit.

#### h. All Standard and Optional Death Benefits

Under RAVA Advantage, payment to the beneficiary occurs upon the earlier of the owner or annuitant's death, and benefits are based on the age of both the owner and annuitant. Under RAVA Advantage Plus, payment to the beneficiary occurs upon the owner's death, and benefits are based on the age of the owner.

#### i. Standard Death Benefit

Under RAVA Advantage, if the owner and annuitant are age 80 or younger on date of death, the death benefit is the greatest of: The contract value; the contract value as of most recent sixth contract anniversary plus subsequent Purchase Payments less adjusted partial surrenders; or Purchase Payments less adjusted partial surrenders. If either the owner or annuitant is age 81 or older on the date of death, the death benefit is the greatest of: The contract value; or Purchase Payments less adjusted partial surrenders. The benefit provided under the optional Return of Purchase Payments Death Benefit ("ROPP Death Benefit") described below is included in

the RAVA Advantage standard death benefit at no extra cost.

Under RAVA Advantage Plus, if the owner is age 75 or younger at contract issue, the death benefit is the greater of: the contract value, less any Purchase Payment Credits subject to recapture and less a pro rata portion of any rider fees; or Purchase Payments less adjusted partial surrenders. If the owner is age 76 or older at contract issue, the death benefit is: The contract value, less any Purchase Payment Credits subject to recapture and less a pro rata portion of any rider fees.

#### j. Optional Return of Purchase Payment ("ROPP") Death Benefit

Under RAVA Advantage Plus, the ROPP Death Benefit is available (in approved states) if the owner is age 76 or older at contract issue. The benefit provided by the ROPP Death Benefit is included in the standard death benefit if the owner is age 75 or younger at contract issue at no additional cost. The ROPP Death Benefit states that, upon the owner's death before annuity payouts begin and while the contract is in force, IDS Life will pay the designated beneficiary the greater of: The contract value, less Purchase Payment Credits subject to recapture and less a pro rata portion of any rider fees; or Purchase Payments minus adjusted partial surrenders. The current cost of the ROPP Death Benefit is 0.20%. IDS Life reserves the right to increase the cost after the tenth rider anniversary to a maximum of 0.30% and to discontinue offering the ROPP Death Benefit for new RAVA Advantage Plus contracts.

#### k. Optional Maximum Anniversary Value ("MAV") Death Benefit

The optional MAV Death Benefit is available under both RAVA Advantage and RAVA Advantage Plus. Under RAVA Advantage, the MAV Death Benefit is available (in approved States) if both the owner and annuitant are age 75 or younger at contract issue. The MAV Death Benefit states that, upon the earlier of the owner or annuitant's death before annuity payouts begin and while the contract is in force, IDS Life will pay the designated beneficiary the Maximum Anniversary Value ("MAV").

Under RAVA Advantage Plus, the MAV Death Benefit is available (in approved States) if the owner is age 75 or younger at contract issue. The MAV Death Benefit states that, upon the owner's death before annuity payouts begin and while the contract is in force, IDS Life will pay the designated beneficiary the greatest of: The contract value, less Purchase Payment Credits

subject to recapture and less a pro rata portion of any rider fees; Purchase Payments minus adjusted partial surrenders; or the MAV as calculated on the most recent contract anniversary plus subsequent Purchase Payments made and minus adjustments for partial surrenders since that contract anniversary. The current cost of the MAV Death Benefit under RAVA Advantage Plus is 0.25%. IDS Life reserves the right to increase this cost after the tenth rider anniversary to a maximum of 0.35% and to discontinue offering the MAV Death Benefit for new RAVA Advantage Plus contracts. A fee discount of 0.10% applies if the owner purchases the MAV Death Benefit with either the EEB or EEP (described below).

#### l. Optional Maximum Five-Year Anniversary Value ("5-Year MAV") Death Benefit

RAVA Advantage Plus contains a new optional death benefit that currently is not available under RAVA Advantage. The 5-Year MAV Death Benefit is available (in approved states) if the owner is age 75 or younger at contract issue. The 5-Year MAV Death Benefit states that, upon the owner's death before annuity payouts begin and while the contract is in force, IDS Life will pay the designated beneficiary the greatest of: The contract value, less Purchase Payment Credits subject to recapture and less a pro rata portion of any rider fees; Purchase Payments minus adjusted partial surrenders; or the MAV as calculated on the most recent fifth contract anniversary plus subsequent Purchase Payments made and minus adjustments for partial surrenders since that contract anniversary. The current cost of the 5-Year MAV Death Benefit is 0.10%. IDS Life reserves the right to increase this cost after the tenth rider anniversary to a maximum of 0.20% and to discontinue offering the 5-Year MAV Death Benefit for new RAVA Advantage Plus contracts. A fee discount of 0.05% applies if the owner purchases the 5-Year MAV Death Benefit with either the EEB or EEP (described below).

#### m. Optional Enhanced Earnings Death Benefit ("EEB")

The optional EEB is available under both RAVA Advantage and RAVA Advantage Plus. Under RAVA Advantage, the EEB is available (in approved States) if both the owner and annuitant are age 75 or younger at the rider effective date. The EEB states that, upon the earlier of the owner or annuitant's death after the first contract anniversary but before annuity payouts begin and while the contract is in force, IDS Life will pay the designated

beneficiary the standard death benefit or the MAV Death Benefit, if applicable, plus: 40% of earnings at death if the owner and the annuitant were under age 70 on the rider effective date, up to a maximum of 100% of Purchase Payments not previously surrendered that are one or more years old; or 15% of earnings at death if the owner or the annuitant were age 70 to 75 on the rider effective date, up to a maximum of 37.5% of Purchase Payments not previously surrendered that are one or more years old. The cost of the EEB under RAVA Advantage is 0.30%.

Under RAVA Advantage Plus, the EEB is available (in approved States) if the owner is age 75 or younger at the rider effective date. The EEB states that, upon the owner's death after the first contract anniversary but before annuity payouts begin and while the contract is in force, IDS Life will pay the designated beneficiary the standard death benefit or the MAV Death Benefit

or 5-Year MAV Death Benefit, if applicable, plus: 40% of earnings at death if the owner was under age 70 on the rider effective date, up to a maximum of 100% of Purchase Payments not previously surrendered that are one or more years old; or 15% of earnings at death if the owner was age 70 to 75 on the rider effective date, up to a maximum of 37.5% of Purchase Payments not previously surrendered that are one or more years old. The current cost of the EEB under RAVA Advantage Plus is 0.30%. IDS Life reserves the right to increase this cost after the tenth rider anniversary to a maximum of 0.40% and to discontinue offering the EEB for new RAVA Advantage Plus contracts. A fee discount of 0.10% applies if the owner purchases the MAV Death Benefit with the EEB and a fee discount of 0.05% applies if the owner purchases the 5-Year MAV Death Benefit with the EEB.

n. Optional Enhanced Earnings Plus Death Benefit ("EEP")

The optional EEP is available under both RAVA Advantage and RAVA Advantage Plus. Under RAVA Advantage, this benefit is available (in approved states) if both the owner and annuitant are age 75 or younger at contract issue, and the contract is purchased through an exchange. The EEP states that, upon the earlier of the owner or annuitant's death, after the first contract anniversary but before annuity payouts begin and while the contract is in force, IDS Life will pay the designated beneficiary: EEP Part I benefits, which equal the benefits payable under the EEB described above; plus EEP Part II benefits, which equal a percentage of exchanged Purchase Payments identified at issue and not previously surrendered as follows:

Contract year date	Percentage if owner and annuitant are under age 70 on the rider effective date	Percentage if owner or annuitant are 70-75 on the rider effective date
One and Two .....	0	0
Three and Four .....	10	3.75
Five or more .....	20	7.5

The cost of the EEP under RAVA Advantage is 0.40%.

Under RAVA Advantage Plus, the EEP is available (in approved States) if the owner is age 75 or younger at contract issue. The EEP states that, upon the

owner's death after the first contract anniversary but before annuity payouts begin and while the contract is in force, IDS Life will pay the designated beneficiary: EEP Part I benefits, which equal the benefits payable under the

EEB described above; plus EEP Part II benefits, which equal a percentage of exchanged Purchase Payments identified at issue and not previously surrendered as follows:

Contract year	Percentage if owner is under age 70 on the rider effective date	Percentage if owner is age 70-75 on the rider effective date
One and Two .....	0	0
Three and Four .....	10	3.75
Five or more .....	20	7.5

The current cost of the EEP under RAVA Advantage Plus is 0.40%. IDS Life reserves the right to increase this cost after the tenth rider anniversary to a maximum of 0.50% and to discontinue offering the EEP for new RAVA Advantage Plus contracts. A fee discount of 0.10% applies if the owner purchases the MAV Death Benefit with the EEP and a fee discount of 0.05% applies if the owner purchases the 5-Year MAV Death Benefit with the EEP.

o. Annuity Payout Options

There are five annuity payout options under both RAVA Advantage and RAVA Advantage Plus: (A) Life annuity—no refund; (B) life annuity with five, ten or 15 years certain; (C) life annuity—installment refund; (D) joint and last survivor life annuity—no refund; and (E) payouts for a specified period. These five annuity payouts are available on a fixed or variable basis, or a combination of both. A sixth annuity payout option, the Remaining Benefit Amount Payout Option, is available only under the

Withdrawal Benefit under RAVA Advantage Plus. This sixth annuity payout is available on a fixed basis only. IDS may also agree to other payout arrangements.

p. Asset Rebalancing

Under both RAVA Advantage and RAVA Advantage Plus, if the owner has not selected the Withdrawal Benefit, the owner can elect to have the variable subaccount portion of the contract value automatically rebalanced on either a quarterly, semi-annual or annual basis, based on the allocations chosen by the

contract owner. Under RAVA Advantage Plus, if the owner has selected the Withdrawal Benefit and therefore is required to participate in an asset allocation program, IDS rebalances contract values quarterly. There is no additional cost for asset rebalancing.

q. Other Features

Both RAVA Advantage and RAVA Advantage Plus provide for dollar-cost averaging. In addition, RAVA Advantage Plus provides for a special dollar-cost averaging program (which may not be available at all times). IDS Life reserves the right to add new contract features to RAVA Advantage and/or RAVA Advantage Plus.

r. CDSC Schedules

Under both RAVA Advantage and RAVA Advantage Plus, IDS Life assesses a CDSC against partial or full surrenders in excess of the Free Withdrawal Amount/ Total Free Amount. IDS Life applies a CDSC on each Purchase Payment. The length of time from receipt of a Purchase Payment to the time of surrender determines the percentage of CDSC. Under the seven-year CDSC period, the CDSC ranges from 7% in year 1 to 0% in year 8 and after. Under the ten-year CDSC period, the CDSC ranges from 8% in year 1 to 0% in year 11 and after. IDS Life does not assess a CDSC on contract earnings, Free Withdrawal Amounts/ Total Free Amounts, required minimum distributions (provided the amount is no greater than the required minimum distribution amount calculated under the specific contract, currently in force), amounts refunded during the free look period, death benefits, or if payments are made under any annuity payout option (unless payouts made under annuity payout option E are later surrendered). Additionally, the RAVA Advantage contract provides for a waiver of the CDSC if the owner or annuitant is confined to a nursing home, and has been for the prior 90 days, and confinement began after the contract date. RAVA Advantage Plus provides for a waiver of the CDSC if the owner or the owner's spouse is confined to a nursing home or hospital, and has been for the prior 60 days, and confinement began after the contract date. RAVA Advantage Plus also provides for a waiver of the CDSC if the owner is diagnosed in the second or later contract years as disabled with a medical condition that with reasonable medical certainty will result in death within 12 months or less from the date of a licensed physician's statement.

s. M&E Charge

During the life of the RAVA Advantage contract, IDS life deducts an M&E charge at an annual rate of 0.95% of the average daily subaccount value for nonqualified annuity contracts and 0.75% of the average daily subaccount value for qualified annuity contracts. During the life of the RAVA Advantage Plus contract, IDS life deducts an M&E charge at an annual rate of 0.95% of the average daily subaccount value for nonqualified annuity contracts, 0.75% of the average daily subaccount value for qualified annuity contracts and 0.55% of the average daily subaccount value for Band 3 Contracts.

t. Contract Administrative Charge

Under both RAVA Advantage and RAVA Advantage Plus, IDS Life deducts an annual charge of \$30 for administrative expenses from the contract value of each contract. For RAVA Advantage Plus, IDS Life reserves the right to increase this annual contract administrative charge after the first contract anniversary to a maximum of \$50. Under RAVA Advantage and RAVA Advantage Plus, IDS Life waives the contract administrative charge when the contract value, or total Purchase Payments less any Purchase Payments surrendered, is \$50,000 or more on the current contract anniversary.

u. Premium Tax

Under both RAVA Advantage and RAVA Advantage Plus, IDS life deducts premium taxes of up to 3.5%, if applicable. These taxes depend upon the contract owner's state of residence or the State in which the contract was sold. Currently IDS Life deducts any applicable premium tax when annuity payouts begin. However, IDS Life reserves the right to deduct this tax at other times such as when a contract is surrendered.

v. Operating Expenses of the Investment Funds

Under both RAVA Advantage and RAVA Advantage Plus, assets invested in the Investment Funds are charged with the annual operating expenses of those Investment Funds.

*The Old Contracts*

12. VRA and CRA are registered together under the 1933 Act (File No. 2-73114). IDS Life no longer offers VRA contracts. IDS Life offers CRA contracts only for limited purposes. VRA and CRA both were issued as nonqualified annuities for after-tax contributions only, or as qualified annuities under the following retirement plans: (i) IRAs; (ii) SEP plans; (iii) Section 401(k) Plans; (iv)

Section 401(a) Plans; (v) TSAs, or (vi) plans under Section 457 of the Code ("Section 457 Plans"). VRA was purchased with a single Purchase Payment between \$5,000 and \$500,000. No additional Purchase Payments are allowed under VRA. CRA may be purchased with a minimum initial Purchase Payment of \$600, or in minimum installments of \$50 per month or \$23.08 biweekly under a scheduled payment plan. An owner may make additional Purchase Payments to CRA, which require a \$50 minimum (unless Purchase Payments are made by installments under a scheduled payment plan), subsequent to the initial Purchase Payment. Maximum limitations on Purchase Payments are imposed for the first year and subsequent years, depending on whether the annuity is nonqualified or qualified. Participants in the CRA Select University of Wisconsin TSA Plan ("CRA Select") bought CRA with installment payments of \$200 to \$25,000 annually.

13. Owners of VRA and CRA contracts currently may allocate their Purchase Payments among 14 Old Accounts that invest in 14 corresponding Investment Funds (most of which currently are available under RAVA Advantage Plus). CRA also offers a fixed account investment option with a guaranteed minimum interest rate of 3.5% to 4% on an annual basis depending on when the CRA contract was issued. VRA does not have a fixed account investment option.

14. Owners of VRA and CRA contracts may transfer contract values among the Old Accounts without charge. Transfers to and from CRA's fixed account are permitted, subject to certain restrictions described in the prospectus for the CRA contracts.

15. The owner of a VRA or CRA contract can access contract values at any time before annuity payouts begin by means of partial surrenders or a full surrender. In addition, VRA permits the owner a Free Withdrawal Amount of up to 10% of the initial Purchase Payment amount each year after the first without incurring a CDSC. CRA Select permits an annual Free Withdrawal Amount of 10% of the contract value at the beginning of each contract year. There are no other Free Withdrawal Amounts under CRA.

16. The death benefit under VRA and CRA is available at no extra cost. The death benefit provision under both VRA and CRA states that, upon the earlier of the owner or annuitant's death before annuity payouts begin and while the contract is in force, IDS Life will pay the following death benefits to the designated beneficiary: (i) If death

occurs before the annuitant's 75th birthday, the beneficiary receives the greater of the contract value; or Purchase Payments, minus any surrenders, or (ii) if death occurs on or after the annuitant's 75th birthday, the beneficiary receives the contract value.

17. The VRA and CRA contracts contain the same annuity payout options A through E as RAVA Advantage Plus. Annuity payouts are available on a fixed or variable basis, or a combination of both.

18. Under VRA, IDS Life assesses a CDSC against partial or full surrenders in excess of the Free Withdrawal Amount. The CDSC applies to surrenders in the first seven contract years as a percentage of the amount surrendered. The CDSC ranges from 7% in the first contract year to 0% after 7 contract years. Under CRA, IDS Life assesses a CDSC against partial or full surrenders (in excess of the Free Withdrawal Amount for CRA Select). The CDSC is a percentage of the amount surrendered. Three separate CDSC periods apply to the three different versions of CRA. For the original CRA, which is no longer sold, the CDSC applies to surrenders in the first eleven contract years and ranges from 7% in the first contract year to 0% after 11 contract years. For CRA Select, which funded the University of Wisconsin TSA Plan but is no longer sold, the CDSC applies to surrenders in the first eight contract years and ranges from 7% in the first contract year to 0% after 8 contract years. For the CRA version that currently is sold for conversions from American Express Retirement Services or other IDS Life retirement annuities under which conversion is available, the CDSC applies to surrenders in the first seven contract years and ranges from 6% in the first contract year to 0% after 7 contract years. IDS Life does not assess a CDSC on Free Withdrawal Amounts under any VRA or CRA Select contract, required minimum distributions (provided the amount is no greater than the required minimum distribution amount calculated under the specific contract, currently in force), amounts refunded during the free look period, death benefits, or if payments are made under any annuity payout option (unless payouts made under annuity payout option E are later surrendered).

19. During the life of each VRA and CRA contract, IDS Life deducts an M&E charge at an annual rate of 1% of the average daily variable account value.

20. IDS Life deducts a charge for administrative expenses annually from the contract value of each VRA and CRA contract. The annual contract

administrative charge is \$20 per contract year for VRA and \$30 per contract year for CRA.

21. IDS Life deducts premium taxes of up to 3.5%, if applicable, and under the same terms as RAVA Advantage Plus.

22. Assets invested in the Investment Funds are charged with the annual operating expenses of those Investment Funds.

23. Flex is registered under the 1933 Act (File No. 33-4173). IDS Life no longer offers Flex contracts. Flex was issued as a nonqualified annuity for after-tax contributions only, or as a qualified annuity under the following retirement plans: (i) IRAs; (ii) SEP plans; (iii) Section 401(k) Plans; (iv) Section 401(a) Plans; (v) TSAs; or (vi) Section 457 Plans. Flex was purchased with a minimum initial Purchase Payment of \$1,000 for qualified annuities or \$2,000 for nonqualified annuities, or in minimum installments of \$50 per month or \$23.08 biweekly under a scheduled payment plan. An owner may make additional Purchase Payments, which require a \$50 minimum (unless Purchase Payments are made by installments under a scheduled payment plan), subsequent to the initial Purchase Payment. Maximum limitations on Purchase Payments are imposed for the first year, depending on the age of the owner or annuitant, and for each subsequent year.

24. Owners of Flex contracts currently may allocate their Purchase Payments among the 14 Old Accounts that invest in 14 corresponding Investment Funds (most of which currently are available under RAVA Advantage Plus). Flex also offers a fixed account investment option with guaranteed minimum interest rates ranging from 3% to 4% on an annual basis, depending on when the Flex contract was issued.

25. Owners of Flex contracts may transfer contract values among the Old Accounts without charge. Transfers to and from the fixed account are permitted, subject to certain restrictions described in the prospectus for the Flex contracts.

26. The owner of a Flex contract can access contract values at any time before annuity payouts begin by means of partial surrenders or a full surrender. In addition, Flex permits the owner a Free Withdrawal Amount of contract earnings without incurring a CDSC.

27. The death benefit under Flex is available at no extra cost. The death benefit provision states that, upon the earlier of the owner or annuitant's death before annuity payouts begin and while the contract is in force, IDS Life will pay the following death benefits to the designated beneficiary: (i) If death

occurs before the annuitant's 75th birthday, the beneficiary receives the greatest of the contract value; the contract value as of the most recent sixth contract anniversary, minus any surrenders since that anniversary; or Purchase Payments, minus any surrenders; or (ii) if death occurs on or after the annuitant's 75th birthday, the beneficiary receives the greater of the contract value; or the contract value as of the most recent sixth contract anniversary, minus any surrenders since that anniversary.

28. Flex contains the same annuity payout options A through E as RAVA Advantage Plus. Annuity payouts are available on a fixed or variable basis, or a combination of both.

29. Under Flex, IDS Life assesses a CDSC against partial or full surrenders in excess of the Free Withdrawal Amount. IDS Life applies a CDSC of 7% on each Purchase Payment if the contract owner requests a surrender within six years of making that Purchase Payment. The Flex contract provides for a waiver of the CDSC for amounts surrendered after the later of the annuitant's attaining age 65 or the tenth contract anniversary. Additionally, IDS Life does not assess a CDSC on contract earnings, required minimum distributions (provided the amount is no greater than the required minimum distribution amount calculated under the specific contract, currently in force), death benefits, or if payments are made under any annuity payout option (unless payouts made under annuity payout option E are later surrendered).

30. During the life of the Flex contract, IDS Life deducts an M&E charge at an annual rate of 1% of the average daily variable account value.

31. IDS Life deducts a charge of \$6 for administrative expenses at the end of each contract quarter from the contract value of the Flex contract (which equals an annual charge of \$24 per contract year).

32. IDS Life deducts premium taxes of up to 3.5%, if applicable, and under the same terms as RAVA Advantage Plus.

33. Assets invested in the Investment Funds are charged with the annual operating expenses of those Investment Funds.

34. EBA is registered under the 1933 Act (File No. 33-52518). IDS Life no longer offers EBA contracts. EBA was issued only as a group TSA. EBA was purchased with a minimum initial Purchase Payment of \$1,000 or in minimum installments of \$25 per month or \$300 annually under a scheduled payment plan. An owner may make additional Purchase Payments, which require a \$50 minimum (unless



Purchase Payments are made by installments under a scheduled payment plan), subsequent to the initial Purchase Payment. Maximum limitations on Purchase Payments are imposed for the first year, depending on the age of the contract owner, and for each subsequent year.

35. Owners of EBA contracts currently may allocate their Purchase Payments among the 14 Old Accounts that invest in 14 corresponding Investment Funds (most of which currently are available under RAVA Advantage Plus). EBA also offers a fixed account investment option with a guaranteed minimum interest rate of 4% on an annual basis.

36. Owners of EBA contracts may transfer contract values among the Old Accounts without charge. Transfers to and from the fixed account are permitted, subject to certain restrictions described in the prospectus for the EBA contracts.

37. Subject to certain restrictions imposed by the Code, the owner of an EBA contract can access certificate values at any time before annuity payouts begin by means of partial surrenders or a full surrender.

38. The death benefit under EBA is available at no extra cost. The death benefit provision states that, upon the owner/annuitant's death before annuity payouts begin and while the contract is in force, IDS Life will pay the following death benefits to the designated beneficiary: (i) If death occurs before the annuitant's 75th birthday, the beneficiary receives the greater of the certificate value; or Purchase Payments, minus any surrenders; or (ii) if death occurs on or after the annuitant's 75th birthday, the beneficiary receives the certificate value.

39. EBA contains the same annuity payout options A through E as RAVA Advantage Plus. Annuity payouts are available on a fixed or variable basis, or a combination of both.

40. Under EBA, IDS Life assesses a CDSC against partial or full surrenders in the first eleven certificate years as a percentage of the amount surrendered. The CDSC ranges from 8% in the first certificate year to 0% after 11 certificate years. The EBA contract provides for a waiver of the CDSC for amounts surrendered due to the owner's retirement under the TSA plan on or after age 55. Additionally, IDS Life does not assess a CDSC on required minimum distributions (provided the amount is no greater than the required minimum distribution amount calculated under the specific contract, currently in force), amounts refunded during the free look period, death benefits, or if payments are made under

any annuity payout option (unless payouts made under annuity payout option E are later surrendered).

41. During the life of the EBA contract, IDS Life deducts an M&E charge at an annual rate of 1% of the average daily variable account value.

42. IDS Life deducts a \$30 charge for administrative expenses at the end of each certificate year from the certificate value of the EBA contract.

43. IDS Life deducts premium taxes of up to 3.5%, if applicable, and under the same terms as RAVA Advantage Plus.

44. Assets invested in the Investment Funds are charged with the annual operating expenses of those Investment Funds.

45. Applicants represent that the features and benefits of RAVA Advantage Plus will be no less favorable than those under the Old Contracts, with some exceptions for differences in the guaranteed minimum interest rate under the fixed account investment option, lower annuity settlement rates, some additional transfer restrictions and lower initial death benefits. Applicants also represent that, with some exceptions for the CDSC, the charge for administrative expenses and optional charges for optional death benefits, the fees and charges of the RAVA Advantage Plus contract will be no higher than those of the Old Contracts.

#### *Terms of the Extended Exchange Offer*

46. Applicants propose to offer eligible owners of Old Contracts the opportunity to exchange their Old Contracts for RAVA Advantage Plus by means of the Extended Exchange Offer. Partial exchanges will not be permitted.

47. To be eligible for the Extended Exchange Offer, an Old Contract owner must meet all of the following criteria: (i) Have completed ten or more contract or certificate years under the Old Contract; (ii) have not made Purchase Payments greater than \$4,000 in any tax year under the Old Contract in the 36 months prior to accepting the Extended Exchange Offer (except for installment payments made under a scheduled payment plan); and (iii) have a remaining CDSC of 2% or less of the contract or certificate value of the Old Contract. IDS Life reserves the right to expand the Extended Exchange Offer to owners of contracts who have completed less than ten contract or certificate years under the Old Contract or who have made Purchase Payments greater than \$4,000 in any tax year under the Old Contract in the 36 months prior to accepting the Extended Exchange Offer. IDS Life also reserves the right to require a minimum contract or certificate value ("Exchange Value")

plus any additional transfers or rollovers for qualified annuities or any additional Purchase Payments or exchanges for nonqualified annuities (individually and collectively, the "Additional Amounts") for eligibility for the Extended Exchange Offer and to change those minimum amounts from time to time.

48. If an owner accepts the Extended Exchange Offer, IDS Life will allocate to the owner's account either a Purchase Payment Credit or an Exchange Credit. Under RAVA Advantage Plus, each time IDS Life receives a Purchase Payment from an owner, it allocates to the owner's account a Purchase Payment Credit equal to 1% of each Purchase Payment received: (i) If the owner selected the ten-year CDSC schedule and the initial Purchase Payment is under \$100,000; or (ii) if the owner selected the seven-year CDSC schedule and the initial Purchase Payment is at least \$100,000 but less than \$1,000,000. Each time IDS Life receives a Purchase Payment from the owner, it allocates to the owner's account a Purchase Payment Credit equal to 2% of each Purchase Payment received if the owner selected the ten-year CDSC schedule and the initial Purchase Payment is at least \$100,000 but less than \$1,000,000. Under the Band 3 Contracts, each time IDS Life receives a Purchase Payment from the owner, it allocates to the owner's account a Purchase Payment Credit equal to 2% of each Purchase Payment received if the owner selected the seven-year CDSC schedule and 3% of each Purchase Payment received if the owner selected the ten-year CDSC schedule. To increase the likelihood of remaining eligible to receive the applicable Purchase Payment Credit based on the initial Purchase Payment amount, the Old Contract owner could transfer that contract or certificate value allocated to the Old Accounts to the Old Account investing in the AXP® VP Cash Management Fund while the exchange is pending to help reduce the risk of market volatility.

49. Under the terms of the RAVA Advantage Plus contract, if the initial Purchase Payment is less than \$100,000, IDS Life will not allocate a 1% Purchase Payment Credit based on the initial Purchase Payment amount. However, in those cases where the initial Purchase Payment is less than \$100,000, IDS Life will provide, from its general account assets, a 1% Exchange Credit based on the Exchange Value of the Old Contract applied to RAVA Advantage Plus on the day the exchange is effected ("Exchange Date"). This 1% Exchange Credit will not apply to subsequent Purchase Payments to RAVA Advantage Plus.



However, even when the initial Purchase Payment is less than \$100,000, IDS Life will allocate a Purchase Payment Credit of 1% of the initial Purchase Payment and 1% of each subsequent Purchase Payment received if the owner selects the ten-year CDSC period.

50. Upon the owner's acceptance of the Extended Exchange Offer, IDS Life will issue a RAVA Advantage Plus contract with all applicable Credits. No CDSC will be deducted upon the surrender of an Old Contract in connection with the exchange. The Exchange Value of each Old Contract, together with any applicable Additional Amounts and Credits, will be applied to the new RAVA Advantage Plus contract as of the Exchange Date. The Exchange Date will be the contract date of the new RAVA Advantage Plus contract for purposes of determining contract years and anniversaries after the Exchange Date.

51. If the owner of the new RAVA Advantage Plus contract exercises the free look option, IDS Life will recapture any Credits. IDS Life will reverse either the RAVA Advantage Plus contract value (less any Credits and reflecting any applicable market value adjustment) or the Purchase Payment made to the RAVA Advantage Plus contract, depending on applicable law. IDS Life will apply this amount to restore the Old Contract to the extent possible. IDS Life will allocate this amount to the selected Old Contract investments in the proportions that existed just prior to the exchange. Any adjustments made due to investment experience and/or market value adjustment will be allocated or deducted according to the selected investment percentage allocations under the Old Contract just prior to the exchange. Withdrawals made after the free look period under RAVA Advantage Plus has expired will be governed by the terms of the RAVA Advantage Plus contract, including the application of the CDSC. To the extent a death benefit or surrender payment includes any Credit amounts applied within twelve months preceding: (i) The date of death that results in a lump sum death benefit under RAVA Advantage Plus; (ii) a request for a CDSC waiver due to the owner or owner's spouse's confinement to a nursing home or hospital or the owner's terminal illness; or (iii) the owner's settlement under an annuity payout plan, IDS Life will recapture the Credits.

52. IDS Life will notify all owners of the Old Contracts of the Extended Exchange Offer through normal client communications such as updated prospectuses or prospectus supplements

("Program Announcement"). This Program Announcement will: (i) Describe the terms and conditions of the Extended Exchange Offer; (ii) suggest to owners who may qualify that they contact their registered representatives to learn more about the Extended Exchange Offer and to discuss their individual situations (including tax, financial planning and contract considerations); and (iii) notify owners that IDS Life reserves the right to cancel the Extended Exchange Offer at any time. In addition, IDS Life may send the information in the Program Announcement to some or all Old Contract owners via additional communications that also may include that owner's specific contract information (such as Exchange Value and applicable CDSC).

53. IDS Life, either directly or through its registered representatives, will provide eligible Old Contract owners who are interested in learning more about the Extended Exchange Offer with an Offering Communication that includes information outlined in the Program Announcement and additional information describing the Extended Exchange Offer. The Offering Communication will state, in clear and plain English, that the Extended Exchange Offer is not designed for a contract owner who: (i) Intends to hold the RAVA Advantage Plus contract as a short-term investment vehicle; or (ii) anticipates surrendering all or part (*i.e.* more than the Total Free Amount on an annual basis) of his or her RAVA Advantage Plus contract before five to seven years (if the Old Contract owner would select the seven-year CDSC period under RAVA Advantage Plus) or eight to ten years (if the Old Contract owner would select the ten-year CDSC period under RAVA Advantage Plus). IDS Life will encourage Old Contract owners to carefully evaluate their personal financial planning situation when deciding whether to accept or reject the Extended Exchange Offer.

54. In addition, the Offering Communication will explain how the owner of an Old Contract contemplating an exchange may avoid the applicable CDSC on the RAVA Advantage Plus contract by not surrendering more than the annual Total Free Amount and by holding any subsequent Purchase Payments until expiration of the CDSC period. In this regard, IDS Life will state, in clear and plain English, that if the owner surrenders the RAVA Advantage Plus contract during the initial CDSC period: (i) The lower M&E charges and any applicable Credits may be more than offset by the CDSC; and (ii) an Old Contract owner may be worse

off than if he or she had rejected the Extended Exchange Offer.

55. Furthermore, IDS Life will state, in clear and plain English, that guaranteed annuity settlement rates generally are lower under RAVA Advantage Plus. Therefore, if the Old Contract owner contemplates annuitizing the RAVA Advantage Plus contract during the first few years, the lower settlement factors may more than offset the lower M&E charges and any applicable Credits.

56. IDS Life will explain that if an owner accepts the Extended Exchange Offer, IDS Life will allocate to the owner's account either a Purchase Payment Credit or an Exchange Credit. If the initial Purchase Payment is at least \$100,000, IDS Life will allocate to the owner's account a Purchase Payment Credit on the initial Purchase Payment and on each subsequent Purchase Payment received. To increase the likelihood of remaining eligible to receive the applicable Purchase Payment Credit based on the initial Purchase Payment amount, the Old Contract owner could transfer that contract or certificate value allocated to the Old Accounts to the Old Account investing in the AXP® VP Cash Management Fund while the exchange is pending to help reduce the risk of market volatility. If the initial Purchase Payment to RAVA Advantage Plus is less than \$100,000, IDS Life will provide a 1% Exchange Credit based on the Exchange Value of the Old Contract applied to RAVA Advantage Plus on the Exchange Date. The 1% Exchange Credit will not apply to subsequent Purchase Payments. However, even when the initial Purchase Payment is less than \$100,000, IDS Life will allocate a Purchase Payment Credit of 1% of the initial Purchase Payment and 1% of each subsequent Purchase Payment received if the owner selects the ten-year CDSC period.

57. In addition, IDS Life will prominently disclose that the guaranteed minimum interest rate on RAVA Advantage Plus' fixed account investment option may be less than the guaranteed minimum interest rate on the Old Contract's fixed account investment option. IDS Life also will disclose that the current death benefit on the Old Contract may be greater than the initial death benefit on RAVA Advantage Plus. When applicable, IDS Life also will explain that an owner of an Old Contract may lose some tax benefits. The Offering Communication will state that certain Investment Funds available under the Old Contracts are not available under RAVA Advantage Plus and that transfers to and from the

fixed account are more restricted under RAVA Advantage Plus than under the Old Contract. Finally, the Offering Communication will state that IDS Life may terminate the Extended Exchange Offer at any time. The Offering Communication also will include a prospectus for the new RAVA Advantage Plus contract.

58. To accept the Extended Exchange Offer, the owner of an Old Contract must complete an internal exchange form and application for the RAVA Advantage Plus contract. Applicants state that those Old Contract owners who accept the Extended Exchange Offer will incur no current taxes and that the exchanges will constitute tax-free transfers, rollovers or exchanges pursuant to Section 1035 of the Code.

59. Applicants submit that the Extended Exchange Offer is meant to encourage existing Old Contract owners to remain with IDS Life rather than surrender their contracts in exchange for a competitor's product. If the CDSC under RAVA Advantage Plus did not apply to the Exchange Value, Applicants assert that IDS Life would have no assurance that an Old Contract owner who accepted the Extended Exchange Offer would persist long enough for any applicable Credits, payments to registered representatives and other relevant expenses to be recouped through standard fees from the ongoing operation of the RAVA Advantage Plus contract.

60. Applicants state that the commissions that IDS Life will pay its registered representatives for soliciting exchanges under the Extended Exchange Offer are less than the normal commissions paid for soliciting sales of RAVA Advantage Plus contracts. Applicants assert that compensating IDS Life's registered representatives for these exchanges is necessary in order to provide sufficient incentive for them to compete with competitors' registered representatives.

61. IDS Life reserves the right to terminate the Extended Exchange Offer at any time. If IDS Life terminates the Extended Exchange Offer, it will send a notice to currently eligible Old Contract owners ("Termination Notice"). The Termination Notice will state that Old Contract owners who wish to participate in the Extended Exchange Offer must do so within two months from the date of the Termination Notice. The Termination Notice will contain all of the caveats described herein.

#### Applicants' Conditions

Applicants agree to the following conditions:

1. The Offering Communication and Termination Notice will contain concise, plain English statements that: (i) The Extended Exchange Offer is suitable only for an Old Contract owner who expects to hold RAVA Advantage Plus as a long-term investment; (ii) if the RAVA Advantage Plus contract is partially or completely surrendered during the initial CDSC period or annuitized during the first few years, the lower M&E charges and any applicable Credits may be more than offset by the CDSC or lower annuity settlement rates and an Old Contract owner may be worse off than if he or she had rejected the Extended Exchange Offer; (iii) IDS Life will allocate an Exchange Credit equal to 1% of the Exchange Value of the Old Contract when the initial Purchase Payment to the RAVA Advantage Plus contract is less than \$100,000 (this Exchange Credit will not apply to subsequent Purchase Payments received); (iv) the guaranteed interest rate on RAVA Advantage Plus' fixed account option may be less than the guaranteed interest rate on the Old Contract's fixed account option; (v) the current death benefit on the Old Contract may be greater than the initial death benefit on RAVA Advantage Plus; (vi) certain Investment Funds available under the Old Contract are not available under RAVA Advantage Plus; (vii) transfers to and from the fixed account are more restricted under RAVA Advantage Plus than under the Old Contract; (viii) an Old Contract owner may lose some tax benefits (when applicable); and (ix) IDS Life reserves the right to terminate the Extended Exchange Offer.

2. The Offering Communication will disclose in concise, plain English each aspect of the RAVA Advantage Plus contract that could be less favorable than the Old Contracts.

3. IDS Life, either directly or through its registered representatives, will send an Offering Communication to eligible Old Contract owners who are interested in learning more about the Extended Exchange Offer. An Old Contract owner choosing to exchange will then complete and sign an internal exchange form and RAVA Advantage Plus application and return it to IDS Life. This internal exchange form will prominently restate in concise, plain English the caveats described above in Condition (1). If the internal exchange form is more than two pages long, IDS Life will use a separate document to obtain contract owner acknowledgment of the caveats described in Condition (1).

4. IDS Life will maintain the following separately identifiable records

in an easily accessible place for the time periods specified below in this Condition (4) for review by the Commission upon request: (i) Records showing the level of exchange activity and how it relates to the total number of Old Contract owners eligible to exchange (quarterly as a percentage of the number eligible); (ii) copies of any form of Program Announcements, Offering Communications, Termination Notices and other written materials or scripts for presentations by registered representatives regarding the Extended Exchange Offer that IDS Life either prepares or approves, including the dates that such materials were used; (iii) records containing information about each exchange transaction that occurs, including the name of the contract owner, Old Contract and RAVA Advantage Plus contract numbers; the amount of CDSC waived on surrender of the Old Contract; Purchase Payment Credits and Exchange Credits paid; the name and CRD number of the registered representative soliciting the exchange, firm affiliation, branch office address, telephone number and the name of the registered representative's broker-dealer; commission paid; the internal exchange form (and separate document, if any, used to obtain the Old Contract owner's acknowledgment of the caveats required in Condition (1)) showing the name, date of birth, address and telephone number of the contract owner and the date the internal exchange form (or separate document) was signed; amount of contract or certificate value exchanged; and persistency information relating to the RAVA Advantage Plus contract, including the date of any subsequent surrender and the amount of CDSC paid on the surrender; and (iv) logs showing a record of any contract owner complaint about the exchange, state insurance department inquiries about the exchange, or litigation, arbitration, or other proceeding regarding any exchange. The logs will include the date of the complaint or commencement of the proceeding, name and address of the person making the complaint or commencing the proceeding, nature of the complaint or proceeding, and the persons named or involved in the complaint or proceeding. Applicants will retain records specified in (i) and (iv) for a period of six years after the date the records are created, records specified in (ii) for a period of six years after the date of last use, and records specified in (iii) for a period of two years after the date that the initial CDSC period of the RAVA Advantage Plus contract ends.

### Applicants' Legal Analysis

1. Section 11(a) of the Act makes it unlawful for any registered open-end company, or any principal underwriter for such a company, to make or cause to be made an offer to the holder of a security of such company, or of any other open-end investment company, to exchange his or her security for a security in the same or another such company on any basis other than the relative net asset values of the respective securities, unless the terms of the offer have first been submitted to and approved by the Commission or are in accordance with Commission rules adopted under section 11.

2. Section 11(c) of the Act, in pertinent part, requires, in effect, that any offer of exchange of the securities of a registered unit investment trust for the securities of any other investment company be approved by the Commission or satisfy applicable rules adopted under Section 11, regardless of the basis of the exchange.

3. The purpose of section 11 of the Act is to prevent "switching," the practice of inducing security holders of one investment company to exchange their securities for those of a different investment company solely for the purpose of exacting additional selling charges. That type of practice was found by Congress to be widespread in the 1930s prior to the adoption of the Act.

4. Section 11(c) of the Act requires Commission approval (by order or by rule) of any exchange, regardless of its basis, involving securities issued by a unit investment trust, because investors in unit investment trusts were found by Congress to be particularly vulnerable to switching operations.

5. Applicants assert that the potential for harm to investors perceived in switching was its use to extract additional sales charges from those investors. Applicants further assert that the terms of the proposed Extended Exchange Offer do not present the abuses against which section 11 was intended to protect. The Extended Exchange Offer is designed to allow IDS Life to compete on a level playing field with its competitors who are making bonus offers to its current Old Contract owners. No additional sales load or other fee will be imposed at the time of exercise of the Extended Exchange Offer.

6. Rule 11a-2, by its express terms, provides Commission approval of certain types of offers of exchange of one variable annuity contract for another. Applicants assert that other than the relative net asset value requirement (which is not satisfied

because exchanging Old Contract owners will be given Purchase Payment Credits and/or Exchange Credits), the only part of Rule 11a-2 that would not be satisfied by the proposed Extended Exchange Offer is the requirement that payments under the Old Contract be treated as if they had been made under the new RAVA Advantage Plus contract on the dates actually made. This provision of Rule 11a-2 is often referred to as a "tacking" requirement because it has the effect of "tacking together" the CDSC expiration periods of the exchanged and acquired contracts.

7. Applicants assert that the absence of tacking does not mean that an exchange offer cannot be attractive and beneficial to investors. Applicants state that the proposed Extended Exchange Offer would assure an immediate and enduring economic benefit to investors for the following reasons: (i) RAVA Advantage Plus has a lower M&E charge than the Old Contracts. During the life of the Old Contracts, IDS Life deducts an M&E charge at an annual rate of 1% of the average daily variable account value. During the life of a RAVA Advantage Plus contract, IDS Life deducts an M&E charge at an annual rate of 0.95% of the average daily subaccount value for nonqualified annuities, 0.75% of the average daily subaccount value for qualified annuities and 0.55% of the average daily subaccount value for Band 3 Contracts; (ii) RAVA Advantage Plus contract owners receive applicable Purchase Payment Credits and/or Exchange Credits. Each time IDS Life receives a Purchase Payment from an owner, it allocates to the owner's RAVA Advantage Plus account a Purchase Payment Credit equal to: (a) 1% of each Purchase Payment received if the owner selected the ten-year CDSC period, or if the owner selected the seven-year CDSC period and the initial Purchase Payment is at least \$100,000 but less than \$1,000,000; (b) 2% of each Purchase Payment received if the owner selected the ten-year CDSC period and the initial Purchase Payment is at least \$100,000 but less than \$1,000,000; or (c) for Band 3 Contracts, 2% of each Purchase Payment received if the owner selected the seven-year CDSC period and 3% of each Purchase Payment received if the owner selected the ten-year CDSC period. If the initial Purchase Payment to RAVA Advantage Plus is less than \$100,000, IDS Life will provide a 1% Exchange Credit based on the Exchange Value of the Old Contract applied to RAVA Advantage Plus on the Exchange Date (but the 1% Exchange Credit will not apply to subsequent Purchase

Payments); (iii) RAVA Advantage Plus has more Investment Funds. RAVA Advantage Plus offers 56 Investment Funds in contrast to the 14 Investment Funds under the Old Contracts. One small cap Investment Fund available under the Old Contracts currently is not available under RAVA Advantage Plus. However, RAVA Advantage Plus currently includes six small cap Investment Funds to which a contract owner can allocate Purchase Payments. Therefore, RAVA Advantage Plus contract owners can allocate Purchase Payments not only to most of the Investment Funds under the Old Contracts, but also to many additional Investment Funds. This gives RAVA Advantage Plus contract owners the opportunity for greater diversification and asset allocation; (iv) RAVA Advantage Plus offers an optional living benefit. RAVA Advantage Plus contract owners may select the Withdrawal Benefit for an additional cost. The Withdrawal Benefit gives the owner the right to take limited partial withdrawals in each contract year that ultimately equal Purchase Payments plus Credits, as adjusted for certain excess withdrawals; and (v) RAVA Advantage Plus has optional enhanced death benefits. RAVA Advantage Plus contract owners may elect optional death benefits for an additional cost that provide substantive value to beneficiaries. A contract owner who expects to hold RAVA Advantage Plus as a long-term investment will receive the economic benefits of the Extended Exchange Offer. No sales charge will ever be paid on the amounts exchanged unless the RAVA Advantage Plus contract is surrendered before expiration of the CDSC period the owner has selected.

8. Applicants assert that tacking should be viewed as a useful way to avoid the need to scrutinize the terms of an offer of exchange to make sure that there is no abuse. Tacking is not a requirement of section 11. Rather, it is a creation of a rule designed to approve the terms of offers of exchange "sight unseen." Tacking focuses on the closest thing to multiple deduction of sales loads that is possible in a CDSC context—multiple exposure to sales loads upon surrender or redemption. If tacking and other safeguards of Rule 11a-2 are present, there is no need for the Commission or its staff to evaluate the terms of the offer. The absence of tacking in this fully scrutinized section 11 application will have no impact on offers made pursuant to the rule on a "sight unseen" basis.

9. Applicants assert that the terms of IDS Life's Extended Exchange Offer are

better than those of its competitors. Unlike the Extended Exchange Offer proposed by IDS Life, when Old Contract owners exchange into competitors' contracts, they must pay any remaining CDSC on the Old Contracts at the time of the exchange. No tacking is required when IDS Life's competitors offer their variable annuity contracts to owners of Old Contracts or when IDS Life makes such an offer to competitors' contract owners. The Commission has previously approved similar exchange offers to permit the owners of older contracts to exchange them for contracts offering an immediate and enduring economic benefit even where tacking did not occur.

10. To the extent there are differences between the Old Contracts and the RAVA Advantage Plus contract, those differences relate to enhanced contractual features and charges that are fully described in the prospectus for the RAVA Advantage Plus contract. Furthermore, the Offering Communication (and any Termination Notice) will contain concise, plain English disclosure of each aspect of the RAVA Advantage Plus contract that could be less favorable than the Old Contracts.

### Conclusion

Applicants submit, for the reasons stated herein, that the Extended Exchange Offer is consistent with the protections provided by section 11 of the Act, and that approving the terms of the Extended Exchange Offer is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Applicants submit that the requested Amended Order approving the terms of the proposed Extended Exchange Offer therefore should be granted.

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

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. E5-42 Filed 1-10-05; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27935]

### Filings Under the Public Utility Holding Company Act of 1935, as Amended ("Act"); National Fuel Gas Company (70-10273)

January 5, 2005.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission's Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by January 31, 2005, to the Secretary, Securities and Exchange Commission, Washington, DC 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After January 31, 2005, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

### Notice of Proposal To Amend Restated Certificate of Incorporation; Order Authorizing the Solicitation of Proxies

National Fuel Gas Company ("National Fuel Gas"), 6363 Main Street, Williamsville, NY 14221, a registered holding company, has filed with the Commission a declaration ("Declaration") under sections 6(a)(2), 7 and 12(e) of the Act and rules 54, 62(d) and 65 under the Act.

#### I. Description of National Fuel Gas

National Fuel Gas, a New Jersey corporation, through its direct and indirect subsidiaries is engaged in the exploration, production, purchasing, gathering, processing, transportation, storage, retail distribution, and wholesale and retail marketing of natural gas. It owns all of the issued and outstanding common stock of National

Fuel Gas Distribution Corporation, a gas-utility company that distributes natural gas at retail to approximately 732,000 residential, commercial and industrial customers (including transportation-only customers) in portions of western New York and northwestern Pennsylvania. National Fuel Gas' principal non-utility subsidiaries include National Fuel Gas Supply Corporation, Empire State Pipeline, Seneca Resources Corporation, National Fuel Resources, Inc., Highland Forest Resources, Inc., Horizon Energy Development, Inc., and Horizon LFG, Inc. (formerly Upstate Energy Inc.).

For the twelve months that ended September 30, 2004, National Fuel Gas reported operating revenues of approximately \$2.0 billion, of which \$1.1 billion (56%) were attributable to regulated utility gas sales. As of September 30, 2004, National and its subsidiaries owned total assets worth approximately \$3.7 billion, including approximately \$3.0 billion in net property, plant and equipment.

#### II. Requests for Authority

National Fuel Gas requests authority to amend its Restated Certificate of Incorporation ("Certificate of Incorporation"), as described below, and to solicit proxies from its shareholders in connection with the proposed amendment. The annual meeting of National Fuel Gas shareholders ("Annual Meeting") is scheduled for February 17, 2005. To change the Certificate of Incorporation, the proposed amendment must be approved by the affirmative vote of a majority of the votes cast by the holders of the outstanding shares of Common Stock entitled to vote at the Annual Meeting. Proxies may be solicited on behalf of the directors personally, and by mail, telephone, teletype, and employees of National Fuel Gas and its subsidiaries (with no special compensation to these employees). In addition, National Fuel Gas has retained Morrow & Co., Inc., to assist in the solicitation of proxies.

The board of directors of National Fuel Gas proposes to amend Article EIGHTH of the Certificate of Incorporation to revise the provisions relating to shareholder votes on certain actions. National Fuel Gas states that, under the New Jersey Business Corporation Act ("BCA"), certain exceptions are available to the general rule that shareholder approval is required for certain actions (collectively, "Actions"): (1) Amendments to the Certificate of Incorporation; (2) plans of merger or consolidation; (3) sales, leases, exchanges or other dispositions