such, will have no rights as a stockholder of Consolidated.

Upon the earlier to occur of (a) ten days after the date (''Shares Acquisition Date'') of the public announcement that a person or affiliated group (''Acquiring Person'') has acquired or obtained the right to acquire beneficial ownership of securities having 10% or more of the voting power of the outstanding voting securities of Consolidated, or (b) ten days after commencement of, or announcement of the intention of a person to make, a tender or exchange offer that would result in such person acquiring, or obtaining the right to acquire, beneficial ownership of securities having 10% or more of the voting power of the outstanding voting securities of Consolidated (such earlier date being the ''Distribution Date''), separate certificates evidencing the Rights will be mailed to holders of record of Common Stock as of the close of business on the Distribution Date.

The Rights will become exercisable after the Distribution Date on the following terms: (1) If a person becomes an Acquiring Person after the Distribution Date, each holder (other than an Acquiring Person) may exercise a Right and receive Common Stock (or, in certain cases, cash, property or other securities of Consolidated) having a value equal to two times the Purchase Price of the Right then in effect. Rights that are beneficially owned by an Acquiring Person will be null and void. (2) If, after the Shares Acquisition Date, Consolidated is acquired in a business combination transaction of 50% or more of its assets or earning power is sold or transferred, each holder of a Right will have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the Purchase Price of the Right then in effect.

The Purchase Price is subject to adjustment to prevent dilution in certain situations involving stock dividends, splits, combinations or reclassification; grants of warrants to subscribe for or purchase Common Stock or convertible securities at less than market price; or distribution to holders of Common Stock of evidences of indebtedness or assets or of subscription rights or warrants. Adjustments will be required upon the earlier of three years from the date of the event giving rise to the adjustment or the time when cumulative adjustments require a 1% or more change in the Purchase Price.

Consolidated may redeem the Rights in whole, but not in part, prior to 5 p.m. on the tenth day after the Shares Acquisition Date (subject to extension by the board of directors of Consolidated for an additional 20 days), at a price of $0.01 per Right, payable in cash or stock. In addition, at any time after a person becomes an Acquiring Person, the board may exchange the Rights (other than Rights held by an Acquiring Person, which become void), in whole or in part, at an exchange ratio of one share of Common Stock (and/or other securities, cash or other assets having the same value as a share of Common Stock) per Right, subject to adjustment.

The Agreement may be amended by the board of directors of Consolidated without the consent of the holders of Rights prior to the Distribution Date. Therefore, the board may amend the Agreement in order to cure any ambiguity, defect or inconsistency or to make changes that do not adversely affect the interests of holders of Rights (other than any Acquiring Person), provided that no amendment may be made on and after the Distribution Date that changes the principal economic terms of the Rights.

Yankee Atomic Electric Company (70–8743)

Yankee Atomic Electric Company (''Yankee Atomic''), 580 Main Street, Bolton, Massachusetts 01740, a subsidiary of both New England Electric System and Northeast Utilities, both registered holding companies, has filed an application under sections 6(a) and 7 of the Act and rule 54 thereunder.

By order dated March 11, 1994 (HCAR No. 26002), Yankee Atomic was authorized to borrow up to $10 million through December 31, 1995.

Yankee Atomic now proposes to borrow money from one or more banks up to a maximum aggregate amount outstanding at one time of $10 million, from January 1, 1996 through December 31, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–29002 Filed 11–27–95; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21524; 812–9730]

State Street Research Tax-Exempt Fund, et al.; Notice of Application

November 20, 1995.

AGENCY: Securities and Exchange Commission (the ''SEC'').

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: State Street Research Tax-Exempt Fund (the ''Acquiring Fund''), State Street Research California Tax-Free Fund (the ''California Fund''), State Street Research Florida Tax-Free Fund (the ''Florida Fund''), State Street Research Pennsylvania Tax-Free Fund (the ''Pennsylvania Fund'') (collectively, the California, Florida and Pennsylvania Funds are the ''Acquired Funds'' and the Acquiring and Acquired Funds are the ''Funds''), and State Street Research & Management Company (''State Street'').

RELEVANT ACT SECTIONS: Order requested under section 17(b) of the Act to exempt applicants from the provisions of section 17(a). Applicants further request an order pursuant to rule 17d–1 under the Act to permit certain joint transactions otherwise prohibited by section 17(d) and rule 17d–1.

SUMMARY OF APPLICATION: Applicants seek an order to permit applicants to effectuate a reorganization between the Acquiring and Acquired Funds.

FILING DATES: The application was filed on August 21, 1995, and amended on November 1, 1995.

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 SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on December 15, 1995, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549. Applicants, One Financial Center, Boston, Massachusetts 02111.

FOR FURTHER INFORMATION CONTACT: Elaine M. Boggs, Staff Attorney, at (202) 942–0572, or C. David Messman, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicants' Representations

1. The Funds are series of State Street Research Tax-Exempt Trust (the

''Trust''), a Massachusetts business trust registered under the Act as a diversified, open-end management investment company. Each Fund offers four classes of shares. The classes of shares of the Acquiring Fund have identical arrangements with respect to the imposition of initial and contingent deferred sales charges and distribution and service fees as the comparable classes of shares of each of the Acquired Funds. As of July 31, 1995, Metropolitan Life Insurance Company (''Met Life'') held with power to vote 10.8%, 43.9%, and 29.4% of the outstanding shares of the California, Florida, and Pennsylvania Funds, respectively.

2. State Street serves as each Fund's investment adviser and State Street Research Investment Services, Inc. (the ''Distributor'') serves as the distributor for each of the Funds. State Street and the Distributor are both indirect wholly-owned subsidiaries of Met Life.

3. The investment objective of the Acquiring Fund is to seek a high level of interest income exempt from federal income taxes. The Acquiring Fund invests primarily in investment grade tax-exempt debt obligations. The investment objective of the California, Florida, and Pennsylvania Funds is to seek a high level of interest income exempt from federal income taxes and income or property taxes of their eponymous states. The California, Florida, and Pennsylvania Funds invest primarily in investment grade securities issued by or on behalf of their eponymous states.

4. The board of trustees of the Trust has approved agreements and plans of reorganization and liquidation providing for the transfer of all of the assets of each of the Acquired Funds to the Acquiring Funds in exchange for Acquiring Fund shares. The reorganization is subject to the assumption by the Acquiring Fund of all of the liabilities of each of the Acquired Funds.

5. As a result of the reorganization, shareholders of each Acquired Fund will receive, in exchange for his or her shares of an Acquired Fund, shares of the corresponding class of the Acquiring Fund with an aggregate value equal to the value of such shareholder's shares of the Acquired Fund, calculated as of the close of business on the business day immediately prior to the closing for each Fund. Each Acquired Fund will liquidate and distribute shares of the Acquiring Fund to their respective shareholders at or as soon as practicable after the relevant closing.

6. At or prior to the relevant closing, each of the Acquired Funds shall declare a dividend or dividends which shall have the effect of distributing to the shareholders of each Acquired Fund all of the respective Fund's investment company taxable income for all taxable years ending on or prior to the respective closing (computed without regard to any deduction for dividends paid) and all of its net capital gain realized in all taxable years ending on or prior to the respective closing (after reduction for any capital loss carry-forward).

7. The board of trustees of the Acquired Funds, including the trustees who are not ''interested persons'' as such term is defined by the Act, have concluded that the reorganizations would be in the best interest of the Acquired and Acquiring Funds and that the interests of the existing shareholders of the respective Funds will not be diluted as a consequence thereof. In making this determination, the trustees considered a number of factors, including the smaller size and higher expenses of each of the Acquired Funds compared to the Acquiring Fund and, in each case, the efficiencies resulting from combining the operations of two separate funds with the same investment manager, the same multiple class structure, the same sales load structure, and similar investment ohjectives and policies.

8. The proposed reorganization is subject to approval by the holders of a majority (as defined in the Act) of the outstanding shares of each Acquired Fund. Approval will be solicited pursuant to a prospectus/proxy statement, which was sent to shareholders of each Acquired Fund on or about October 20, 1995. Each prospectus/proxy statement includes pertinent financial information and projected expense ratios of the combined funds based primarily upon the advisory agreement as it applies to the Acquiring Fund.

9. The expenses of each reorganization, whether or not each reorganization is consummated, will be apportioned between the Distributor and the Funds. Expenses will be allocated to the Acquiring and the applicable Acquired Fund in an appropriate manner on the basis of identifiable direct costs or otherwise on the basis of relative net assets. The Distributor will assume the liability for and pay one-half of each Fund's expenses incurred in connection with each reorganization.

10. The consummation of each reorganization is subject to certain conditions, including that the parties shall have received from the SEC the order requested herein, and the receipt of an opinion of tax counsel to the effect that upon consummation of each reorganization and the transfer of substantially all the assets of each Acquired Fund, no gain or loss will be recognized by the Acquired or Acquiring Funds or their shareholders as a result of the reorganization. Applicants will not make any material changes adversely affecting the rights of shareholders that affect the application without the prior approval of the SEC staff.

Applicants' Legal Analysis

1. Section 17(a) of the Act provides, in pertinent part, that it is unlawful for any affiliated person of a registered investment company, or any affiliated person of such an affiliated person, acting as principal, knowingly to sell or purchase securities to or from such registered company.

2. Section 2(a)(3) of the Act defines the term ''affiliated person'' of another person to include, in pertinent part, (a) any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of such other person, (b) any person directly or indirectly controlling, controlled by, or under common control with such other person, and (c) if such other person is an investment company, any investment adviser thereof.

3. Rule 17a–8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions set forth in the rule are satisfied. Met Life indirectly owns 100% of the outstanding voting shares of State Street, the adviser to each Fund. Met Life also owns with power to vote more than 5% of the outstanding shares of each of the Acquiring Funds. Accordingly, the Acquiring Fund may be deemed an affiliated person of an affiliated person of each of the Acquired Funds, and vice versa, for reasons not based solely on their common adviser.

4. Section 17(b) of the Act provides that the SEC may exempt a transaction from the prohibitions of section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

5. Applicants believe that the reorganizations are consistent with the policies and purposes of the Act. In addition, applicants state that the exchange of assets will be based on each Fund's relative net asset values. Further, applicants state that the trustees, including the non-interested trustees, have concluded that any potential benefits to Met Life, State Street, the Distributor, and their affiliates as a result of the reorganizations are on balance outweighed by the potential benefits to each Fund and its shareholders. Although income from the Acquiring Fund will be subject to taxation at the state level, whereas income from each Acquired Fund is exempt from taxation in the eponymous state, the trustees have determined that the benefits of the reorganization substantially offset the loss of this tax benefit to the shareholders of each Acquired Fund.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–28930 Filed 11–27–95;8:45am]

BILLING CODE 8010–01–M

[Rel. No. IC–21526; File No. 812–7659]

Vanguard Variable Insurance Fund, et al.

November 20, 1995.

AGENCY: Securities and Exchange Commission (''SEC'' or ''Commission'').

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (''1940 Act'').

APPLICANTS: Vanguard Variable Insurance Fund (''Fund'') and The Vanguard Group, Inc. (''Vanguard'').

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) for exemptions from Sections 9(a), 13(a), 15(a), and 15(b) and Rules 6e–2(b)(15) and 6e–3(T) (b) (15) thereunder.

SUMMARY OF APPLICATION: Applicants seek an order to permit shares of the Fund to be sold to and held by variable annuity and variable life separate accounts of both affiliated and unaffiliated life insurance companies.

FILING DATE: The application was filed on December 20, 1990 and amended on July 23, 1991, August 11, 1995, November 1, 1995 and November 6, 1995.

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 on the application by writing to the Secretary of the SEC and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the SEC by 5:30 p.m. on December 15, 1995, and should be accompanied by proof of service on the Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of the date of the hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: P.O. Box 2600, Valley Forge, Pennsylvania 19482.

FOR FURTHER INFORMATION CONTACT: Joyce Merrick Pickholz, Senior Counsel, or Wendy Finck Friedlander, Deputy Chief, on (202) 942–0670, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: Following is a summary of the application. The complete application is available for a fee from the SEC's Public Reference Branch.

Applicants' Representations

1. The Fund, a Pennsylvania business trust registered under the 1940 Act as an open-end management investment company, currently consists of seven series, each with its own investment objective and policies. The Fund is a member of The Vanguard Group of Investment Companies (''The Vanguard Group''), a family of over 32 investment companies. The Fund and the other funds in The Vanguard Group obtain virtually all of their corporate management, administrative, shareholding accounting and distribution services at cost through their jointly owned subsidiary, The Vanguard Group, Inc. Vanguard Marketing Corporation (''VMC''), a broker-dealer subsidiary of The Vanguard Group, Inc., markets the shares of the investment companies in the Vanguard Group. An order granting the exemptive relief necessary to implement this arrangement (''Vanguard Order'') was issued by the Commission on February 25, 1981 (IC–11645) and amended on December 29, 1992 (IC–19184).

2. The Fund presently sells its shares only to separate accounts of Providian Life & Health Insurance Company (formerly, National Home Life Assurance Company) and First Providian Life & Health Insurance Company (formerly, National Home Life Assurance Company of New York) to fund variable annuity contracts. The annuity contracts are distributed without the imposition of a sales load. Vanguard, through VMC, is the sole distributor of the contracts and bears all expenses related to the distribution of such contracts. As a member of the Vanguard Group, the Fund contributes to the cost of VMC's distribution efforts in accordance with provisions of the Vanguard Order.

3. As a member of The Vanguard Group, the Fund contributes to distribution expenses of VMC under the Vanguard Modified Formula (''VMF'') on the same basis as the other funds in The Vanguard Group. The Fund currently accrues for such costs an amount of approximately .02% of assets annually to cover its share of the cost of distributing shares of the investment companies in The Vanguard Group. Applicants state that this amount is one tenth of the .20% limit contained in the Vanguard Order. Applicants represent that no part of this fee is paid to the Providian companies nor will they receive any other payments from either Vanguard or the Fund.

4. The Fund intends to sell its shares to separate accounts of Ameritas Life Insurance Corp. (''ALIC'') and separate accounts of other unaffiliated insurance companies (together with ALIC and Providian, ''Participating Insurance Companies'') to serve as the investment vehicle for variable annuity contracts, scheduled premium variable life insurance contracts and flexible premium variable life insurance contracts (collectively, ''Variable Contracts'').

5. Although ALIC may offer variable annuity products in the future, it currently plans to offer and distribute, through Ameritas Investment Corp. its principal underwriter, variable life insurance contracts utilizing the Fund as their underlying funding vehicle. These variable life insurance contracts will not be subject to a sales load, contingent deferred sales charge, or a surrender charge. The contracts will be subject, however, to a 3.5% premium charge (guaranteed not to exceed 5%) to reimburse ALIC for premium taxes and the expense of deferring the tax deduction of policy acquisition costs (''DAC Tax''). According to the Applicants, ALIC has applied for a Commission order that would permit the imposition of the DAC Tax charge without treating such charge as sales load. Applicants represent that no part of the VMF fee paid by the Fund to Vanguard is paid to ALIC nor will ALIC receive any other payments from either Vanguard or the Fund.