

petition for leave to intervene should also be sent to the attorney for the licensee.

Nontimely requests and/or petitions and contentions will not be entertained absent a determination by the Commission or the presiding officer of the Atomic Safety and Licensing Board that the petition, request and/or the contentions should be granted based on a balancing of the factors specified in 10 CFR 2.309(a)(1)(i)-(viii).

*Omaha Public Power District, Docket No. 50-285, Fort Calhoun Station, Unit No. 1, Washington County, Nebraska*

*Date of amendment request:* February 6, 2004.

*Description of amendment request:* The amendment changes the implementation date from 30 days to 120 days for Amendment No. 224 issued on January 16, 2004, that approved a measurement uncertainty uprate to increase the licensed rated power by 1.6 percent from 1500 megawatts thermal (MWt) to 1524 MWt.

*Date of issuance:* February 13, 2004.

*Effective date:* February 13, 2004, and the fully implemented date for Amendment No. 224 (issued January 16, 2004) is changed to 120 days.

*Amendment No.:* 225.

*Renewed Facility Operating License No. DPR-40:* Amendment revises the implementation date for Amendment No. 224.

Public comments requested as to proposed no significant hazards consideration (NSHC): Yes. Omaha-World Herald. The notice provided an opportunity to submit comments on the Commission's proposed NSHC determination. No comments have been received.

The Commission's related evaluation of the amendment, finding of exigent circumstances, State consultation, and final NSHC determination are contained in a safety evaluation dated February 13, 2004.

*Attorney for licensee:* James R. Curtiss, Esq., Winston & Strawn, 1400 L Street, NW., Washington, DC 20005-3502.

*NRC Section Chief:* Stephen Dembek.

*Union Electric Company, Docket No. 50-483, Callaway Plant, Unit 1, Callaway County, Missouri*

*Date of application for amendment:* February 5, 2004.

*Brief description of amendment:* The amendment revises Technical Specification 3.7.5, "Auxiliary Feedwater (AFW) System" to incorporate a one-time provision that extends the allowed outage time for an inoperable turbine-driven auxiliary feedwater pump.

*Date of issuance:* February 6, 2004.

*Effective date:* February 6, 2004.

*Amendment No.:* 158.

*Facility Operating License No. NPF-30:* The amendment revised the Technical Specifications.

*Public comments requested as to proposed no significant hazards consideration (NSHC):* No. The Commission's related evaluation of the amendment, finding of emergency circumstances, state consultation, and final NSHC determination are contained in a safety evaluation dated February 6, 2004.

*Attorney for licensee:* John O'Neill, Esq., Shaw, Pittman, Potts & Trowbridge, 2300 N Street, NW., Washington, DC 20037.

*NRC Section Chief:* Stephen Dembek.

Dated at Rockville, Maryland, this 20th day of February 2004.

For the Nuclear Regulatory Commission.

**Ledyard B. Marsh,**

*Director, Division of Licensing Project Management, Office of Nuclear Reactor Regulation.*

[FR Doc. 04-4343 Filed 3-1-04; 8:45 am]

**BILLING CODE 7590-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-26368; File No. 812-12908]

### Metropolitan Life Insurance Company, et al.

February 25, 2004.

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

**ACTION:** Notice of application for an order of exemption pursuant to Section 26(c) of the Investment Company Act of 1940 (the "1940 Act") approving a substitution of securities.

*Applicants:* Metropolitan Life Insurance Company ("MetLife") and New England Life Retirement Investment Account (the "Separate Account") (together, the "Applicants").

*Filing Dates:* The application was filed on December 10, 2002, and amended and restated on February 23, 2004.

*Summary of Application:* The Applicants request an order pursuant to Section 26(c) of the 1940 Act to permit the substitution of certain classes of shares of certain portfolios of the Metropolitan Series Fund, Inc. (the "Replacement Portfolios") for Class A shares of certain portfolios of the CDC Nvest Cash Management Trust, CDC Nvest Funds Trust I, and CDC Nvest Funds Trust II (the "Substituted Portfolios").

*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 March 26, 2004, 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 Secretary of the Commission.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0604. Applicants, c/o Marie C. Swift, Esq. and Michele H. Abate, Esq., Metropolitan Life Insurance Company, 501 Boylston Street, Boston, MA 02116. Copy to Stephen E. Roth, Esq., Sutherland Asbill & Brennan LLP, 1275 Pennsylvania Avenue, NW., Washington, DC 20004-2415.

### FOR FURTHER INFORMATION CONTACT:

Alison White, Senior Counsel, or Lorna MacLeod, Branch Chief, Division of Investment Management, Office of Insurance Products, at (202) 942-0670.

### SUPPLEMENTARY INFORMATION:

The following is a summary of the application. The complete application may be obtained for a fee from the Public Reference Branch of the Commission, 450 5th Street, NW., Washington, DC 20549 (tel. (202) 942-8090).

### Applicants' Representations

1. MetLife is a life insurance company that is domiciled in New York and is a wholly owned subsidiary of MetLife, Inc., a publicly traded company. With approximately \$331.7 billion of assets under management as of June 30, 2003, MetLife provides individual insurance and investment products to approximately 12 million individuals in the United States. MetLife also provides group insurance and investment products to 37 million employees and family members through their plan sponsors. MetLife operates as a life insurance company in all 50 states, the District of Columbia, and Puerto Rico. Outside the U.S., the MetLife companies have insurance operations in 12 countries serving approximately 8 million customers.

2. The Separate Account is a separate investment account of MetLife and is registered under the 1940 Act as a unit

investment trust. The Separate Account serves as a funding vehicle for variable annuity contracts known as Preference (the "Contracts"), which are no longer available for purchase. The Contracts were initially issued by New England Mutual Life Insurance Company, and subsequent to its merger with and into MetLife, MetLife assumed all of the liabilities and obligations under the Contracts. The Separate Account is a "separate account" as defined in Section 2(a)(37) of the 1940 Act.

The terms of the Contracts funded by the Separate Account permit Contract owners to transfer contract value under the Contracts among subaccounts during the accumulation period and to exchange annuity units during the annuity period. MetLife does not currently impose a charge in connection with a transfer, but has reserved the right to do so (not to exceed \$5). MetLife does not limit the number of transfers permitted each contract year, but does require a minimum transfer amount of \$25.

3. New England Securities Corporation ("NES") serves as principal underwriter and distributor for the Contracts. NES is an indirect wholly owned subsidiary of New England Life Insurance Company ("NELICO"), which in turn is a subsidiary of MetLife. NES is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the NASD.

4. The Metropolitan Series Fund, Inc. (the "Metropolitan Fund") is registered as an open-end management investment company under the 1940 Act and currently offers thirty-six separate investment portfolios, five of which would be involved in the proposed substitution. The Metropolitan Fund issues a separate series of shares of beneficial interest in connection with each portfolio, and has registered such shares under the Securities Act of 1933 ("1933 Act") on Form N-1A. Shares of the Metropolitan Fund are offered only to separate accounts established by MetLife, NELICO, MetLife Investors USA Insurance Company, General American Life Insurance Company, or other insurance companies affiliated with any of these insurance companies and to certain eligible qualified retirement plans. The general public may not purchase Metropolitan Fund shares directly.

5. MetLife Advisers LLC serves as the investment adviser to each Replacement Portfolio. MetLife Advisers is an indirect wholly owned subsidiary of NELICO. MetLife Advisers receives an investment advisory fee from each Replacement Portfolio it manages.

MetLife Advisers has contracted with subadvisers to make the day-to-day investment decisions for all Replacement Portfolios it manages. Subadvisers are compensated by MetLife Advisers, and not by the Metropolitan Fund. MetLife Advisers derives the amounts that it pays the subadvisers from its own investment advisory fees. The following are the subadvisers for the Replacement Portfolios:

Replacement Portfolios	Subadviser
Metropolitan Fund Alger Equity Growth Portfolio.	Fred Alger Management, Inc.
Metropolitan Fund Harris Oakmark Large Cap Value Fund.	Harris Associates L.P.
Metropolitan Fund Davis Venture Value Portfolio.	Davis Selected Advisers, L.P.
Metropolitan Fund State Street Research Bond Income Portfolio.	State Street Research & Management Company.
Metropolitan Fund State Street Research Money Market Portfolio.	State Street Research & Management Company.

6. CDC Nvest Cash Management Trust, CDC Nvest Funds Trust I, and CDC Nvest Funds Trust II are registered as open-end management investment companies under the 1940 Act. CDC Nvest Cash Management Trust currently offers one separate investment series, which would be involved in the proposed substitution. CDC Nvest Funds Trust I currently offers nine separate investment series, three of which would be involved in the proposed substitution. CDC Nvest Funds Trust II currently offers two separate investment series, one of which would be involved in the proposed substitution. CDC Nvest Cash Management Trust issues a separate series of shares of beneficial interest in connection with its portfolio, the CDC Nvest Cash Management Trust—Money Market Series, and has registered such shares under the 1933 Act on Form N-1A. CDC Nvest Funds Trust I issues a separate series of shares of beneficial interest in connection with each of its portfolios, and has registered such shares under the 1933 Act on Form N-1A. CDC Nvest Funds Trust II issues a separate series of shares of beneficial interest in connection with each of its portfolios, and has registered such shares under the 1933 Act on Form N-1A. Shares of the portfolios of the CDC Nvest Cash Management Trust, the CDC

Nvest Funds Trust I, and the CDC Nvest Funds Trust II are offered to the general public, as well as through the Contracts.

7. CDC IXIS Asset Management Advisers, L.P. ("CDC IXIS Advisers") serves as the investment manager to each Substituted Portfolio in the CDC Nvest Funds Trust I and CDC Nvest Funds Trust II, except for the CGM Advisor Targeted Equity Fund, for which Capital Growth Management Limited Partnership ("CGM"), an affiliate of CDC IXIS Advisers, serves as the investment manager and Loomis Sayles Core Plus Bond Fund, for which Loomis, Sayles & Company, L.P. ("Loomis Sayles"), an affiliate of CDC IXIS Advisers, serves as investment adviser. CDC IXIS Advisers also serves as the investment manager to the Money Market Series of the CDC Nvest Cash Management Trust. As the investment managers to their respective portfolios, CDC IXIS Advisers, Loomis Sayles and CGM receive investment advisory fees from the portfolios. CDC IXIS Advisers, Loomis Sayles and CGM are also responsible for the day-to-day investment management responsibility of certain portfolios they manage, including the Substituted Portfolios. CDC IXIS Advisers has contracted with subadvisers to make the day-to-day investment decisions for the Substituted Portfolios it manages. The amount of investment management fee payable to CDC IXIS Advisers is offset by the amount of investment advisory fee payable to the subadvisers. The following are the subadvisers for the Substituted Portfolios:

Substituted Portfolios	Subadviser(s)
CGM Advisor Targeted Equity Fund.	Not Applicable.
Harris Associates Growth and Income Fund.	Harris Associates L.P.
CDC Nvest Star Value Fund.	Harris Associates L.P., Loomis, Sayles & Company, L.P., Vaughan Nelson Investment Management, L.P., Westpeak Global Advisors, L.P.
Loomis Sayles Core Plus Bond Fund.	Not Applicable.
CDC Nvest Cash Management Trust—Money Market Series.	Reich & Tang Asset Management, LLC.

8. Met Life proposes the following substitution of certain classes of shares of the Replacement Portfolios for Class A shares of the Substituted Portfolios (the "Substitutions"):

Substituted Portfolios	Replacement Portfolios
Class A shares of the GM Advisor Targeted Equity Fund of the CDC Nvest Funds Trust I.	Class B shares of the Alger Equity Growth Portfolio of the Metropolitan Series Fund, Inc.
Class A shares of the Harris Associates Growth and Income Fund of the CDC Nvest Funds Trust II.	Class B shares of the Harris Oakmark Large Cap Value Fund of the Metropolitan Series Fund, Inc.
Class A shares of the CDC Nvest Star Value Fund of the CDC Nvest Funds Trust I.	Class B shares of the Davis Venture Value Portfolio of the Metropolitan Series Fund, Inc.
Class A shares of the Loomis Sayles Core Plus Bond Fund of the CDC Nvest Funds Trust I.	Class B shares of the State Street Research Bond Income Portfolio of the Metropolitan Series Fund, Inc.
Class A shares of the Money Market Series of the CDC Nvest Cash Management Trust.	Class B shares of the State Street Research Money Market Portfolio of the Metropolitan Series Fund, Inc.

9. The following chart sets out the investment objectives and certain policies of the Substituted Portfolios and the Replacement Portfolios, as stated in their respective prospectuses and statements of additional information.

Substituted Portfolios	Replacement Portfolios
<p><b>CGM Advisor Targeted Equity Fund</b></p> <p>Investment Objective: The Fund seeks long-term growth of capital through investment in equity securities of companies whose earnings are expected to grow at a faster rate than that of the overall United States economy..</p> <p>Investment Strategies: Under normal market conditions, the Fund will invest at least 80% of its net assets in equity investments. The Fund will generally invest in a focused portfolio of common stocks of large capitalization companies that CGM expects will grow at a faster rate than that of the overall United States economy. When CGM believes that market conditions warrant, however, CGM may select stocks based upon overall economic factors such as the general economic outlook, the level and direction of interest rates and potential impact of inflation. The Fund will not invest in small capitalization companies..</p> <p>The Fund may also invest a significant portion of its assets in a single industry sector, invest in foreign securities, invest in other investment companies and invest in real estate investment trusts..</p>	<p><b>Metropolitan Fund Alger Equity Growth Portfolio</b></p> <p>Investment Objective: The investment objective of the Metropolitan Fund Alger Equity Growth Portfolio is long-term capital appreciation.</p> <p>Investment Strategies: Fred Alger Management, Inc. ("Alger"), sub-adviser to the Portfolio, invests, under normal circumstances, the Portfolio's assets primarily in growth stocks. Alger will ordinarily invest at least 80% of the Portfolio's assets in equity securities. The Portfolio will invest in equity securities of issuers with a market capitalization of \$1 billion or greater.</p> <p>Alger seeks out and invests primarily in companies that are traded on domestic stock exchanges or in the domestic over-the counter market. The companies Alger chooses for the Portfolio may still be in the development stage, may be older companies that appear to be entering a new stage of growth progress due to factors like management changes or development of new technologies, products or markets, or may be companies providing products or services with a high unit volume growth rate. Alger focuses on fundamental characteristics of individual companies and does not allocate assets based on specific industry sectors.</p>
<p><b>Harris Associates Growth and Income Fund</b></p> <p>Investment Objective: The Fund seeks opportunities for long-term capital growth and income..</p> <p>Investment Strategies: Under normal market conditions, the Fund will invest substantially all of its assets in common stocks of large and mid-capitalization companies in any industry..</p> <p>The Fund's subadviser, Harris Associates L.P. ("Harris"), uses a value investment philosophy in selecting equity securities for the Fund, based on the belief that, over time, a company's stock price converges with that company's true business value. Harris defines "true business value" to mean its estimate of the price a knowledgeable buyer would pay to acquire the entire business..</p> <p>The Fund may invest in foreign securities traded in U.S. markets (through American Depositary Receipts or stocks sold in U.S. dollars..</p>	<p><b>Metropolitan Fund Harris Oakmark Large Cap Value Fund</b></p> <p>Investment Objective: The investment of the Metropolitan Fund Harris Oakmark Large cap Value Fund is long-term capital appreciation.</p> <p>Investment Strategies: Harris Associates L.P. ("Harris"), subadviser to the Portfolio, will invest under normal market conditions at least 80% the Portfolio's assets in equity securities of large capitalization U.S. companies. This minimum may be changed on 60 days' notice. Harris defines large capitalization companies as those, at the time of purchase, with a market capitalization larger than the market capitalization of the smallest company included in the Russell 1000 Index. As of June 30, 2002, this included companies with capitalizations of approximately \$1.3 billion and above.</p> <p>Harris may invest up to 20% of the Portfolio's total assets in fixed-income securities, including investment grade securities and high yield debt.</p>
<p><b>CDC Nvest Star Value Fund</b></p> <p>Investment Objective: The Fund seeks a reasonable, long-term investment return from a combination of market appreciation and dividend income from equity securities..</p>	<p><b>Metropolitan Fund Davis Venture Value Portfolio</b></p> <p>Investment Objective: The investment objective of the Metropolitan Fund Davis Venture Value Portfolio is growth of capital.</p>

Substituted Portfolios	Replacement Portfolios
<p>Investment Strategies: Under normal market conditions, the Fund invests substantially all of its assets in equity securities. The Fund primarily will invest in the common stocks of mid- and large-capitalization companies of various industries. The companies in which the Fund invests are value-oriented according to one or more of the following measures: price-to-earnings ratio, return on equity, dividend yield, price-to-book value ratio or price-to-sales ratio.</p> <p>Subject to the allocation policies adopted by the Fund's Board of Trustees, CDC IXIS Advisers generally allocates capital invested in the Fund equally among four segments which are managed by the subadvisers set forth in this column below. Each subadviser manages its segment of the fund's assets in accordance with its distinctive investment style and strategy.</p> <p>The segment of the Fund managed by Harris Associates L.P. ("Harris") primarily invests in common stocks of mid- and large-capitalization companies that Harris believes are trading at a substantial discount to the company's "true business value."</p> <p>A segment of the Fund is managed by Loomis, Sayles &amp; Company, L.P. by using a fundamental research in a value-oriented selection process to seek companies with the following characteristics; low price-to-earnings ratios based on earnings estimates; competitive return on equity; competitive current and estimated dividend yield; and favorable earnings prospects..</p> <p>A segment of the Fund is managed by Vaughan Nelson Investment Management, L.P. by using rigorous fundamental research and active management to analyze a broad selection of company or industry sectors and to seek companies with market capitalizations of at least \$2 billion with the following characteristics: strong balance sheets; growing cash flows; reasonable valuations based upon discounted cash flow models; stable and proven management teams; and high relative dividend yield..</p> <p>A segment of the Fund is managed by Westpeak Global Advisors, L.P. by constructing a portfolio of recognizable, reasonably priced stocks by combining its experience and judgment with a dynamic weighting process known as "portfolio profiling." Using proprietary research based on economic, market and company specific information, Westpeak analyzes each stock and ranks them based on factors such as: earnings-to-price ratios, earnings growth rates, positive earnings surprises, book-to-price ratios and dividend yields. Westpeak invests in stocks of companies in the Russell 3000 Index..</p>	<p>Investment Strategies: Davis Selected Advisers, L.P. ("Davis Selected"), subadviser to the Portfolio, invests, under normal circumstances, the majority of the Portfolio's assets primarily in equity securities of companies with market capitalizations of at least \$10 billion. Davis Selected searches for companies that it believes are of high quality and whose stocks are selling at attractive prices with the intention of holding them for the long term. Davis Selected believes that managing risk is the key to delivering superior long-term investment results; therefore, it considers how much could potentially be lost on an investment before considering how much might be gained. Davis Selected has developed a list of ten characteristics that it believes allow companies to sustain long-term growth and minimize risks to enhance their potential for superior long-term returns.</p> <p>Davis Selected does not have particular allocation strategies, and emphasizes individual stock selection rather than industry sectors. Davis Selected relies heavily on its evaluation of the management of potential investments, and will ordinarily visit the managers at their place of business to gain insight into the relative value of different companies.</p>
<p>Loomis Sayles Core Plus Bond Fund</p> <p>Investment Objective: The Fund seeks a high level of current income consistent with what the Fund considers reasonable risk. It invests primarily in corporate and U.S. government bonds..</p> <p>Investment Strategies: Under normal market conditions, the Fund will invest primarily in U.S. corporate and U.S. government bonds. It will adjust to changes in the relative strengths of the U.S. corporate or U.S. government bond markets by shifting the relative balance between the two. The Fund will invest at least 80% of its net assets in bond investments. In addition, the Fund will invest at least 80% of its assets in investment-grade bonds (those rated BBB or higher by Standard &amp; Poor's Ratings Group ("S&amp;P") or Baa or higher by Moody's Investors Service, Inc. ("Moody's") or, if unrated, of comparable quality as determined by Loomis Sayles and will generally maintain an average effective maturity of ten years or less. The Fund may also purchase lower-quality bonds (those rated below BBB by S&amp;P and below Baa by Moody's, also known as junk bonds)..</p> <p>The Fund may also invest in foreign securities, including those of emerging markets, and related currency hedging transactions. The Fund may also invest in Rule 144A securities, Foreign securities, including emerging markets, and related currency hedging transactions and mortgage-related securities..</p>	<p>Metropolitan Fund State Street Research Bond Income Portfolio</p> <p>Investment Objective: The investment objective of the Metropolitan Fund State Street Research Bond Income Portfolio is a competitive total return primarily from investing in fixed-income securities.</p> <p>Investment Strategies: State Street Research &amp; Management Company ("State Street Research"), subadviser to the Portfolio, invests, under normal circumstances, at least 80% of the Portfolio's assets in fixed-income securities. The Portfolio may invest in investment grade fixed-income securities, obligations of the U.S. Treasury or any U.S. government agency, mortgage-backed and asset-backed securities, corporate debt securities of U.S. and foreign issuers, and cash equivalents. The Portfolio may also invest in securities through Rule 144A and other private placement transactions.</p> <p>In addition, the Portfolio may invest up to 20% of its total assets in high yield securities. It may also invest up to 20% of its total assets in foreign securities and up to 10% of its total assets in securities of issuers located in developing or emerging market countries. The 10% limit on emerging market securities will not be counted toward the limits on foreign or high yield securities. No combination of investments in high yield securities, foreign securities or emerging market securities will exceed 30% of the Portfolio's total assets.</p>
<p>CDC Nvest Cash Management Trust—Money Market Series</p> <p>Investment Objective: The Fund seeks maximum current income consistent with preservation of capital and liquidity..</p>	<p>Metropolitan Fund State Street Research Money Market Portfolio</p> <p>Investment Objective: The investment objective of the Metropolitan Fund State Street Research Money Market Portfolio is a high level of current income consistent with preservation of capital.</p>

Substituted Portfolios	Replacement Portfolios
Investment Strategies: The Fund will invest up to 100% of its assets in high-quality, short-term, U.S. dollar-denominated money market investments issued by U.S. and foreign issuers. To preserve investors' capital, the Fund seeks to maintain a stable \$1.00 share price. Some of the Fund's portfolio positions include certificates of deposit, bankers' acceptances or bank notes, securities issued or guaranteed by the U.S. government, commercial paper, repurchase agreements, other corporate debt obligations cash..	Investment Strategies: State Street Research, subadviser to the Portfolio, invests the Portfolio, invests the Portfolio's assets in a managed portfolio of money market instruments. The Portfolio may invest in the highest quality, short-term money market instruments or in U.S. government securities. The Portfolio may invest in commercial paper and asset-backed securities, including those issued in Rule 144A and other private placement transactions. The Portfolio also may invest in U.S. dollar-denominated securities issued by foreign companies or banks or their U.S. affiliates. The Portfolio may invest all of its assets in any one type of security.

10. The following chart compares the fees paid for advisory services for the fiscal year ended December 31, 2002 (fiscal year ended June 30, 2003 for the CDC Nvest Cash Management Trust—Money Market Series and fiscal year ended September 30, 2003 for the

Loomis Sayles Core Plus Bond Fund), expressed as an annual percentage of average daily net assets, by each Substituted Portfolio and each Replacement Portfolio. The advisory fee rate for the Harris Associates Growth and Income Fund is the pro forma fee

rate that the Fund would have incurred for the fiscal year ended December 31, 2002 assuming that the combination of the Growth and Income Fund and the CDC Nvest Balanced Fund, which occurred in June 2003, had occurred on January 1, 2002.

Substituted portfolios		Replacement portfolios	
CGM Advisor Targeted Equity Fund .....	0.69%	Metropolitan Fund Alger Equity Growth Portfolio .....	0.75%
Harris Associates Growth and Income Fund .....	0.67%	Metropolitan Fund Harris Oakmark Large Cap Value Fund.	0.75%
CDC Nvest Star Value Fund .....	0.75%	Metropolitan Fund Davis Venture Value Portfolio .....	0.75%
Loomis Sayles Core Plus Bond Fund .....	0.41%	Metropolitan Fund State Street Research Bond Income Portfolio.	0.40%
CDC Nvest Cash Management Trust—Money Market Series.	0.40%	Metropolitan Fund State Street Research Money Market Portfolio.	0.35%

11. The following charts compare the total operating expenses (before and after any waivers and reimbursements) for the fiscal year ended December 31, 2002 (fiscal year ended June 30, 2003 for the CDC Nvest Cash Management Trust—Money Market Series and fiscal year ended September 30, 2003 for the Loomis Sayles Core Plus Bond Fund),

expressed as an annual percentage of average daily net assets, of the Substituted Portfolios and the Replacement Portfolios. The total operating expenses for the Harris Associates Growth and Income Fund are the pro forma expenses that the Fund would have incurred for the fiscal year ended December 31, 2002 assuming that

the Growth and Income Fund and the CDC Nvest Balanced Fund combined as of January 1, 2002. The Substituted Portfolios, other than the Money Market Series of the CDC Nvest Cash Management Trust, and the Replacement Portfolios have adopted plans pursuant to Rule 12b-1 under the 1940 Act.

[In percent]

	Substituted Portfolio CGM Advisor Targeted Equity Fund (Class A)	Replacement Portfolio Metropolitan Fund Alger Equity Growth Portfolio (Class B)
Management Fees .....	0.69	0.75
Distribution and/or Service (12b-1) Fees .....	0.25	0.25
Other Expenses .....	0.53	0.04
Total Operating Expenses .....	1.47	1.04
Less Expense Waivers and Reimbursements .....	N/A	N/A
Net Operating Expenses .....	1.47	1.04

[In percent]

	Substituted Portfolio Harris Associates Growth and Income Fund (Class A)	Replacement Portfolio Metropolitan Fund Harris Oakmark Large Cap Value Fund (Class B)
Management Fees .....	0.67	0.75
Distribution and/or Service (12b-1) Fees .....	0.25	0.25
Other Expenses .....	0.61	0.08
Total Operating Expenses .....	1.53	1.08
Less Expense Waivers and Reimbursements .....	N/A	N/A
Net Operating Expenses .....	1.53	1.08

[In percent]

	Substituted Portfolio CDC Nvest Star Value Fund (Class A)	Replacement Portfolio Metropolitan Fund Davis Venture Value Portfolio (Class B)
Management Fees .....	0.75	0.75
Distribution and/or Service (12b-1) Fees .....	0.25	0.25
Other Expenses .....	0.68	0.05
Total Operating Expenses .....	1.68	1.05
Less Expense Waivers and Reimbursements .....	N/A	N/A
Net Operating Expenses .....	1.68	1.05

[In percent]

	Substituted Portfolio Loomis Sayles Core Plus Bond Fund (Class A)	Replacement Portfolio Metropolitan Fund State Street Research Bond Income Portfolio (Class B)
Management Fees .....	0.41	0.40
Distribution and/or Service (12b-1) Fees .....	0.25	0.25
Other Expenses .....	0.62	0.11
Total Operating Expenses .....	1.28	0.76
Less Expense Waivers and Reimbursements .....	N/A	N/A
Net Operating Expenses .....	1.28	0.76

[In percent]

	Substituted Portfolio CDC Nvest Cash Management Trust—Money Market Series (Class A)	Replacement Portfolio Metropolitan Fund State Street Research Money Market Portfolio (Class B)
Management Fees .....	0.40	0.35
Distribution and/or Service (12b-1) Fees .....	N/A	0.25
Other Expenses .....	0.48	0.08
Total Operating Expenses .....	0.88	0.68

[In percent]

	Substituted Portfolio CDC Nvest Cash Management Trust—Money Market Series (Class A)	Replacement Portfolio Metropolitan Fund State Street Research Money Market Portfolio (Class B)
Less Expense Waivers and Reimbursements .....	N/A	N/A
Net Operating Expenses .....	0.88	0.68

12. The following chart illustrates the average annual total returns for the Substituted Portfolios:

## SUBSTITUTED PORTFOLIOS

[In percent]

Average Annual Total Returns For the Periods Ended 9/30/03 (Before Taxes)	CGM Advisor Targeted Equity Fund (Class A)	Harris Associates Growth and Income Fund (Class A)	CDC Nvest Star Value Fund (Class A)	Loomis Sayles Core Plus Bond Fund (Class A)	CDC Nvest Cash Management Trust—Money Market Series (Class A)
One Year .....	7.99	22.60	25.57	10.48	0.55
Five Years .....	0.49	(1.00)	1.04	4.88	3.25
Ten Years .....	7.67	7.91	7.32	6.23	3.90

The following chart illustrates the average annual total returns for the Replacement Portfolios (performance

information shown for the periods prior to the inception of Class B of each series is the performance of Class A of each

series adjusted to reflect the expenses of Class B):

## REPLACEMENT PORTFOLIOS

[In percent]

Average Annual Total Returns For the Periods Ended 9/30/03 (Before Taxes)	Metropolitan Fund Alger Equity Growth Portfolio (Class B)	Metropolitan Fund Harris Oakmark Large Cap Value Fund (Class B)	Metropolitan Fund Davis Venture Value Portfolio (Class B)	Metropolitan Fund State Street Research Bond Income Portfolio (Class B)	Metropolitan Fund State Street Research Money Market Portfolio (Class B)
One Year .....	23.84	21.67	21.89	6.97	0.69
Five Years .....	0.44	N/A	5.56	5.95	3.42
Ten Years .....	N/A	N/A	N/A	6.83	4.06
Since Inception .....	10.36	2.93	12.11	N/A	N/A

13. Pursuant to its authority under the Contracts and the prospectus describing the same, and subject to the approval of the Commission under Section 26(c) of the 1940 Act, MetLife proposes the Substitutions described above. Applicants propose to redeem shares of each of the Substituted Portfolios for cash. The proceeds of these redemptions will then be used to purchase shares of the Replacement Portfolios. Redemption requests and purchase orders will be placed simultaneously so that the

contract values will remain fully invested at all times.

14. The proposed Substitutions are part of an overall business plan involving the management of MetLife. MetLife is seeking to make its products, including the Contracts, more competitive and more efficient to administer and oversee. MetLife has also been reviewing the efficiencies and structures of the funds it offers as investment options under the Contracts. MetLife believes that more concentrated and streamlined operations for

investment options could result in increased operational and administrative efficiencies and economies of scale for its Contract owners. In connection with these efforts, MetLife has determined that the funds currently offered under the Contracts warrant replacement.

15. After considering the Substituted Portfolios' performance and generally declining asset growth to date, the Applicants determined that it would be both difficult to find replacement funds which mirror the investment objectives

and strategies of the Substituted Portfolios, and inadvisable to do so. Rather, the Applicants determined that it was in the best interests of Contract owners to eliminate the Substituted Portfolios as investment options and to substitute Contract owners into portfolios that have comparable investment objectives with greater expectations for growth and performance. To accomplish this goal, the Applicants evaluated investment objectives and strategies, expense ratios, performance history, and asset sizes of other investment options offered in other variable contracts issued by MetLife in order to identify the most appropriate choices as Replacement Portfolios.

16. Although not identical, the investment objectives and strategies of the Replacement Portfolios are comparable to those of their corresponding Substituted Portfolios. Both the Metropolitan Fund Alger Equity Growth Portfolio and the CGM Advisor Targeted Equity Fund invest principally in growth stocks of large cap companies. Both the Metropolitan Fund Harris Oakmark Large Cap Value Fund and the Harris Associates Growth and Income Fund invest principally in stocks of large cap companies that are considered undervalued. While the name of the Substituted Portfolio suggests a greater emphasis on dividend income, the dividend yield of the two funds, as of December 31, 2003, was virtually identical. Similarly, while the CDC Nvest Star Value Fund may seek dividend income from its equity holdings, the fund's dividend yield as of December 31, 2003 was virtually the same as that of its Replacement Portfolio. Finally, both the Metropolitan Fund State Street Research Bond Income Portfolio and the Loomis Sayles Core Plus Bond Fund invest principally in investment grade fixed-income securities.

17. In each case, the types of investment advisory and administrative services provided to the Replacement Portfolios by MetLife Advisers are comparable to the types of investment advisory and administrative services provided to the Substituted Portfolios by CDC IXIS Advisers, Loomis Sayles and CGM. Thus, the level and quality of services will remain high. Additionally, utilization of the Replacement Portfolios will permit Contract owners to continue to pursue comparable objectives after the Substitutions.

18. MetLife believes that the elimination of the Substituted Portfolios as investment options will make its Contracts more efficient to administer and oversee and, thus, more cost-

efficient and attractive to customers. As the Replacement Portfolios are already offered in other variable contracts issued by MetLife, moving the assets from the Substituted Portfolios to the Replacement Portfolios will permit MetLife to administer the Contracts through a newer administration system which will decrease costs and increase efficiency. Also, as the Replacement Portfolios are offered through other MetLife variable contracts, the costs of sending reports, data transfer, and other communications with the Portfolios will decrease due to efficiencies of dealing with the same fund complex across multiple product lines. Overall, Applicants can achieve better economies of scale by offering the Replacement Portfolios as investment options, which will benefit Contract owners. Applicants believe that replacing the Substituted Portfolios with the Replacement Portfolios is appropriate and in the best interests of Contract owners, who will benefit from investments in underlying funds with increasing or consistent asset bases, better performance, and lower overall expenses than currently is the case with the Substituted Portfolios.

19. MetLife will effect the Substitutions as soon as practicable following the issuance of the requested order as follows. As of the effective date of the Substitutions ("Effective Date"), shares of each Substituted Portfolio will be redeemed in cash by MetLife. The proceeds of such redemptions will then be used to purchase shares of each Replacement Portfolio, with each subaccount of the Separate Account investing the proceeds of its redemption from a Substituted Portfolio in the corresponding Replacement Portfolio. All redemptions of shares of the Substituted Portfolios and purchases of shares of the Replacement Portfolios will be effected in accordance with Rule 22c-1 of the Act.

20. The Substitutions will take place at relative net asset value with no change in the amount of any Contract owner's contract value or death benefit or in the dollar value of his or her investments in any of the subaccounts. Contract owners will not incur any additional fees or charges as a result of the Substitutions, nor will their rights or MetLife's obligations under the Contracts be altered in any way. All expenses incurred in connection with the Substitutions, including legal, accounting, transactional, and other fees and expenses, including brokerage commissions, will be paid by MetLife. In addition, the Substitutions will not impose any tax liability on Contract owners. The Substitutions will not

cause the Contract fees and charges currently paid by existing Contract owners to be greater after the Substitutions than before the Substitutions. MetLife will not exercise any right it may have under the Contracts to impose restrictions on transfers under the Contracts for a period of at least thirty days following the Substitutions.

21. For a period of two years from the date of the Substitution, MetLife will not increase Contract charges or total Separate Account charges (net of any waiver or reimbursements) of the subaccounts that invest in the Metropolitan Fund Davis Venture Value Portfolio or the Metropolitan Fund State Street Research Bond Income Portfolio. If the total operating expenses for the Davis Venture Value Portfolio or the State Street Research Bond Income Portfolio (taking into account any expense waiver or reimbursement) for any fiscal quarter for the two-year period following the date of Substitution exceed on an annualized basis the net expense ratio for its corresponding Substituted Portfolio for the fiscal year ended December 31, 2002 (for the CDC Nvest Star Value Fund), or fiscal year ended September 30, 2003 (for the Loomis Sayles Core Plus Bond Fund), MetLife will reduce (through waiver or reimbursement) the Separate Account expenses paid during that quarter of the subaccount that invests in such Replacement Portfolio to the extent necessary to offset the amount by which the Replacement Portfolio's expense ratio for such period exceeds, on an annualized basis, the relevant expense ratio level of the Substituted Portfolio. MetLife will reduce (through waiver or reimbursement) the Separate Account expenses if the corresponding Replacement Portfolio's expense ratio exceeds the following levels:

Replacement Portfolios	Two-Year Expense Cap
Metropolitan Fund Davis Venture Value Portfolio (Class B)	1.68%
Metropolitan Fund State Street Research Bond Income Portfolio (Class B) .....	1.28%

22. At no time after the date of the Substitution will MetLife increase Contract charges or total Separate Account charges (net of any waiver or reimbursements) of the subaccounts that invest in the following Replacement Portfolios: the Metropolitan Fund Harris Oakmark Large Cap Value Fund, the Metropolitan Fund State Street Research Money Market Portfolio, or the Metropolitan Fund Alger Equity Growth



Portfolio. If the total operating expenses for the Harris Oakmark Large Cap Value Fund, the State Street Research Money Market Portfolio, or the Alger Equity Growth Portfolio (taking into account any expense waiver or reimbursement) for any fiscal quarter following the date of Substitution exceed on an annualized basis the net expense ratio for its corresponding Substituted Portfolio for the fiscal year ended December 31, 2002 (for the Harris Associates Growth and Income Fund and the CGM Advisor Targeted Equity Fund) or fiscal year ended June 30, 2003 (for the CDC Nvest Cash Management Trust—Money Market Series), MetLife will reduce (through waiver or reimbursement) the Separate Account expenses paid during that quarter of the subaccount that invests in such Replacement Portfolio to the extent necessary to offset the amount by which the Replacement Portfolio's expense ratio for such period exceeds, on an annualized basis, the following levels:

Replacement portfolios	Permanent expense cap
Metropolitan Fund Harris Oakmark Large Cap Value Fund (Class B) .....	1.53%
Metropolitan Fund State Street Research Money Market Portfolio (Class B) .....	0.88%
Metropolitan Fund Alger Equity Growth Portfolio (Class B) ....	1.47%

23. Contract owners were notified of the initial Application by means of a supplement to the prospectus that disclosed that the Applicants filed the Application to seek approval for the Substitutions. Further, before the Effective Date, a notice ("Pre-Substitution Notice"), in the form of an additional supplement to the prospectuses for the Contracts, will be mailed to Contract owners setting forth the scheduled Effective Date and advising Contract owners that contract values attributable to investments in the Substituted Portfolios will be transferred to the Replacement Portfolios, without charge, on the Effective Date. In addition, all Contract owners will have received a copy of the most recent Replacement Portfolio prospectuses prior to the Substitutions. The Effective Date will be no earlier than twenty days after the mailing of the Pre-Substitution Notice. The Pre-Substitution Notice will state that, from the date the Application was filed with the Commission through the date thirty days after the Substitution, Contract owners may transfer contract value from any subaccount to any other subaccount

without charge. In addition, within five days after the Substitutions, all Contract owners will be sent a written notice informing them that the Substitutions were carried out and advising them of their transfer rights ("Post-Substitution Notice").

**Applicants' Legal Analysis**

1. Section 26(c) of the 1940 Act (formerly, Section 26(b)) prohibits any depositor or trustee of a unit investment trust that invests exclusively in the securities of a single issuer from substituting the securities of another issuer without the approval of the Commission. Section 26(c) provides that such approval shall be granted by order of the Commission, if the evidence establishes that the substitution is consistent with the protection of investors and the purposes of the 1940 Act.

2. Section 26(c) was intended to provide for Commission scrutiny of proposed substitutions which could, in effect, force shareholders dissatisfied with the substitute security to redeem their shares, thereby possibly incurring a loss of the sales load deducted from initial purchase payments, an additional sales load upon reinvestment of the proceeds of redemption, or both. The section was designed to forestall the ability of a depositor to present holders of interest in a unit investment trust with situations in which a holder's only choice would be to continue an investment in an unsuitable underlying security, or to elect a costly and, in effect, forced redemption. The Applicants submit that the Substitutions meet the standards set forth in Section 26(c) and that, if implemented, the Substitutions would not raise any of the aforementioned concerns that Congress intended to address when the 1940 Act was amended to include this provision.

3. The replacement of the Substituted Portfolios with the Replacement Portfolios is consistent with the protection of Contract owners and the purposes fairly intended by the policy and provisions of the 1940 Act and, thus, meets the standards necessary to support an order pursuant to Section 26(c) of the 1940 Act. The investment objectives and strategies of the Replacement Portfolios are comparable to the investment objectives and strategies of their respective Substituted Portfolios. In each case, the substitution of a Replacement Portfolio for the corresponding Substituted Portfolio should assure that the essential investment objectives of Contract owners will continue to be met.

4. The level and quality of services provided by MetLife after the

Substitutions will be comparable to the level and quality of services provided by CDC IXIS Advisers, Loomis Sayles and CGM prior to the Substitutions. The actual investment management fee for each Replacement Portfolio is expected to be less than, or the same as, the actual investment management fee for each corresponding Substituted Portfolio, except for the Metropolitan Fund Alger Equity Growth Portfolio (the Replacement Portfolio for the CGM Advisor Targeted Equity Fund) and the Metropolitan Fund Harris Oakmark Large Cap Value Fund (the Replacement Portfolio for the Harris Associates Growth and Income Fund). Although the actual investment management fee for the Metropolitan Fund Alger Equity Growth Portfolio for the fiscal year ended December 31, 2002 (0.75%) was greater than the actual investment management fee for the CGM Advisor Targeted Equity Fund for the fiscal year ended December 31, 2002 (0.69%), the estimated overall expense ratio for the Class B shares of Metropolitan Fund Alger Equity Growth Portfolio for the fiscal year ended December 31, 2002 (1.04%) was significantly less than the overall expense ratio for the Class A shares of CGM Advisor Targeted Equity Fund for the fiscal year ended December 31, 2002 (1.47%). Similarly, although the actual investment management fee for the Metropolitan Fund Harris Oakmark Large Cap Value Fund for the fiscal year ended December 31, 2002 (0.75%) was greater than the actual investment management fee for the Harris Associates Growth and Income Fund for the fiscal year ended December 31, 2002 (0.67%), the estimated overall expense ratio for the Class B shares of Metropolitan Fund Harris Oakmark Large Cap Value Fund for the fiscal year ended December 31, 2002 (1.08%) was significantly less than the overall expense ratio for the Class A shares of the Harris Associates Growth and Income Fund for the fiscal year ended December 31, 2002 (1.53%). To ensure such lower expenses, MetLife has agreed to impose a permanent expense cap on the Metropolitan Fund Alger Equity Growth Portfolio and the Metropolitan Fund Harris Oakmark Large Cap Value Fund as described *infra*.

5. Each Replacement Portfolio's total expense ratio for the fiscal year ended December 31, 2002 was significantly lower than the expense ratio of the corresponding Substituted Portfolio for the fiscal year ended December 31, 2002 (fiscal year ended June 30, 2003 for the CDC Nvest Cash Management Trust—Money Market Series and fiscal year

ended September 30, 2003 for the Loomis Sayles Core Plus Bond Fund). The Metropolitan Fund State Street Research Money Market Portfolio's total expense ratio for the fiscal year ended December 31, 2002 was lower than the CDC Nvest Cash Management Trust—Money Market Series for the fiscal year ended June 30, 2003, even though the Metropolitan Fund State Street Research Money Market Portfolio imposes a 12b-1 fee while the CDC Nvest Cash Management Trust—Money Market Series does not. To ensure such lower expenses, MetLife has agreed to impose a permanent expense cap on the Metropolitan Fund State Street Research Money Market Portfolio, as described *infra*. Further, the Replacement Portfolios generally have outperformed the Substituted Portfolios over time and the generally increasing asset levels of the Replacement Portfolios should lead to continued lower expense ratios over time.

6. The rights of the Contract owners and the obligations of MetLife under the Contracts would not be altered by the Substitutions except, of course, that Contract owners will not be able to continue to allocate contract value to subaccounts that currently invest in the Substituted Portfolios. Contract owners will not incur any additional tax liability as a result of the Substitutions. MetLife will bear the costs of any legal or accounting fees and transactional expenses of the Substitutions, including brokerage commissions.

7. The Applicants assert that the procedures to be implemented are sufficient to assure that each Contract owner's contract value immediately after the Substitutions shall be equal to the contract value immediately before the Substitutions, and that the Substitutions will not affect the value of the interests of those owners of other MetLife variable contracts (other than the Contracts) who currently have contract value allocated to any of the portfolios of the Metropolitan Fund, the CDC Nvest Cash Management Trust, the CDC Nvest Funds Trust II, or the CDC Nvest Funds Trust I.

8. The Applicants will permit Contract owners to transfer contract value from any subaccount to any other subaccount without charge, but subject to minimum transfer requirements. The Applicants also note that, in accordance with the terms of the Contracts, no sales charges or surrender charges or other charges will apply to transfers in connection with the Substitutions, and MetLife represents that no such charge shall be imposed.

9. The Applicants request an order of the Commission pursuant to Section

26(c) of the 1940 Act approving the Substitutions by the Applicants. The Applicants submit that, for all the reasons stated above, the Substitutions are consistent with the protection of investors and the purposes fairly intended by the provisions of the 1940 Act.

#### Applicants' Conditions for Relief

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

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

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

3. MetLife shall have satisfied itself that (a) the Contracts allow the substitution of portfolios in the manner contemplated by the Substitutions and related transactions described herein, (b) the transactions can be consummated as described in this amended and restated Application under applicable insurance laws, and (c) that any applicable regulatory requirements in each jurisdiction where the Contracts are qualified for sale have been complied with to the extent necessary to complete the transaction.

#### Conclusion

Applicants request an order of the Commission pursuant to Section 26(c) of the Act approving the Substitution. Section 26(c), in pertinent part, provides that the Commission shall issue an order approving a substitution of securities if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. For the reasons and upon the facts set forth above, the requested order meets the standards set forth in Section 26(c) and should, therefore, be granted.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 26369; 812-12927]

### Real Estate Income Fund Inc., et al.; Notice of Application

February 25, 2004.

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

**ACTION:** Notice of an application for an order under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from section 19(b) of the Act and rule 19b-1 under the Act.

#### *Summary of the Application:*

Applicants request an order to permit certain registered closed-end management investment companies to make periodic distributions of long-term capital gains, as often as monthly, on their outstanding common stock and as often as distributions are specified in the terms of any preferred stock.

*Applicants:* Real Estate Income Fund Inc. ("REIF"), Salomon Brothers Capital Income Fund Inc. ("SBCIF"), Citi Fund Management Inc. ("CFMI"), Salomon Brothers Asset Management Inc. ("SBAM," together with CFMI, the "Advisers") and each registered closed-end management investment company currently or in the future advised by an Adviser (including any successor in interest)<sup>1</sup> or by an entity controlling, controlled by, or under common control (within the meaning of section 2(a)(9) of the Act) with the Advisers (included in the term Advisers) that decides in the future to rely on the requested relief (together with REIF and SBCIF, the "Funds").<sup>2</sup>

*Filing Dates:* The application was filed on February 6, 2003 and amended on February 23, 2004.

*Hearing or Notification of Hearing:* An order granting the application will be issued unless the Commission orders a

<sup>1</sup> A successor in interest is limited to any entity that results from a reorganization into another jurisdiction or a change in the type of business organization.

<sup>2</sup> All existing Funds currently intending to rely on the requested order are named as applicants, and any Fund that may rely on the order in the future will comply with the terms and conditions of the application.