

**SECURITIES AND EXCHANGE
COMMISSION**

[Release No. 35-27105]

**Filing Under the Public Utility Holding
Company Act of 1935, as amended
("Act")**

November 19, 1999.

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 applications(s) and/or declaration(s) for complete statements of the proposed transactions(s) summarized below. The application(s) and/or declarations(s) and any amendments is/are available for public inspection through the Commission's Branch of Public Reference.

Interested person wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by December 14, 1999, to the Secretary, Securities and Exchange Commission, Washington, D.C. 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 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 December 14, 1999, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

**New England Electric System, et al.
(70-9537)**

New England Electric System ("NEES"), a registered public utility holding company, located at 25 Research Drive, Westborough, Massachusetts 01582; its electric utility subsidiaries: Massachusetts Electric Company ("Mass. Electric"), located at 55 Bearfoot Road, Northboro, Massachusetts 01532; Granite State Electric Company ("Granite State"), located at 9 Lowell Road, Salem, New Hampshire 03079, The Narragansett Electric Company ("Narragansett"), located at 280 Melrose Street, Providence, Rhode Island 02901, Nantucket Electric Company ("Nantucket"), New England Power Company ("NEP"), New England Hydro-Transmission Corporation ("N.H. Hydro") and New England Hydro-Transmission Electric Company, Inc.

("Mass. Hydro"), all located at 25 Research Drive, Westborough, Massachusetts 01582, and New England Electric Transmission Corporation ("NEET"), 4 Park Street, Concord, New Hampshire 03301; its nonutility subsidiaries: Research Drive LLC ("LLC"), New England Power Service Company ("Service Company"), New England Energy Incorporated ("NEEI"), all located at 25 Research Drive, Westborough, Massachusetts 01582; and Eastern Utilities Associates ("EUA") a registered public utility holding company, located at One Liberty Square, P.O. Box 2333, Boston, Massachusetts 02109, and its electric utility subsidiaries: Blackstone Valley Electric Company ("Blackstone"), Eastern Edison Company ("Eastern Edison"), Montaup Electric Company ("Montaup") and Newport Electric Corporation ("Newport"), all located at 750 West Center Street, P.O. Box 543, Bridgewater, Massachusetts 02379 (together, "Applicants"), have filed an application-declaration under sections 6, 7, 9, 10, 11, 12 and 13 of the Act, and rules 45, 46, 54, 80-91, 93 and 94 under the Act.

NEES proposes to acquire all of the outstanding common shares of EUA ("Transaction"). The Transaction will be carried out in a two-step process under the terms of an Agreement and Plan of Merger dated as of February 1, 1999 ("Merger Agreement"), among NEES, EUA and LLC, a Massachusetts limited liability company wholly-owned by NEES. First, LLC will be merged with and into EUA, with EUA as the surviving entity. Then, EUA will be merged with and into NEES, with NEES as the surviving entity. After the Transaction, EUA shall cease to exist and NEES will remain a registered holding company under the Act.¹

Under the Merger Agreement, each one percent of the issued and outstanding membership interests in LLC will be converted into one transferable certificate of participation or share in EUA. All EUA shares that are owned by EUA as treasury shares and any EUA shares owned by NEES or any other wholly owned subsidiary of NEES

¹ Under another Agreement and Plan of Merger, dated as of December 11, 1998, by and among The National Grid Group plc ("NGG"), NGG Holdings LLC, a Massachusetts limited liability company and a wholly owned subsidiary of NGG, and NEES, NGG Holdings LLC would be merged with and into NEES with NEES as the surviving entity ("NGG Merger"). As a result, NEES would become an indirect, wholly owned subsidiary of NGG, which would become a registered holding company under the Act. An application by NGG seeking approval of its acquisition of NEES is pending with the Commission (File No. 70-9519). The Commission issued a notice of the filing on October 12, 1999 (HCAR No. 27086).

will be canceled and retired and shall cease to exist, and no cash or other consideration shall be delivered in exchange. The remaining EUA shares issued and outstanding immediately prior to the Effective Date (as defined below) will be canceled and converted into the right to receive cash in the amount of \$31.00 per share, as this amount may be adjusted. The Effective Date shall be the date upon which a certificate of merger has been executed and filed by EUA and LLC with the Secretary of Massachusetts, or any later date specified by the certificate.

The boards of directors of NEES and EUA, and the members of LLC have approved the Transaction. On May 17, 1999, a majority of the EUA shareholders approved the Transaction.²

NEES owns all of the voting securities of the following five electric public utility subsidiaries: Mass. Electric, Narragansett, Granite State, Nantucket, and NEET.

Mass. Electric provides electric service to approximately 980,000 customers in an area comprising approximately 43% of Massachusetts. For the year ended December 31, 1998, Mass Electric had total assets of \$1.45 billion, operating revenues of \$1.5 billion and net income of \$49.4 million. Mass. Electric is subject to regulation by the Massachusetts Department of Telecommunications and Energy ("MDTE"), and the Federal Energy Regulatory Commission ("FERC") under the Federal Power Act.

Narragansett provides electric service to approximately 335,000 customers in Rhode Island. For the year ended December 31, 1998, Narragansett had total assets of \$664.1 million, operating revenues of \$475.7 million, and net income of \$30.5 million. Narragansett is subject to the regulation of the Rhode Island Public Utilities Commission ("RIPUC"), the Rhode Island Division of Public Utilities and Carriers ("RIDIV"), and the FERC.

Granite State provides electric service to approximately 37,000 customers in New Hampshire. For the year ended December 31, 1998, Granite State had total assets of \$61.8 million, operating revenues of \$65.7 million, and net income of \$3.2 million. Granite State is subject to the regulation of the New Hampshire Public Utilities Commission ("NHPUC") and the FERC.

Nantucket provides electric service to approximately 10,000 customers on Nantucket Island. For the year ended

² Under the merger Agreement, no vote of NEES shares or any class or series of equity securities of NEES or its subsidiaries is required for approval of the Transaction.

December 31, 1998, Nantucket had total assets of \$44 million, operating revenues of \$15.1 million, and net income of \$500,000. Nantucket is subject to the regulation of the MDTE and the FERC.

NEET owns and operates a direct current/alternating current converter terminal facility for the first phase of the Hydro-Quebec and New England interconnection ("Interconnection") and six miles of high voltage direct current transmission lines in New Hampshire.

NEES also owns 99.97 percent of the outstanding voting securities of NEP, its principal transmission subsidiary. NEP is engaged in the purchasing, transmitting and selling electric energy at wholesale. In 1998, 98% of NEP's revenues from the sale of electricity was derived from sales for resale to affiliated companies and two percent from sales to municipal and other utilities. NEP recently has completed the sale of substantially all of its non-nuclear generating business and currently is attempting to sell its minority interests in three operating nuclear power plants and one fossil-fueled generating station in Maine.³ With the sale of its non-nuclear generating business, NEP is principally an electric transmission company. For the year ended December 31, 1998, NEP had total assets of \$2.41 billion, operating revenues of \$1.2 billion, and net income of \$121.5 million. NEP is subject to regulation by the MDTE, the NHPUC, the Vermont Public Service Board, the Connecticut Department of Public Utility Control, the Maine Public Utilities Commission, the FERC, the Nuclear Regulatory Commission, and this Commission.⁴

NEES also owns 53.97 percent of the common stock of N.H. Hydro. N.H. Hydro operates 121 miles of high voltage direct current transmission lines in New Hampshire for the second phase of the Interconnection, extending to the Massachusetts border.

In addition, NEES owns 53.97 percent of Mass. Hydro. Mass. Hydro operates a direct current/alternating current terminal and related facilities for the second phase of the Interconnection and

12 miles of high voltage direct current lines in Massachusetts.

NEES is engaged in non-utility businesses through the following subsidiaries: LLC; Service Company, New England Hydro Finance Company ("N.E. Hydro Finance"), NEES Communications, Inc. ("NEESCom"), NEES Global, NEES Energy, Inc. ("NEES Energy"), A/Energy Marketing Company, L.L.C., ("A/Energy"), Granite State Energy, Inc. ("Granite State Energy"), NEEI, and Metrowest Realty, LLC.

LLC was formed solely to effect the Transaction. Service Company provides, at cost, administrative, engineering, construction, legal, and financial services as NEES and its subsidiaries request under a service agreement approved by the Commission in accordance with the Requirements of Rule 90. N.E. Hydro Finance provides debt financing required by Mass. Hydro and N.H. Hydro. NEESCom provides telecommunications and information-related products and services. NEES Global provides consulting services and product licenses to unaffiliated utilities in the areas of electric utility restructuring and customer choice. NEES Energy is a marketing subsidiary of NEES. A/Energy markets energy commodities (natural gas, propane and oil) and provides energy-related services, such as marketing, brokering and sales of energy, audits, fuel supply, repair, maintenance, construction, operation, design, engineering and consulting to customers in New England and New York. Granite State Energy provides energy and energy-related services including sales of electric energy, audits, power quality, fuel supply, repair, maintenance, construction, design, engineering and consulting. NEEI participated in domestic and gas exploration, development and production. As part of NEES' plan to divest its generating business NEEI sold its oil and gas properties in February 1998. Metrowest Realty, LLC owns NEES' headquarters complex and the service center complex occupied by Mass. Electric in Massachusetts.

EUA directly owns all of the shares of common stock of the three following electric public utility companies: Blackstone, Eastern Edison, and Newport.⁵

⁵ Eastern Edison presently owns all of the outstanding securities of Montaup. Montaup currently is a subsidiary of Eastern Edison. On July 12, 1999, EUA filed an application with this Commission (File No. 70-9527) seeking authority for Eastern Edison to transfer to EUA, and for EUA to acquire from Eastern Edison, all of Eastern Edison's investment in Montaup's capitalization.

Blackstone provides retail electric service to approximately 86,000 customers in Rhode Island. For the year ended December 31, 1998, Blackstone had total assets of \$134.1 million, operating revenues of \$130.2 million, and net income of \$4.9 million. Blackstone is subject to the regulation of the RIDIV, RIPUC and the FERC.

Eastern Edison provides retail electric service to approximately 186,000 customers in Massachusetts. For the year ended December 31, 1998, Eastern Edison had total assets of \$831.6 million, operating revenues of \$408.2 million, and net income of \$29.7 million. Eastern Edison is subject to regulation by the MDTE and the FERC.

Newport provides retail electric service to approximately 33,000 customers in Rhode Island. For the year ended December 31, 1998, Newport had total assets of \$71.9 million, operating revenues of \$59.5 million, and net income of \$2.9 million. Newport is subject to the regulation of the RIDIV, RIPUC and the FERC.

EUA is engaged in nonutility business through the following subsidiaries: EUA Cogenex; EUA Energy Investment Corporation ("EUA Energy"); EUA Ocean State; EUA Energy Services, Inc. ("EUA Energy Services"); EUA Telecommunications Corporation ("EUA Telecommunications"), and Eastern Edison Electric Company. In addition, EUA owns all of the common stock of EUA Service.

EUA Cogenex is an energy services company. It has a number of subsidiary companies: EUA Citizens Conservation Services, Inc., which serves public and private multi-family housing; EUA Cogenex West (formerly EUA Highland Corporation), an energy services company that provides energy conservation services in Colorado, Texas, Ohio, North Carolina, and certain midwestern states; Northeast Energy Management, Inc., a demand side management company, and EUA Cogenex-Canada, Inc. (which holds all of the voting control of EUA Cogenex-Canada Energy Services, Inc., a company formed to participate in a marketing and development joint venture with Monenco Agra, an Ontario-based engineering firm). EUA Cogenex is also the managing general partner of the following general partnerships which operate and monitor existing demand side management and/or energy management services contractual obligations: EUA WestCoast L.P., EUA Energy Capital and Services I, EUA Energy Capital and Services II, EUA

³ NEP also is a holding company because it owns more than ten percent of the outstanding voting securities of Vermont Yankee Nuclear Power Corporation, the licensed operator of the Vermont Yankee nuclear power facility. NEP also has minority interests in Yankee Atomic Electric Company and Connecticut Yankee Atomic Power Company, all of which permanently have ceased operations. NEP has been declared an exempt holding company by Commission order dated November 25, 1955 (HCAR No. 13048).

⁴ Narragansett, Mass. Electric, Granite State, NEP and A/Energy Marketing Company, L.L.C. are members of the New England Power Pool.

FRC II Energy Associates, and Micro Utility Partners of America. As of December 31, 1998, EUA Cogenex also owned half of the voting power in APS Cogenex L.L.C., a limited liability company formed to develop, engineer and construct projects at the National Cancer Institute in an Army garrison at Fort Detrick, Maryland. For the year ended December 31, 1998, EUA Cogenex had total consolidated assets of \$157.2 million, operating revenues of \$54.8 million, and a net loss of \$1.3 million.

EUA Energy invests in energy-related projects. The following are subsidiaries of EUA Energy: Renova LLC, which manufactures energy efficient lighting products; EUA BIOTEN, Inc. ("EUA BIOTEN"), which was formed to develop biomass-fueled generating units. EUA BIOTEN owns all of the common stock of the following companies: BIOTEN Operations, Inc., which owns a demonstration facility in Tennessee; Eastern Unicord Corporation, which was formed to invest in the construction of a wood burning energy plant in New Hampshire; EUA Compression Services, Inc., which was formed to provide compression stations along transmission lines; and EUA TransCapacity, Inc., which was formed to develop and market services and computer software for natural gas industry clients.⁶ EUA Energy also holds 9.9 percent of the voting power of Separation Technologies, Inc. which markets and installs its own proprietary equipment for separating unburned carbon from coal fly-ash. For the year ended December 1998, EUA Energy had total assets of \$30.4 million, operating revenues of \$3.9 million, and a net loss of \$5.3 million.

EUA Ocean State has ownership interests in two gas-fired generating units in Rhode Island. For the year ended December 31, 1998, EUA Ocean State had total assets of \$49.2 million and net income of \$4.1 million.

EUA Energy Services markets energy and energy-related services. For the year ended December 31, 1998, EUA Energy Services had total assets of \$500,000 and a net loss of \$200,000. EUA states that it plans to dissolve EUA Energy Services before the Transaction.

EUA Telecommunications provides telecommunications and information services. For the year ended December 31, 1998, EUA Telecommunications had total assets of \$70,000 and a net loss of

\$100,000. EUA states that it plans to dissolve EUA Telecommunications before the Transaction.

EUA Service is a service company under section 13 of the Act. EUA provides various accounting, financial, engineering, planning, data processing, and other services to all EUA system companies under rule 90. For the year ended December 31, 1998, EUA Service had total assets of \$35.3 million and net income of \$260,000.

Eastern Edison Electric Company has been inactive for over six years. EUA states that it plans to dissolve Eastern Edison Electric Company before the Transaction.

As a part of the Transaction, Applicants propose the following mergers among their electric utility subsidiaries ("Subsidiary Mergers"): Eastern Edison and Mass. Electric, with Mass. Electric being the surviving entity,⁷ NEP and Montaup, with NEP being the surviving entity; and Blackstone, Newport and Narragansett, with Narragansett being the surviving entity.

Also, as part of the Transaction, Applicants propose the merger of EUA Service into Service Company, with Service Company being the surviving service company, and the former EUA companies entering into service agreements with Service Company in the form authorized by the Commission.

Applicants also seek authority for NEES to assume certain guarantees under various debt instruments of EUA and its subsidiaries ("EUA System"), including EUA's guaranty of long-term debt of EUA Cogenex, EUA Cogenex's equity maintenance agreement and EUA Cognex's short-term debt under the EUA System revolving credit line, and including EUA's guaranty of the debt of EUA Ocean State.

As part of the Transaction, Applicants propose to acquire indirectly EUA's nonutility subsidiaries.

Applicants also state that following the Transaction, there will be a time period before the merger of EUA subsidiaries into NEES subsidiaries. Applicants request authority, during this time period, for the EUA subsidiaries to participate in the NEES holding company system money pool.

If the NGG Merger has not been consummated before the consummation of the Transaction, Applicants request approval of NEES' financing arrangements with a syndicate of banks, and authority for NEES to issue

commercial paper or to engage in short-term borrowing, under which NEES may borrow up to \$650 million aggregate amount of debt outstanding at any one time, in addition to debt borrowings currently authorized,⁸ for the purpose of consummating the Transaction.

Applicants state that as a result of the application of the purchase method of accounting to the Transaction, the current retained earnings of EUA and its subsidiary companies will be recharacterized as additional paid-in-capital. In addition, Applicants state that the Transaction will give rise to a substantial level of goodwill, the difference between the aggregate fair values of all identifiable tangible and intangible (non-goodwill) assets on the one hand, and the total consideration to be paid for EUA and the fair value of the liabilities assumed, on the other. Applicants request authority to pay dividends out of the additional paid-in-capital account up to the amount of the EUA subsidiary companies' aggregate retained earnings just before the Transaction and out of earnings before the amortization of the goodwill after the Transaction.

Northeast Utilities, et al. (70-9541)

Northeast Utilities ("NU"), a registered public utility holding company, Western Massachusetts Electric Company ("WMECO"), an electric utility subsidiary of NU, both located at 174 Brush Hill Avenue, West Springfield, Massachusetts 01090; The Connecticut Light and Power Company ("CL&P"), an electric utility subsidiary of NU, NU Enterprises, Inc., ("NUEI") a sub holding company over certain of NU's nonutility subsidiaries, Northeast Generation Company ("NGC") and Northeast Generation Services Company ("NGSC"), Select Energy, Inc. ("SE"), Select Energy Portland Pipeline Inc. ("SEPP"), each a direct subsidiary of NUEI and an indirect nonutility subsidiary of NU, all located at 107 Selden Street, Berlin Connection 06037; Public Service Company of New Hampshire ("PSNH") and North Atlantic Energy Corporation ("NAEC"), and an electric utility subsidiary of NU, and both located at 1000 Elm Street, Manchester, New Hampshire 03015; HEC Inc. ("HEC"), a direct subsidiary of NUEI and an indirect nonutility subsidiary of NU, and Select Energy Contracting, Inc. ("SECI"), a direct subsidiary of HEC and an indirect nonutility subsidiary of NU, both

⁶ EUA states that EUA Energy plans to dissolve Eastern Unicord Corporation and EUA Compression Services, Inc. before the Transaction. TransCapacity, L.P. ceased normal operations effective July 31, 1999.

⁷ As part of this merger, Applicants propose that Mass. Electric will assume Eastern Edison's pollution control revenue bonds and preferred stock.

⁸ NEES currently has authority, through December 31, 2002, to issue short-term notes and/or commercial paper to dealers up to an aggregate amount of \$500 million outstanding at any one time. HCAR No. 26793 (December 10, 1997).

located at 24 Prime Parkway, Natick, Massachusetts 01760; Reeds Ferry Supply Co., Inc. ("Reeds") a direct subsidiary of HEC and an indirect nonutility subsidiary of NU, located at 605 Front Street, Manchester, New Hampshire 03102; and HEC Energy Consulting Canada Inc. ("HEC Energy") direct subsidiary of HEC and an indirect nonutility subsidiary of NU, located at 242 Simcoe Street, Niagara on the Lake, Ontario, Canada L0S1J0 (collectively, "Applicants") have filed an application-declaration under sections 6(a), 7, 9(a), 10 and 12(c) of the Act and rules 46(a) and 54 under the Act.

Applicants request authorization, through December 31, 2004, for: (1) CL&P to pay dividends to and/or repurchase stock from NU out of capital or unearned surplus in an amount not to exceed \$310 million; (2) CL&P to pay dividends and/or repurchase stock in accordance with the provisions of CL&P's dividend covenant under its first mortgage indenture and deed of trust ("Mortgage Indenture")⁹ dated May 1, 1921 to the Bankers Trust Company as trustee; (3) WMECO to pay dividends to and/or repurchase stock from NU out of capital or unearned surplus in an amount not to exceed \$145 million; (4) PSNH to pay dividends to and/or repurchase stock from NU out of capital or unearned surplus in an amount not to exceed \$297 million; (5) NAEC to pay dividends to and/or repurchase stock from NU out of capital or unearned surplus in an amount not to exceed \$164 million; (6) NUEI to pay dividends to and/or the repurchase stock from NU out of capital or unearned surplus in an amount not to exceed \$132 million; (7) NGC to pay dividends to and/or the repurchase stock from NUEI out of capital or unearned surplus in an amount not to exceed \$10 million; (8) NGSC to pay dividends to and/or repurchase stock from NUEI out of capital or unearned surplus in an amount not to exceed \$10 million; (9) SE to pay dividends to and/or repurchase stock from NUEI out of capital or unearned surplus in an amount not to exceed \$70 million; (10) HEC and SEPPI to pay dividends to and/or repurchase stock from NUEI out of the capital or unearned surplus; and (11) Reeds, SECI and HEC Energy to pay

⁹The Mortgage Indenture provides, among other things, that cash dividends may not be paid on the capital stock of CL&P, or distributions made, or capital stock purchased by CL&P, in an aggregate amount which exceeds CL&P's earned surplus after December 31, 1966, plus the earned surplus of CL&P accumulated prior to January 1, 1967 in an amount not exceeding \$13,500,000, plus such additional amount as may be authorized or approved by the Commission under the Act.

dividends to and/or repurchase stock from HEC out of capital or unearned surplus.¹⁰ Further, NU requests authorization to issue 8.5 million shares of NU stock through December 31, 2000.

Applicants note that each of the states in which CL&P, WMECO, PSNH and NAEC (collectively, "Utilities") operate, i.e., Connecticut, Massachusetts, and New Hampshire, has enacted or will enact in the near future, restructuring legislation ("Restructuring Legislation") that is intended to deregulate the electric utility industry and provide retail customers with a choice of electricity providers.¹¹ The Restructuring Legislation has, or will, require the Utilities to, among other things, divest their generating assets.

Applicants state that because the Restructuring Legislation mandates divestiture of generating assets and allows for the issuance of rate reduction bonds, the Utilities will almost simultaneously experience a significant decrease in the amount of tangible assets that they own and receive a significant influx of cash. Applicants propose to reduce their common equity capitalizations to reflect the Utilities unique financial situation.

Under the Restructuring Legislation, the electric generating assets of CL&P, PSNH and WMECO will be sold, and PSNH will buy out its power purchase agreement with NAEC. In addition to the proceeds raised from these sales of generating assets, CL&P, PSNH and WMECO, will receive proceeds from the issuance of rate reduction bonds as part of the restructuring process.¹² The Utilities plan to apply the net proceeds of their restructuring transactions, among other things, to retire outstanding debt and preferred stock, to buy down existing power purchase agreements with independent power producers (except NAEC, which has no such agreements) and to reduce their capitalizations.¹³

Applicants note that as a result of securitization debt, the issuance of rate reduction bonds, and the accounting

¹⁰Collectively, HEC, SECI, HEC Energy and Reeds will pay dividends and/or repurchase stock out of capital or unearned surplus in an amount not to exceed \$19 million. SEPPI will pay dividends and/or repurchase stock out of capital or unearned surplus in an amount not to exceed \$8.5 million.

¹¹The transmission and distribution of electricity will continue to be provided by the local utilities at regulated rates.

¹²The Restructuring Legislation allow for the issuance of rate reduction bonds to finance a portion of a utility's standard costs through securitization transactions. NAEC does not expect to receive proceeds from the issuance of rate reduction bonds.

¹³The buy-down of power purchase contracts and the retirement of debt and preferred stock can be accomplished without Commission approval.

treatment of the debt, NU and the Utilities equity-to-capitalization ratio will fall below the Commission's 30% equity standard.¹⁴ Therefore, the Utilities request an exemption from the 30% equity standard through December 31, 2012 and NU seeks an exemption from the 30% equity standard through December 31, 2001.

CL&P expects to use approximately \$310 million to reduce its common equity capitalization, WMECO expects to use approximately \$145 million to reduce its common equity capitalization, PSNH expects to use approximately \$297 million to reduce its common equity capitalization and NAEC expects to use approximately \$164 million to reduce its common equity capitalization.¹⁵

Applicants state that the payment of dividends would not impair the financial integrity of CL&P, PSNH, WMECO or NAEC because, after the payment of these dividends, each Utility would still have adequate cash to operate its substantially smaller business.

NU seeks to reduce its equity capitalization through NUEI, NGC, NGSC, SE, HEC, Reeds, SECI, HEC Energy, and SEPPI, (collectively, "competitive Subsidiaries"). To reduce common equity capitalizations, the Competitive Subsidiaries will either pay dividends to either NU or NUEI, buy back a portion of their outstanding common stock owned by NU or NUEI, or some combination of the above transactions. NU may also reduce its equity capitalization through the payment of dividends and/or the repurchase of stock from HEC by Reeds, SECI and HEC Energy; in each case out of capital or unearned surplus.

The Competitive Subsidiaries anticipate that they may have unrestricted cash available from time to time for distribution in excess of their current or retained earnings. To best arrange and deploy the NU system's equity capital, the Competitive Subsidiaries propose to use some of this unrestricted cash for the payment of dividends to NU, HEC and NUEI or to effect a stock repurchase from NU, HEC and NUEI, the proceeds of which NU ultimately would use to reduce its

¹⁴See *Georgia Pacific Co.*, 45 S.E.C. 610, 615 (1974).

¹⁵To reduce common equity capitalizations, the Utilities will either pay dividends to NU, buy back a portion of their outstanding common stock owned by NU, or some combination of the above transactions.

capitalization or for other corporate purposes.¹⁶

NU seeks authority to issue 8.5 million shares through December 31, 2000, in order to fund the share portion of its proposed merger with Yankee Energy System, Inc. (see File No. 70-9535). To facilitate the merger, NU anticipates entering into one or more forward stock purchase contracts (collectively, "Forwards") with a third party to repurchase NU shares.¹⁷ Applicants state that because NU does not yet have sufficient proceeds from the various restructuring transactions described above, Forwards provide NU with a viable method of obtaining its own shares at anti-dilutive prices and with no balance sheet impact during the carrying period.

Northeast Utilities, et al. (70-9543)

Northeast Utilities ("NU"), a registered public utility holding company, located at 174 Brush Hill Avenue, West Springfield, Massachusetts 01090 and Northeast Generation Services Company ("NGSC"), an indirect nonutility subsidiary of NU, located at 107 Selden Street, Berlin, Connecticut 06037 have filled an application-declaration under sections 6(a), 7, 12(b), 13(b), 32 and 33 of the Act and rules 45, 53, 54, 87, 90 and 91 under the Act.

Background

NU and each of its utility subsidiaries¹⁸ are currently subject to, or will be subject to in the near future, state mandated electric utility restructuring legislation ("Restructuring Legislation"). The Connecticut and Massachusetts Restructuring Legislation provided that CL&P and WMECO divest their non nuclear generating assets and further allowed for the issuance of rate reduction bonds to finance a portion of the utility's stranded costs through securitization transactions.

In July 1999, CL&P and WMECO contracted to sell, for \$865.5 million, 1,329 megawatts of hydroelectric and

pumped storage generating assets ("Utility Assets")¹⁹ to Northeast Generation Company ("NGC"), an indirect nonutility subsidiary of NU that intends to file for exempt wholesale generator ("EWG") status with the Federal Energy Regulatory Commission ("Generation Transaction"). As a result of the Generation Transaction, NGC executed purchase and sale agreements ("PSA") with CL&P and WMECO, respectively.

Transactions

NU seeks authority to enter two assumption agreements ("Assumption Agreements"). At the time of the Generation Transaction, NGC did not have financial resources, and therefore, NU executed Assumption Agreements to facilitate the Generation Transactions. The Assumption Agreements provide that NU will, subject to regulatory approval, perform the obligations set forth in the PSA as if it were the purchaser of the Utility Assets if NGC does not perform its obligations. NU estimates its obligations under the Assumption Agreement to be approximately \$13 million.

NU further requests authorization, through June 30, 2001, to contribute \$475 million ("Equity Investment") to NU Enterprises, Inc. ("NUEI"), a sub holding company over certain of NU's nonutility subsidiaries. Thereafter, NUEI will contribute the Equity Investment to NGC and NGC will use the Equity Investment to finance the acquisition of the Utility Assets.

NGSC will provide services to NGC under a service agreement ("Service Agreement"),²⁰ and requests an exemption from the at-cost standards of section 13(b) and rules 87, 90 and 91 under the Act.

As a result of NGC's acquisition of Utility Assets and the Equity Investment, NU's aggregate investment in EWGs and foreign utility companies ("FUCOs") will be approximately 85% of "consolidated retained earnings," as defined in rule 53 under the Act.

By order dated November 12, 1998 (HCAR No. 26939) ("Order"), the Commission authorized NU and NEWCO (now known as "NUEI")²¹ to,

¹⁹The Utility Assets are comprised of 10 hydroelectric facilities owned by CL&P located in Connecticut, the Northfield Mountain pumped storage station (81% owned by CL&P and 19% owned by WMECO) located in Massachusetts, and the Cabot and Turners Falls No. 1 hydroelectric stations owned by WMECO and located in Massachusetts.

²⁰Under the Service Agreement, NGSC will provide NGC with a variety of administrative, operation, management and support services.

²¹NUEI is engaged, through the use of multiple subsidiaries, in various energy-related and other activities.

among other things, provide guarantees and similar forms of credit support or enhancements (collectively "Guarantees") in an amount not to exceed \$75 million. The Order further authorized NU and NUEI to issue Guarantees in support of NU's investment in EWG or FUCO. By order dated May 19, 1999 (HCAR No. 27029), the Commission authorized an increase in Guarantee authority from \$75 million to \$250 million, and by order dated October 21, 1999 (HCAR No. 27093), the Commission authorized an increase in Guarantee authority from \$250 million to \$500 million.

Under the terms of these orders and rule 53(a)(1) under the Act, NU may not use the net proceeds of issuances of securities to invest in EWGs or FUCOs or issue guarantees for obligations in support of EWGs or FUCOs in NU's "aggregate investment," as defined in rule 53(a) under the Act, exceeds 50% of NU's consolidated retained earnings. NU requests that the Commission modify this limitation and exempt NU from the requirements of rule 53(a)(1). Specifically, NU requests an order that would allow it, through June 30, 2001, to use financing proceeds to invest in EWGs and FUCOs and to issue guarantees of the obligations of these entities in an aggregate amount that, when added to NU's aggregate investment in EWGs and FUCOs, would not at any time exceed 100% of NU's consolidated retained earnings.

As of June 30, 1999, NU has invested an aggregate amount of approximately \$6 million in EWGs or FUCOs, or approximately 1% of its consolidated retained earnings. NU's consolidated retained earnings was approximately \$579 million at June 30, 1999.

NU states that the issuance and sale of securities to finance an investment in EWGs or to guarantee the securities of an EWG in an aggregate amount of up to 100% of consolidated retained earnings will not have a substantial adverse impact on the financial integrity of the NU system, or an adverse impact on any utility subsidiary of NU, its customers, or the ability of the affected state commissions to protect customers. In addition, NU states that it will not seek recovery through higher rates to its utility subsidiaries' customers in order to compensate for any possible losses that may be sustained on the investment in NGC or for any inadequate returns on these investments.

Chevron Corporation (70-9553)

Chevron Corporation ("Chevron"), 575 Market Street, San Francisco, California 94105; Chevron U.S.A. Inc. ("Chevron USA"), 1301 McKinney,

¹⁶Applicants state that the payment of dividends by the Competitive Subsidiaries directly or indirectly to NU or the repurchase of stock by the Competitive Subsidiaries is part of the NU system's overall plan to maintain its level of investment in each subsidiary that will most benefit its shareholders and ratepayers, and that this flexibility will improve, rather than harm, the financial integrity of the NU system and its operating companies.

¹⁷NU estimates that the issuance of 8.5 million shares is adequate to compensate for the possibility of negative Forward settlements.

¹⁸NU's utility subsidiaries are: The Connecticut Light and Power Company ("CL&P"), Western Massachusetts Electric Company ("WMECO"), Public Service Company of New Hampshire and North Atlantic Energy Corporation.

Houston, Texas 77010; Illinova Corporation ("Illinova"), 500 South 27th Street, Decatur, Illinois 62521, an Illinois public-utility holding company exempt from registration under section 3(a)(1) of the Act; and Energy Convergence Holding Company ("New Dynegy"), 1000 Louisiana, Suite 5800, Houston, Texas 77002 (collectively "Applicants") have filed an application under sections 9(a)(2) and 10 of the Act.

Chevron USA is a wholly owned subsidiary of Chevron. Upon completion of the proposed transactions described below, Chevron USA will own approximately 28% of the common stock of New Dynegy. New Dynegy proposes to acquire Illinova. New Dynegy states that it will qualify for the exemption from registration provided for in section 3(a)(1) of the Act and rule 2 under the Act. Chevron and Chevron USA will seek no-action relief under section 2(a)(7) of the Act concerning their status following the acquisition.

Chevron, a Delaware corporation, manages its investments in, and provides administrative, financial, and management support to, domestic and foreign subsidiaries and affiliates that engage in petroleum and chemical operations in the United States and approximately 90 other countries. Neither Chevron nor Chevron USA currently has any public-utility company subsidiaries, neither is an affiliate of a public-utility company, and no part of either company's income is derived from the operations of a public-utility company as defined by the Act. Chevron USA is a Pennsylvania corporation which conducts operations worldwide through its various divisions. Its principal business activity is in its domestic upstream division that explores for and produces crude oil, natural gas liquids, and natural gas in the United States and its domestic downstream division that refines, markets, and transports gasoline and other refined products in the United States.

Chevron USA owns approximately 29% of the outstanding common and preferred stock of Dynegy Inc. ("Dynegy"), which markets and trades natural gas, natural gas liquids, electricity, and coal. Dynegy also owns power generation subsidiaries that develop, own, and operate projects that are not electric utility companies under the Act, including exempt wholesale generators ("EWGs"), as defined in section 32 of the Act, and companies with interests in qualifying facilities ("QFs") under the Public Utility Regulatory Policies Act of 1978. The majority of Chevron's natural gas production, as well as the natural gas

liquids extracted from that gas, are committed to Dynegy under various commercial agreements. In addition to Chevron USA, Dynegy has two industrial shareholders: NOVA Gas Services (U.S.) Inc. ("NOVA") and BG Holdings, Inc. ("BG"), each of which owns approximately 25% of the outstanding voting stock of Dynegy.²²

Illinova, an Illinois corporation, owns four subsidiaries with either public utility or energy-related operations: Illinois Power Company ("Illinois Power"); Illinova Generating Company ("Illinova Generating"); Illinova Energy Partners, Inc. ("Illinova Energy"); and Illinova Power Marketing, Inc. ("Illinova Marketing"). Illinois Power is Illinova's principal public-utility company subsidiary and is engaged in the generation, transmission, and distribution of electric energy and the sale of electric energy at wholesale and retail. Illinois Power also owns facilities for the distribution of natural gas and is engaged in the sale of natural gas at retail. It provides traditional utility service subject to state regulation to approximately 570,000 retail electric and 400,000 retail gas distribution customers located throughout central Illinois, and also transmits and sells power at wholesale. All of Illinois Power's utility assets are located in Illinois. Illinois Power is regulated by the Illinois Commerce Commission ("ICC") and the Federal Energy Regulatory Commission ("FERC").

Illinova Marketing, a wholly owned subsidiary of Illinova, is undertaking to own and operate 3,812 megawatts ("MW") of fossil-fired generating capacity in Illinois formerly owned by Illinois Power. Illinova Marketing will use this generating capacity primarily to meet the power requirements of Illinois Power during the period of transition to competition in the electric power industry established under Illinois law.

Illinova Generating owns interests in EWGs and QFs located throughout North America, as well as interests in several generation facilities located outside of North America. It also owns 20% of the stock of Electric Energy Incorporated ("EEInc"), a public-utility company which generates electricity at a plant located in Joppa, Illinois for sale to the United States government nuclear processing plant near Paducah, Kentucky. Approximately 70% of the revenues associated with the Joppa plant are derived from sales to the United States Department of Energy under a contract that extends until 2005.

²² Of the remaining outstanding voting stock of Dynegy, 11% is owned by management and the balance is publicly owned.

Sponsoring utilities, including Illinois Power, purchase electric power from EEInc in excess of the federal government's requirements.

Illinova Energy brokers and markets electric power and gas. It also develops and sells energy-related services to the unregulated energy markets in the United States and Canada and owns interests in several gas marketing companies.

Illinova's revenues for 1998 were \$2.43 billion, producing a net loss of \$1.38 billion. Recently, the public-utility income of Illinova derived from Illinois Power has been negative and is the primary source of Illinova's consolidated net loss. In 1998, approximately 73% of Illinova's operating revenues were derived from Illinois Power's sale, transmission, and distribution of electricity, and 12% of Illinova's operating revenues were derived from Illinois Power's sale and transportation of natural gas. Approximately 15% of Illinova's operating revenues in 1998 came from its other, diversified enterprises.

New Dynegy is an Illinois corporation formed for the purposes of effectuating the transaction described below ("Transaction"). New Dynegy currently has no material assets and no public utility assets, subsidiaries, or affiliates.

The Transaction involves a combination of Dynegy and Illinova through a series of mergers that will establish New Dynegy as a public-utility holding company. New Dynegy will initially have two wholly owned subsidiaries, an Illinois corporation and a Delaware corporation, that will serve as acquisition companies. Illinova will be merged with the Illinois acquisition company, with Illinova surviving the merger, and Dynegy will be merged with the Delaware acquisition company, with Dynegy surviving the merger. Upon completion of the transaction, Illinova and Dynegy will be wholly owned subsidiaries of New Dynegy. The parties intend to simplify the New Dynegy holding company system after the Transaction by eliminating Illinova as a tier in the holding company structure.

In the Transaction, each Dynegy shareholder will elect to receive either cash or shares in New Dynegy. However, only approximately 40% of the shares of Dynegy common stock will be exchangeable for cash, with the remaining shares of Dynegy being exchangeable for shares of New Dynegy Class A common stock, Class B common stock, or Series A preferred stock.²³

²³ The New Dynegy Class A common stock will be issued to the management and public

Each share of Illinova common stock will be exchangeable for one share of New Dynegey Class A common stock.

BG and NOVA have elected to receive all cash for their Dynegey shares, but the 40% limit on the cash portion of the merger consideration results in their receiving at least some portion of their consideration in the form of Series A preferred stock. To facilitate the Transaction and assist NOVA and BG in liquidating their investment in Dynegey, Chevron USA has agreed to purchase from New Dynegey additional shares of New Dynegey's Class B Common Stock for an aggregate purchase price of between \$200 and \$240 million. To the extent that BG and NOVA would otherwise receive less than 75% cash in exchange for shares of Dynegey Common Stock, Chevron USA has agreed to increase its investment, up to a maximum of \$240 million.

Illinova states that it seeks this business combination with Dynegey in order to achieve financial, managerial and operating benefits that will position Illinova and Illinois Power to compete in the increasingly competitive wholesale and retail energy markets that have developed as a result of state and federal regulatory change. In these restructured markets, Illinova expects that customers, whether wholesale or retail, will purchase generated electricity separately from transmission and distribution services. In the case of electricity, recently enacted Illinois legislation provides that customers will have a choice in selecting their electricity provider, regardless of the geographic proximity of the source of physical generation to the customer. Illinova believes Dynegey will complement the utility operations of Illinois Power and allow Illinova to combine its small energy trading operations with the larger trading and marketing operations of Dynegey. A broader slate of energy products and an effective marketing organization will permit Illinova to remain competitive both for customers and for capital needed for exempt operations and public-utility company operations.

The Southern Company, et al. (70-9557)

The Southern Company ("Southern"), a registered holding company, 270 Peachtree Street, NW, Atlanta, Georgia 30303; and its subsidiary companies, Alabama Power Company, 600 North 18th Street, Birmingham, Alabama 35291; Gulf Power Company, One

Energy Place, Pensacola, Florida 32520; Mississippi Power Company, 2992 West Beach, Gulfport, Mississippi 39501; Savannah Electric and Power Company, 600 Bay Street East, Savannah, Georgia 31401; Southern Communications Services, Inc., 5555 Glenridge Connector, Suite 500, Atlanta, Georgia 30342; Georgia Power Company, Southern Company Energy Solutions, Inc., and Southern Company Services, Inc., all located at 241 Ralph McGill Boulevard, N.E., Atlanta, Georgia 30308; Southern Energy Resources, Inc., 900 Ashwood Parkway, Suite 500, Atlanta, Georgia 30338; and Southern Nuclear Operating Company, Inc., 40 Inverness Center Parkway, Birmingham, Alabama 35242, (collectively, "Applicants") have filed an application-declaration under sections 6(a), 7, 9(a), 10, 32 and 33 of the Act and rules 53 and 54 under the Act.

Southern proposes to issue and sell up to 60,000,000 additional shares of its authorized but unissued common stock, par value \$5 per share, under its Southern Investment Plan ("SIP").²⁴ Southern also proposed to issue and sell up to 25,000,000 additional shares of its authorized but unissued common stock, par value \$5 per share, under The Southern Company Employee Savings Plan ("Savings Plan"). Southern further proposes to issue and sell up to 3,000,000 additional shares of its authorized but unissued common stock, par value \$5 per share in order to provide common stock for The Southern Company Employee Stock Ownership Plan ("ESOP"). Southern proposes to issue and sell shares of its common stock for these plans from time to time on or before September 30, 2004.

Southern Investment Plan

The SIP provides shareholders of record of Southern's common stock with a means of purchasing additional shares through the reinvestment of cash dividends and/or through optional cash payments. In addition, the SIP has a direct purchase feature that enables other eligible investors to become participants by making initial cash payments for the purchase of common stock.

Shares of common stock are purchased under the SIP, at the option of Southern, from newly issued shares or shares purchased on the open market. The price per share for shares purchased on the open market will be the weighted average price paid to acquire the shares,

excluding broker commissions. When shares are purchased from Southern using cash dividends, the price per share generally will be equal to the average of the high and low sale prices on the dividend payment date. When shares are purchased from Southern with the investor's cash payments, the price per share generally will be equal to the average of the high and low sale prices on the 10th or 25th of the month, as applicable.

Employee Savings Plan

Under the Savings Plan, each employee of Southern's subsidiaries may generally contribute, through payroll deductions, up to sixteen percent of his compensation to an account administered on his behalf under the Savings Plan ("Voluntary Participant Contribution"). In addition, a Savings Plan member may elect to have his taxable compensation reduced up to sixteen percent, with that amount to be contributed to his account under the Savings Plan ("Elective Employer Contribution"). The maximum Voluntary Participant Contribution would be reduced by the percent, if any, which is contributed as an Elective Employer Contribution on behalf of the Savings Plan member. In addition, each Southern associate employing a Savings Plan member currently contributes, on behalf of the member, an amount equal to seventy-five percent of his combined Voluntary Participant Contribution and Elective Employer Contribution, but only to the extent that the sum of the Voluntary Participant Contribution and the Elective Employer Contribution does not exceed six percent of his compensation. Each Savings Plan member must direct that his contributions be invested in one or more of several funds, including a Southern Company Stock Fund consisting of Southern's common stock.

Investment purchases for the funds may be made either on the open market or by private purchase, provided that no private purchase may be made of common stock of Southern at a price greater than the last sale price or the highest current independent bid price, whichever is higher, for the stock on the New York Exchange, plus any applicable commission. In addition, common stock of Southern may be purchased directly from Southern under the SIP or under any other similar plan made available to holders of record of shares of common stock of Southern, at the purchase price provided for in that plan.

shareholders of Dynegey. The New Dynegey Class B common stock will be issued to Chevron USA. NOVA and BG will receive New Dynegey Class A preferred stock in the Transaction.

²⁴ The number of shares Southern proposes to issue for the plans discussed in the application-declaration may be adjusted from time to time for any share split or distributions later authorized by the Commission.

Employee Share Ownership Plan

The purpose of the ESOP is to enable eligible employees of Southern Company Services, Inc. ("SCS") and other affiliates or subsidiaries of Southern that adopt the ESOP (the "Employing Companies") to share in the future of Southern, to provide participants with an opportunity to accumulate capital for their future economic security, and to enable participants to acquire Southern common stock. All of the Applicants are currently Employing Companies.

The ESOP permits the Employing Companies to contribute cash or common stock in an amount or under a formula that SCS will determine in its sole and absolute discretion. Cash contributions would be used to purchase common stock at market value, as determined by SCS. Cash dividends paid on the contributed common stock allocated to participating employees' accounts generally would be reinvested in additional shares of common stock, unless the employees elect to have the dividends distributed to him.

Southern states that the proceeds from the proposed sale of the common stock will be used by Southern to acquire the securities of associate companies and interests in other businesses, including interests "exempt wholesale generators" ("EWGs") and "foreign utility companies" ("FUCOs"), in any transaction permitted under the Act, and for other general corporate purposes. Southern does not seek in this proceeding any increase in the amount it is permitted to invest in EWGs and FUCOs.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-30919 Filed 11-26-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24148; 812-11846]

Conning Asset Management Company, et. al., Notice of Application

November 19, 1999.

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

ACTION: Notice of an application under section 6(c) of the Investment Company Act of 1940 (The "Act") for an exemption from section 15(a) of the Act.

SUMMARY OF APPLICATION: The requested order would permit the implementation, without prior shareholder approval, of new investment advisory and subadvisory and subadvisory agreements (collectively, "New Agreements") for a period of up to 150 days beginning on the later of the date on which Metropolitan Life Insurance Company ("MetLife") acquires all the common stock of GenAmerica Corporation ("GAC") from General American Mutual Holding Company ("GAMHC") or the date the requested order is issued and continuing until the date the New Agreements are approved or disapproved by shareholders of the respective investment companies (but in no event later than April 30, 2000) ("Interim Period"). The order also would permit payment of all fees earned under the New Agreements during Interim Period following shareholder approval.

APPLICANTS: Conning Asset Management Company ("Conning Management") and Cova Investment Advisory Corporation ("COVA") (collectively, "Advisers").

FILING DATE: The application was filed on November 5, 1999. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

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 13, 1999, 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 who wish to be notified of a hearing may request notification by writing the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549-0609; Applicants: Conning Asset Management Company, 700 Market Street, St. Louis, Missouri 63101; Cova Investment Advisory Corporation, One Tower Lane, Suite 3000, Oakbrook Terrace, Illinois 60181-4644.

FOR FURTHER INFORMATION CONTACT: J. Amanda Machen, Senior Counsel, at (202) 942-7120 or Nadya B. Roytblat, Assistant Director, 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, 450 Fifth Street, NW., Washington, DC 20549-0102 (Telephone (202) 942-8090).

Applicants' Representations

1. Conning Management, a Missouri corporation, is an investment adviser registered under the Investment Advisers Act of 1940 Act ("Advisers Act"). Conning Management is a wholly-owned, indirect subsidiary of Conning Corporation, which in turn is a majority-owned, indirect subsidiary of GAC. COVA, an Illinois corporation, is an investment adviser registered under the Advisers Act, and a wholly-owned, indirect subsidiary of GAC. General American Life Insurance Company ("General American") is a wholly-owned subsidiary of GAC and indirectly owns 100% of COVA and a controlling interest in Conning Management. GAC is a wholly-owned subsidiary of GAMHC, a Missouri mutual holding company.

2. Conning Management serves as investment adviser or subadviser to certain open-end management investment companies, or their portfolios, registered under the Act.¹ COVA serves as investment adviser to series of the Cova Series Trust, an open-end management investment company registered under the Act.² The Advisers serve as investment advisers to the Funds pursuant to existing advisory or subadvisory agreements ("Existing Agreements").

3. On August 26, 1999, GAMHC and MetLife entered into a stock purchase agreement under which GAMHC agreed to sell all of the stock it owns in GAC to MetLife (the "Transaction"). The Transaction is currently expected to occur during December 1999 or during

¹ Conning Management serves as investment adviser to the following portfolios of General American Capital Company: Money Market Fund, Bond Index Fund, Asset Allocation Fund, Managed Equity Fund, S&P 500 Index Fund, Mid-Cap Equity Fund, Small-Cap Equity Fund, and International Index Fund. Conning Management also serves as subadviser to the Money Market Fund, a portfolio of Sage Life Investment Trust, and the Conning Money Market Portfolio, a portfolio of Mercantile Funds, Inc.

² The portfolios include the Quality Bond Portfolio, Small Cap Stock Portfolio, Large Cap Stock Portfolio, Select Equity Portfolio, International Equity Portfolio, Emerging Markets Equity Portfolio, Bond Debenture Portfolio, Mid-Cap Value Portfolio, Large Cap Research Portfolio, Developing Growth Portfolio, Lord Abnett Growth and Income Portfolio, Balanced Portfolio, Small Cap Equity Portfolio, Equity Income Portfolio, Growth & Income Equity Portfolio, Riggs Stock Portfolio, Riggs Small Company Stock Portfolio, and Riggs U.S. Government Securities Portfolio.