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Dated at Rockville, Maryland, this 7th day of December, 2001.

For the Nuclear Regulatory Commission.

Robert A. Gramm,

Chief, Section 1, Project Directorate IV, Division of Licensing Project Management, Office of Nuclear Reactor Regulation.

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-25312; File No. 812-12280]

Nationwide Life Insurance Company, et al.; Notice

December 7, 2001.

AGENCY: Securities and Exchange Commission (“Commission”).

ACTION: Notice of application for an order pursuant to section 26(c) of the Investment Company Act of 1940 (“1940 Act”).

Applicants: Nationwide Life Insurance Company (“Nationwide”); Nationwide Variable Account-4 (the “Separate Account”); and Salomon Smith Barney (“SSB”) (all collectively, the “Applicants”).

Summary of the Application:

Applicants seek an order pursuant to section 26(c) of the 1940 Act to permit the substitution of shares of the Smith Barney Variable Account Funds—Income and Growth Portfolio and the Smith Barney Variable Account Funds—Reserve Account Portfolio (collectively, the “Existing Funds”), with shares of the Travelers Series Fund, Inc.—Smith Barney Large Cap Value Portfolio and the Travelers Series Fund, Inc.—Smith Barney Money Market Portfolio, respectively, (collectively, the “Replacement Funds”).

Filing Date: The Application was filed on September 28, 2000, and amended on December 5, 2001.

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 Secretary of the Commission 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 December 28, 2001, 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 requester’s interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549-0609. Applicants, Jamie Casto, Nationwide Life Insurance Company, One Nationwide Plaza 1-09-V3, Columbus, Ohio 43215.

FOR FURTHER INFORMATION CONTACT: Martha Atkins, Attorney, at (202) 942-0668, or Keith Carpenter, Branch Chief, at (202) 942-0679, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: The following is a summary of the Application. The complete Application is available for a fee from the Public Reference Branch of the Commission, 450 Fifth Street, NW., Washington, DC 20549-0102 (tel. (202) 942-8090).

Applicants’ Representations

1. Nationwide is a stock life insurance company organized under the laws of the State of Ohio. Nationwide is wholly owned by Nationwide Financial Services, Inc. (“NFS”). NFS, a Delaware corporation, is a publicly traded holding company with two classes of common stock outstanding, each with different voting rights. This enables Nationwide Corporation (the holder of all the outstanding Class B Common Stock) to control NFS. Nationwide Corporation stock is held by Nationwide Mutual Insurance Company (95.24%) and Nationwide Mutual Fire Insurance

Company (4.76%), the ultimate controllers of Nationwide.

2. The Separate Account was established on October 7, 1987 by Nationwide for the purpose of funding variable annuity contracts. The Separate Account is registered under the 1940 Act as a unit investment trust (File No. 811-5701). The Separate Account supports two deferred variable annuity contracts (collectively, the “contracts”) that are registered under the Securities Act of 1933 (“1933 Act”) (File Nos. 33-25734 and 33-26454).

3. The Separate Account maintains separate sub-accounts for each underlying mutual fund available under the contracts. Contract owners may currently choose to have purchase payments allocated to one or more sub-accounts which invest in the following underlying mutual funds:

- Federated Insurance Series, Federated Quality Bond Fund II*
- Greenwich Street Series Fund, Intermediate High Grade Portfolio, Total Return Portfolio*
- Smith Barney Variable Account Funds, Income and Growth Portfolio, Reserve Account Portfolio, U.S. Government/High Quality Securities Portfolio*
- Travelers Series Fund, Inc., Smith Barney Large Cap Value Portfolio, Smith Barney International Equity Portfolio, Smith Barney Money Market Portfolio*

4. The prospectus portion of the registration statements for the contracts contain provisions stipulating Nationwide’s right to substitute shares of one underlying mutual fund for shares of another underlying mutual fund already purchased or to be purchased in the future with purchase payments or premiums made under the contracts in the event that: (i) The underlying mutual fund options currently available under the contracts are no longer available for investment by the Separate Account; or (ii) in the judgment of Nationwide’s management, further investment in such underlying mutual fund shares is inappropriate in view of the purposes of the contracts.

5. Applicants seek an Order pursuant to section 26(c) of the 1940 Act to permit the substitution of shares of the Replacement Funds in Column B for shares of the Existing Funds in Column A in the following table.

Column A, existing funds	Column B, replacement funds
Smith Barney Variable Account Funds—Income and Growth Portfolio ...	Travelers Series Fund, Inc.—Smith Barney Large Cap Value Variable Portfolio.
Smith Barney Variable Account Funds—Reserve Account Portfolio	Travelers Series Fund, Inc.—Smith Barney Money Market Portfolio.

6. Each of the Existing Funds and Replacement Funds is part of an open-end, diversified management investment company established to fund benefits under variable life insurance policies and variable annuity contracts.

7. Nationwide is not affiliated with any of the Replacement Funds, nor is Nationwide affiliated with the adviser to

the Replacement Funds (SSB Citi Fund Management LLC).

8. Salomon Smith Barney Inc. ("SSB"), which serves as general distributor-principal underwriter of the contracts issued by the Separate Account, is affiliated with the adviser to the Existing Funds and the Replacement Funds (SSB Citi Fund Management LLC).

9. Information about the Existing Funds and Replacement Funds, in addition to the rationale for each replacement proposed is provided below.

10. Smith Barney Variable Account Funds—Income and Growth Portfolio to be replaced with Travelers Series Fund, Inc.—Smith Barney Large Cap Value Portfolio.

Existing fund	Replacement fund	
<p><i>Smith Barney Variable Account Funds</i>, Smith Barney Variable Account Funds was organized as a Massachusetts business trust on December 18, 1986, is an open-end, diversified, management investment company. Smith Barney Variable Account Funds is managed by SSB Citi Fund Management LLC, a subsidiary of Citigroup.</p> <p><i>The Income and Growth Portfolio</i>, Investment Objective: To seek current income and long-term growth of income and capital by investing primarily in common stocks. Specifically, the Portfolio invests primarily in common stocks of U.S. companies having market capitalizations of at least \$5 billion at the time of investment.</p>	<p><i>Travelers Series Fund Inc.</i>, Travelers Series Fund Inc. was incorporated in Maryland on February 22, 1994, and is an open-end, diversified, management investment company. Travelers Series Fund, Inc. is managed by SSB Citi Fund Management LLC, a subsidiary of Citigroup Inc.</p> <p><i>Smith Barney Large Cap Value Portfolio</i>, Investment Objective: To seek current income and long-term growth of income and capital by investing primarily in common stocks of U.S. companies having market capitalizations of at least \$5 billion at the time of investment.</p>	
	Existing fund— Smith Barney variable account funds—income and growth portfolio (percent)	Replacement fund— Travelers Series Fund, Inc.—Smith Barney large cap value portfolio (percent)
Adviser	SSB Citi Fund Management LLC	SSB Citi Fund Management LLC
Subadviser	N/A	N/A
With reimbursements/waivers (as of 07/01/01):		
Management fees	0.59	0.65
Other expenses	0.41	0.02
12b-1 fees	0.00	0.00
Total expenses	1.00	0.67
Without reimbursements/waivers (as of 07/01/01):		
Management fees	0.60	0.65
Other Expenses	0.41	0.02
12b-1 fees	0.00	0.00
Total expenses	1.01	0.67

Specific asset and performance information as of 07/01/01 is as follows (performance represents average annual total returns):

	Existing fund— Smith Barney variable account funds—income and growth portfolio	Replacement fund— Travelers Series Fund, Inc.—Smith Barney large cap value portfolio
Inception Date	July 1989	June 1994
Fund Assets	\$7,654,000	\$573,337,000
1 Year	9.43%	11.15%
3 Year	2.33%	2.86%
5 Year	11.27%	10.89%
Inception to 07/01/01	11.64%	13.21%

11. Smith Barney Variable Account Funds and Travelers Series Fund Inc., are affiliates, each supporting different distribution channels. Accordingly, both trusts use the same investment adviser, SSB Citi Fund Management LLC ("SSB Citi Fund"). Nationwide is the primary

shareholder (approximately 95%) in the Smith Barney Variable Account Funds—Income and Growth Portfolio. SSB Citi Fund has informed Nationwide that it wishes to terminate operation of the Smith Barney Variable Account Funds, including the Income and

Growth Portfolio, and that upon moving all assets out of the Smith Barney Variable Account Funds, it will file a form N-8F, Application for Deregistration of Certain Registered Investment Companies.

12. Applicants propose to move the assets currently located in the Smith Barney Variable Account Funds—Income and Growth Portfolio into the Travelers Series Fund, Inc.—Smith Barney Large Cap Value Portfolio. The proposed substitution will enable SSB Citi Fund to liquidate the Smith Barney Variable Account Funds by moving the assets located in the Income and Growth Portfolio to a comparable fund of an affiliate, Travelers Series Fund Inc. Both funds have the same investment manager (SSB Citi Fund), the same investment objective (current income and long-term growth of income and capital), and comparable short- and long-term performance. Additionally, the expenses associated with the replacement fund are 33 basis points lower than the expenses of the existing fund.

13. Assets in the Travelers Series Fund, Inc.—Smith Barney Large Cap

Value Portfolio are substantially larger and more actively managed, making it more likely that it will meet its stated investment objectives while maintaining lower expenses to the contract owners as compared to the Smith Barney Variable Account Funds—Income and Growth Portfolio.

14. Neither Nationwide nor any of its affiliates currently receives, and will not receive for a period of three years from the date of the Order requested herein, any direct or indirect benefit from the Travelers Series Fund, Inc.—Smith Barney Large Cap Value Portfolio, its adviser, and/or the adviser's affiliates, including, without limitation, 12b-1, shareholder service, administrative or other service fees, revenue sharing or other arrangement, either with specific reference to the Travelers Series Fund, Inc.—Smith Barney Large Cap Value Portfolio or as part of an overall business arrangement.

15. The proposed substitution would enable investors to enjoy the economies of scale associated with a larger fund, without changing the investment objective or fund manager originally contemplated when allocations were originally made to the Smith Barney Variable Account Funds—Income and Growth Portfolio. Furthermore, the underlying mutual fund expenses would decrease. Consequently, it is believed that by substituting assets out of the Smith Barney Variable Account Funds—Income and Growth Portfolio and into the Travelers Series Fund, Inc.—Smith Barney Large Cap Value Portfolio, contract owners will be better served.

16. Smith Barney Variable Account Funds—Reserve Account Portfolio to be replaced with Travelers Series Fund, Inc.—Smith Barney Money Market Portfolio.

Existing fund	Replacement fund
<p><i>Smith Barney Variable Account Funds</i> Smith Barney Variable Account Funds was organized as a Massachusetts business trust on December 18, 1986, and is an open-end, diversified, management investment company. Smith Barney Variable Account Funds is managed by SSB Citi Fund Management LLC, a subsidiary of Citigroup.</p> <p><i>The Reserve Account Portfolio</i> Investment Objective: To seek current income by investing exclusively in money market instruments and other high quality fixed income obligations with limited maturities. Currently, the Portfolio has insufficient assets to invest in accordance with the above stated investment objective. Consequently, assets in the Portfolio are actually being invested in repurchase agreements and U.S. treasury bills.</p>	<p><i>Travelers Series Fund Inc.</i> Travelers Series Fund Inc. was incorporated in Maryland on February 22, 1994, and is an open-end, diversified, management investment company. Travelers Series Fund, Inc. is managed by SSB Citi Fund Management LLC, a subsidiary of Citigroup Inc.</p> <p><i>Smith Barney Money Market Portfolio</i> Investment Objective: To seek maximum current income consistent with preservation of capital. The Portfolio seeks to maintain a stable \$1 share price. The Portfolio invests in high quality U.S. dollar denominated short term debt securities, including commercial paper, corporate and municipal obligations, obligations of U.S. and foreign banks, securities of the U.S. government, its agencies or instrumentalities and related repurchase agreements.</p>

	Existing fund— Smith Barney variable account funds—reserve account portfolio (percent)	Replacement fund— Travelers Series Fund, Inc.—Smith Barney money market portfolio (percent)
Adviser	SSB Citi Fund Management LLC	SSB Citi Fund Management LLC
Subadviser	N/A	N/A
With reimbursements/waivers (as of 07/01/01):		
Management Fees	0.00	0.50
Other Expenses	1.00	0.03
12b-1 Fees	0.00	0.00
Total Expenses	1.00	0.53
Without reimbursements/waivers (as of 07/01/01):		
Management Fees	0.45	0.50
Other Expenses	86.14	0.03
12b-1 Fees	0.00	0.00
Total Expenses	86.59	0.53

Specific asset and performance information as of 07/01/01 is as follows (performance represents average annual total returns):

	Existing fund— Smith Barney vari- able account funds—reserve account portfolio	Replacement fund— Travelers Series Fund, Inc.—Smith Barney money market portfolio
Inception Date	August 1989	June 1994
Fund Assets	\$26,915	\$471,084,000
1 Year	4.49%	5.59%
3 Year	3.30%	5.24%
5 Year	2.13%	5.16%
Inception to 07/01/01	4.54%	5.14%

17. Smith Barney Variable Account Funds and Travelers Series Fund Inc. are affiliates, each supporting different distribution channels. Accordingly, both trusts use the same investment adviser, SSB Citi Fund Management LLC (“SSB Citi Fund”). Nationwide is the primary shareholder (approximately 85%) in the Smith Barney Variable Account Funds—Reserve Account Portfolio. SSB Citi Fund has informed Nationwide that it wishes to terminate operation of the Smith Barney Variable Account Funds, including the Reserve Account Portfolio, and that upon moving all assets out of the Smith Barney Variable Account Funds, it will file a form N-8F, Application for Deregistration of Certain Registered Investment Companies.

18. Applicants propose to move the assets currently located in the Smith Barney Variable Account Funds—Reserve Account Portfolio into the Travelers Series Fund, Inc.—Smith Barney Money Market Portfolio. The proposed substitution will enable SSB Citi Fund to liquidate the Smith Barney Variable Account Funds by moving the assets located in the Reserve Account Portfolio to a comparable fund of an affiliate, Travelers Series Fund Inc. Both funds have the same investment manager (SSB Citi Fund) and similar investment objectives (current income). Furthermore, the replacement fund has slightly better performance, both in the short and long term.

19. As reflected in the Reserve Account Portfolio’s prospectus, this fund currently has insufficient assets to invest in accordance with the stated fund objective. Furthermore, the total expenses associated with this fund, prior to reimbursements and waivers, is 86.59%. Taking into account the reimbursements and waivers, total expenses are 1.00%, still 47 basis points higher than the replacement fund. Although performance of the Smith Barney Variable Account Funds—Reserve Account Portfolio is comparable to, although slightly lower than, the replacement fund, it is unlikely that such performance would have been sustained had the existing fund not

waived such a large portion of their actual expenses. Furthermore, the fact that such a large portion of the existing fund’s expenses are not being recouped further jeopardizes the existing fund’s ability to maintain assets. This depletion of assets only further undermines the fund’s ability to invest according to the stated fund objectives.

20. Assets in the Travelers Series Fund, Inc.—Smith Barney Money Market Portfolio are substantially larger and more actively managed, making it more likely that it will meet its stated investment objectives while maintaining lower expenses as compared to the Reserve Account Portfolio. Furthermore, as stated previously, SSB Citi Fund has indicated that the assets in the Smith Barney Variable Account Funds—Reserve Account Portfolio are insufficient to invest according to the stated investment objective.

21. Neither Nationwide nor any of its affiliates currently receives, and will not receive for a period of three years from the date of the Order requested herein, any direct or indirect benefit from the Travelers Series Fund, Inc.—Smith Barney Money Market Portfolio, its adviser, and/or the adviser’s affiliates, including, without limitation, 12b-1, shareholder service, administrative or other service fees, revenue sharing or other arrangement, either with specific reference to the Travelers Series Fund, Inc.—Smith Barney Money Market Portfolio or as part of an overall business arrangement.

22. The proposed substitution would enable investors to have their allocations invested as originally intended, without changing the fund manager or incurring increased expenses. Therefore, by substituting assets out of the Smith Barney Variable Account Funds—Reserve Account Portfolio and into the Travelers Series Fund, Inc.—Smith Barney Money Market Portfolio, it is believed that contract owners will be more likely to achieve their original investment objective while being better served.

23. Applicants represent that the investment objectives of the Existing

Funds and corresponding Replacement Funds are closely comparable. When viewed in the context of the wide spectrum (most conservative to most aggressive) of investment objectives reflected in contemporary mutual fund offerings, the Existing Funds and corresponding Replacement Funds are closely comparable.

24. For these reasons, Applicants assert that the substitution of the Replacement Funds for the Existing Funds will not create circumstances in which contract owners will be forced to surrender their contracts and purchase alternative investments (incurring deferred sales charges on the contracts or new sales charges on new investments) in order to maintain an investment strategy contemplated when making their original purchase.

25. Applicants state that the proposed substitution will take place on a date designated by Nationwide (the “Exchange Date”). In addition, the Applicants state that the proposed substitution will occur at the relative net asset values of the Replacement Funds and the Existing Funds on the Exchange Date and that no charges will be assessed in connection with the substitution transaction. Nationwide will bear all of the costs (including legal, accounting, brokerage, and other expenses) associated with the substitution. Accordingly, contract owners’ contract values will not be affected in any way by the substitution. The proposed substitution will not impose any tax liability on contract owners and will not cause the fees and charges currently being paid by existing contract owners to be greater after the proposed substitution than before the proposed substitution. Applicants also represent that the proposed substitution will not be treated as a transfer for the purposes of transfer limitations. Nationwide has informed contract owners that it will not exercise any rights it may have under the contracts to impose restrictions on transfers or eliminate the transfer privilege under the contracts from the date contract owners are informed of the Exchange

Date until at least thirty (30) days following the substitution.

26. Existing and prospective contract owners have been provided with current prospectuses for the Replacement Funds.

27. Contract owners will be notified of the impending Exchange Date. Contract owners with interests remaining in the Existing Funds will be advised that the Existing Funds will be replaced with the Replacement Funds on the Exchange Date. Contract owners will be given notice prior to the substitutions and will have thirty (30) days after the Exchange Date to reallocate unit values among other sub-accounts without imposition of any transfer charge or limitation, or the transfer counting against any limit on the number of transfers each year. All necessary forms and other information necessary for contract owners to effectuate exchanges among investment options will continue to be provided.

28. On the Exchange Date, all shares held by the Separate Account in the Existing Funds will be redeemed in cash, resulting in a complete liquidation of the sub-accounts. Contemporaneously with this redemption, cash proceeds received from the Existing Funds will be used to purchase shares in the corresponding Replacement Funds. All shares will be purchased and redeemed at prices based on the current net asset value per share next computed after receipt of the redemption request and in a manner consistent with Rule 22c-1 under the 1940 Act.

29. Nationwide asserts that it is likely that unit values (which include both accumulation unit values and annuity unit values) of the Existing Funds and the Replacement Funds will be different on the Exchange Date. In order to keep each contract owner's contract value the same after the Exchange Date as immediately prior to the Exchange Date, the number of units held by beneficial shareholders in the Existing Funds are likely to be different than the number of units held by beneficial shareholders in the corresponding Replacement Funds when the exchange takes place.

30. Within five (5) days of the Exchange Date, all contract owners affected by the transaction will receive a written confirmation of the transaction in accordance with Rule 10b-10 under the Securities Exchange Act of 1934. The confirmation will state that contract owners may transfer all cash value under an annuity contract in the affected sub-accounts to any other available sub-accounts. The notice will also reiterate that Nationwide will not exercise any right reserved by it under the contracts to impose any restrictions

or fees on transfers until at least thirty (30) days after the Exchange Date.

Applicants' Legal Analysis

1. Section 26(c) of the 1940 Act requires the depositor or trustee of a registered unit investment trust holding the securities of a single issuer to obtain Commission approval before substituting securities held by the trust. The section further provides that the Commission shall issue an order approving such substitution if the evidence establishes that the substitution is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

2. Applicants represent that the proposed substitution, in accordance with the standards set forth under section 26(c) of the 1940 Act, is in the best interest of contract owners. With respect to management and fund objectives, the Replacement Funds, as has been demonstrated, are closely comparable to the corresponding Existing Fund. Accordingly, the proposed substitution should not create incentives for contract owners to surrender contracts and seek out other investment opportunities (incurring additional sales charges) in order to maintain a desired investment strategy. On the contrary, the close comparability of the funds proposed as a substitute for the Existing Funds ensures that investment strategies currently employed by contract owners may be maintained after the substitution.

3. Each of the Replacement Funds currently has greater assets than the Existing Fund being substituted into it. This will create the opportunity for better performance between the Existing Funds and Replacement Funds, which have similar management and investment objectives. The benefits of economies of scale will be passed to contract owners.

4. The Applicants maintain that the substitutions will not result in the type of costly forced redemption that section 26(c) was intended to guard against and, for the following reasons, are consistent with the protection of investors and the purposes fairly intended by the 1940 Act:

a. Each Replacement Fund has investment objectives that are similar to those of the corresponding Existing Fund, and permits contract owners continuity of their investment objectives and expectations;

b. The costs of the substitutions, including any brokerage costs, will be borne by Nationwide and will not be borne by contract owners and no

charges will be assessed to effect the substitutions.

c. The substitutions will be effected at the net asset value of the respective sub-accounts of the Existing Funds and Replacements Funds in conformity with section 22(c) of the 1940 Act and Rule 22c-1 thereunder, without the imposition of any transfer or similar charge by Applicants, and with no change in the amount of any contract owner's contract value or in the dollar value of his or her investment in such contract.

d. The substitutions will not cause the fees and charges under the contracts currently being paid by contract owners to be greater after the substitutions than before the substitutions.

e. The contract owners will be given notice prior to the substitutions and will have an opportunity to reallocate unit values among other sub-accounts without imposition of any transfer charge or limitation, or the transfer counting against any limit on the number of transfers each year, for thirty (30) days after the Exchange Date.

f. Within five (5) days after the substitutions, Nationwide will send to the affected contract owners written confirmation that the substitutions have occurred.

g. The substitutions will in no way alter the insurance benefits to contract owners or the contractual obligations of Nationwide.

h. The substitutions will have no adverse tax consequences to contract owners and will in no way alter the tax benefits to contract owners.

5. Applicants assert, for the reasons stated above, that the proposed substitution is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act and the requested Order approving the substitution should be granted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-30808 Filed 12-12-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-25313; File No. 812-12616]

United Investors Life Insurance Company, et al.

December 7, 2001.

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