

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-6/A

Registration statement for separate accounts (unit investment trusts) [amend]

Filing Date: **2003-02-10**  
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### FILER

#### **NATIONWIDE PROVIDENT VLI SEPARATE ACCOUNT 1**

CIK: **740269** | State of Incorporation: **PA** | Fiscal Year End: **1231**  
Type: **N-6/A** | Act: **33** | File No.: **333-98629** | Film No.: **03548015**

Mailing Address  
*1000 CHESTERBROOK  
BOULEVARD  
BERWYN PA 19312*

Business Address  
*1000 CHESTERBROOK  
BOULEVARD  
BERWYN PA 19312  
610-407-1261*

#### **NATIONWIDE PROVIDENT VLI SEPARATE ACCOUNT 1**

CIK: **740269** | State of Incorporation: **PA** | Fiscal Year End: **1231**  
Type: **N-6/A** | Act: **40** | File No.: **811-04460-05** | Film No.: **03548016**

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*1000 CHESTERBROOK  
BOULEVARD  
BERWYN PA 19312*

Business Address  
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BOULEVARD  
BERWYN PA 19312  
610-407-1261*

REGISTRATION FILE NO. 333-98629  
811-4460

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM N-6  
REGISTRATION STATEMENT UNDER  
THE SECURITIES ACT OF 1933 [ ]  
PRE-EFFECTIVE AMENDMENT NO. 2 [X]  
POST-EFFECTIVE AMENDMENT NO. \_\_\_\_ [ ]  
AND/OR  
REGISTRATION STATEMENT UNDER THE  
INVESTMENT COMPANY ACT OF 1940 [ ]  
AMENDMENT NO. 6 [X]  
(CHECK APPROPRIATE BOX OR BOXES.)

NATIONWIDE PROVIDENT VLI

SEPARATE ACCOUNT 1

(FORMERLY PROVIDENT MUTUAL VARIABLE LIFE SEPARATE ACCOUNT)  
(EXACT NAME OF REGISTRANT)

NATIONWIDE LIFE INSURANCE COMPANY OF AMERICA  
(FORMERLY PROVIDENT MUTUAL LIFE INSURANCE COMPANY)  
(NAME OF DEPOSITOR)

1000 CHESTERBROOK BOULEVARD  
BERWYN, PENNSYLVANIA 19312  
(ADDRESS OF DEPOSITOR'S PRINCIPAL EXECUTIVE OFFICES)

DEPOSITOR'S TELEPHONE NUMBER, INCLUDING AREA CODE: (302) 452-4000

<Table>  
<Caption>

<p>&lt;S&gt;</p> <p>KATHERINE DEPERI, ESQ. NATIONWIDE LIFE INSURANCE COMPANY OF AMERICA 1000 CHESTERBROOK BOULEVARD BERWYN, PENNSYLVANIA 19312 (NAME AND ADDRESS OF AGENT FOR SERVICE)</p> <p>&lt;/Table&gt;</p>	<p>&lt;C&gt;</p> <p>COPY TO: STEPHEN E. ROTH, ESQ. SUTHERLAND ASBILL &amp; BRENNAN LLP 1275 PENNSYLVANIA AVENUE, N.W. WASHINGTON, DC 20004-2415</p>
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APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING:

As soon as practicable after the effective date of this registration statement.

The Registrant hereby amends this registration statement on such dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

If appropriate, check the following box:

[ ] This post-effective amendment designates a new effective date for a previously filed post-effective amendment.

TITLE OF SECURITIES BEING REGISTERED:  
Interests in Individual Flexible Premium Adjustable Variable Life Insurance Policies

FLEXIBLE PREMIUM ADJUSTABLE VARIABLE LIFE

INSURANCE POLICY

Issued by

NATIONWIDE PROVIDENT VLI SEPARATE ACCOUNT 1

and

NATIONWIDE LIFE INSURANCE COMPANY OF AMERICA  
(FORMERLY PROVIDENT MUTUAL LIFE INSURANCE  
COMPANY)

<Table>

<S>

SERVICE CENTER  
300 CONTINENTAL DRIVE  
NEWARK, DELAWARE 19713

<C>

MAIN ADMINISTRATIVE OFFICE  
1000 CHESTERBROOK BLVD.  
BERWYN, PENNSYLVANIA 19312

</Table>

TELEPHONE: (800) 688-5177

PROSPECTUS

February 14, 2003

This prospectus describes a flexible premium adjustable variable life insurance policy ("Policy") issued by Nationwide Life Insurance Company of America (the "Company" or "NLICA"). The Policy is a long-term investment designed to provide significant life insurance benefits for the Insured. This prospectus provides information that a prospective Owner should know before investing in the Policy. You should consider the Policy in conjunction with other insurance you own. It may not be advantageous to replace existing insurance with the Policy, or to finance the purchase of the Policy through a loan or through withdrawals from another policy.

You can allocate your Policy's values to:

- Nationwide Provident VLI Separate Account 1 (the "Separate Account"), which invests in the Portfolios listed on this page; or
- the Guaranteed Account, which credits a specified rate of interest.

A prospectus for each of the Portfolios available through the Separate Account must accompany this prospectus. Please read these documents before investing and save them for future reference.

PLEASE NOTE THAT THE POLICIES AND THE PORTFOLIOS:

- ARE NOT GUARANTEED TO ACHIEVE THEIR GOALS;
- ARE NOT FEDERALLY INSURED;
- ARE NOT ENDORSED BY ANY BANK OR GOVERNMENT AGENCY; AND
- ARE SUBJECT TO RISKS, INCLUDING LOSS OF THE AMOUNT INVESTED.

THE SECURITIES AND EXCHANGE COMMISSION ("SEC") HAS NOT APPROVED OR DISAPPROVED THE POLICY OR DETERMINED THAT THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The following Portfolios are available:

- THE MARKET STREET FUND
  - Equity 500 Index Portfolio
  - Money Market Portfolio
- AMERICAN CENTURY VARIABLE PORTFOLIOS, INC.
  - (CLASS I)
  - VP Ultra Fund(R)
  - VP Income & Growth Fund
- DREYFUS INVESTMENT PORTFOLIOS
  - Small Cap Stock Index Portfolio
- DREYFUS VARIABLE INVESTMENT FUND
  - (INITIAL SHARES)
  - Appreciation Portfolio
- FEDERATED INSURANCE SERIES
  - (PRIMARY SHARES)
  - Quality Bond Fund II
- FIDELITY VARIABLE INSURANCE PRODUCTS
  - (SERVICE CLASS)

Equity-Income Portfolio  
 Growth Portfolio  
 Investment Grade Bond Portfolio  
 Overseas Portfolio

-- GARTMORE VARIABLE INSURANCE TRUST  
 Government Bond Fund (Class I)  
 Investor Destinations Aggressive Fund  
 Investor Destinations Conservative Fund  
 Investor Destinations Moderate Fund  
 Investor Destinations Moderately  
 Aggressive Fund  
 Investor Destinations Moderately  
 Conservative Fund

-- JANUS ASPEN SERIES (SERVICE SHARES)  
 Capital Appreciation Portfolio

-- OPPENHEIMER VARIABLE ACCOUNT FUNDS (INITIAL CLASS)  
 Capital Appreciation/VA  
 Global Securities Fund/VA

-- VANGUARD VARIABLE INSURANCE FUND  
 Equity Income Portfolio  
 High Yield Bond Portfolio  
 Mid-Cap Index Portfolio  
 Total Bond Market Index Portfolio

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POLICY BENEFITS/RISKS SUMMARY

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The Policy is a flexible premium adjustable variable life insurance policy. The Policy is built around its Policy Account Value. The Policy Account Value will increase or decrease depending on the investment performance of the Subaccounts, the amount of interest we credit to the Guaranteed Account, the Premiums you pay, the Policy fees and charges we deduct, and the effect of any Policy transactions (such as transfers, partial withdrawals, and loans). WE DO NOT GUARANTEE ANY MINIMUM POLICY ACCOUNT VALUE. YOU COULD LOSE SOME OR ALL OF YOUR MONEY.

This summary describes the Policy's important benefits and risks. The sections in the prospectus following this summary discuss the Policy's benefits and other provisions in more detail. THE GLOSSARY AT THE END OF THE PROSPECTUS DEFINES CERTAIN WORDS AND PHRASES USED IN THIS PROSPECTUS.

POLICY BENEFITS

DEATH BENEFIT

- INSURANCE PROCEEDS. We pay Insurance Proceeds to the Beneficiary upon due proof of death of the Insured. The Insurance Proceeds equal the death benefit and any additional insurance provided by Rider less any Indebtedness and unpaid Monthly Deductions.
- DEATH BENEFIT OPTION A AND OPTION B. In the Application, you choose between two death benefit options under the Policy. We will not issue the Policy until you have elected a death benefit option. We calculate the amount available under each death benefit option as of the Insured's date of death.
- DEATH BENEFIT OPTION A is equal to the greater of:
  - the Face Amount (which is the amount of insurance you select); or
  - the Policy Account Value multiplied by the applicable percentage listed in the table below.
- DEATH BENEFIT OPTION B is equal to the greater of:

-- the Face Amount PLUS the Policy Account Value; or

-- the Policy Account Value multiplied by the applicable percentage listed in the table below.

<Table>  
<Caption>

ATTAINED AGE	PERCENTAGE	ATTAINED AGE	PERCENTAGE
-----	-----	-----	-----
<S>	<C>	<C>	<C>
40 and under	250%	60	130%
45	215%	65	120%
50	185%	70	115%
55	150%	75 through 90	105%
		95 through 99	100%

</Table>

For Attained Ages not shown, the percentages decrease pro rata for each full year.

-- CHANGE IN DEATH BENEFIT OPTION AND FACE AMOUNT. After the first Policy Year and at least 12 months after any increase in Face Amount, you may change death benefit options while the Policy is in force. Also, after the first Policy Year, you may change the Face Amount subject to certain conditions. We apply a charge if you increase your Face Amount, and may apply a surrender charge and/or additional surrender charge if you decrease your Face Amount. A change in death benefit option or Face Amount may have tax consequences.

-- ACCELERATED DEATH BENEFIT. Under the Accelerated Death Benefit Rider, you may receive accelerated payment of part of your death benefit if the Insured develops a terminal illness or, in certain states only, is permanently confined to a nursing care facility. We will deduct an administrative charge from the

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accelerated death benefit at the time it is paid. The federal income tax consequences associated with adding the Accelerated Death Benefit Rider or receiving the accelerated death benefit are uncertain. You should consult a tax adviser before adding the Accelerated Death Benefit Rider to your Policy or requesting an accelerated death benefit.

-- LONG-TERM CARE BENEFIT. Under the Long-Term Care Benefit Riders, you may receive periodic payments of a portion of your death benefit and waiver of Monthly Deductions if the Insured becomes "chronically ill." We impose a monthly charge if you elect any of these Riders. There may be federal income tax consequences associated with the Long-Term Care Benefit Riders. You should consult a tax adviser before adding the Long-Term Care Benefit Riders to your Policy.

#### POLICY CANCELLATION, SURRENDER, AND PARTIAL WITHDRAWALS

-- POLICY CANCELLATION: When you receive your Policy, a 10-day "free look" period begins. You may return your Policy during this period and receive a refund. A Free Look Period also begins if you request an increase in Face Amount.

-- SURRENDER: At any time while the Policy is in force, you may make a Written Request (by submitting our Surrender form to us) to Surrender your Policy and receive the Net Cash Surrender Value. A Surrender may have tax consequences.

-- PARTIAL WITHDRAWALS: After the first Policy Year, you may make a Written Request to withdraw part of the Net Cash Surrender Value, subject to the following rules. Partial withdrawals may have tax consequences.

X You must request at least \$1,500.

X For each partial withdrawal, we deduct a \$25 fee from the remaining Policy Account Value.

X If Death Benefit Option A is in effect, we will reduce the Face Amount by the amount of the partial withdrawal.

X Unless you specify otherwise, we will deduct the requested partial

withdrawal and partial withdrawal charge from the Subaccounts and the Guaranteed Account in proportion to the value in each account.

#### TRANSFERS

- You may make transfers among the Subaccounts and the Guaranteed Account.
- We charge \$25 for the 13th and each additional transfer during a Policy Year.
- Transfers out of the Guaranteed Account may be made only within 30 days of a Policy Anniversary.
- The minimum amount you may transfer from a Subaccount or the Guaranteed Account is the lesser of \$1,000 or the total value in the Subaccount or Guaranteed Account.

#### LOANS

- You may take a loan (minimum \$500) from your Policy at any time. The maximum loan amount you may take is the Net Cash Surrender Value. Loans may have tax consequences.
- We charge you a maximum annual interest rate of 6% ("charged interest rate") on your loan. Charged interest is due and payable at the end of each Policy Year. Unpaid interest becomes part of the outstanding loan and accrues interest if it is not paid by the end of the Policy Year.
- We credit interest on amounts in the Loan Account ("earned interest rate") and we guarantee that the annual earned interest rate will not be lower than 4%. We currently credit an earned interest rate of 4% to amounts in the Loan Account.

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- As collateral for the loan, we transfer an amount equal to the loan (adjusted by the earned interest rate and the charged interest rate to the next Policy Anniversary) from the Separate Account and Guaranteed Account to the Loan Account on a pro rata basis, unless you specify another allocation.
- You may repay all or part of your Indebtedness at any time while the Insured is alive and the Policy is in force.
- We deduct any Indebtedness from the Policy Account Value upon Surrender, and from the Insurance Proceeds payable on the Insured's death.

#### PERSONALIZED ILLUSTRATIONS

You will receive personalized illustrations that reflect your own particular circumstances. These illustrations may help you to understand the long-term effects of different levels of investment performance and the charges and deductions under the Policy. They also may help you compare the Policy to other life insurance policies. These illustrations also show the value of Premiums accumulated with interest and demonstrate that the Policy Account Value may be low (compared to the Premiums paid plus accumulated interest) if you Surrender the Policy in the early Policy Years. Therefore, you should not purchase the Policy as a short-term investment. The personalized illustrations are based on hypothetical rates of return and are not a representation or guarantee of investment returns or Policy Account Value.

#### POLICY RISKS

##### INVESTMENT RISK

If you invest your Policy Account Value in one or more Subaccounts, then you will be subject to the risk that investment performance will be unfavorable and that the Policy Account Value will decrease. In addition, we deduct Policy fees and charges from your Policy Account Value, which can significantly reduce your Policy Account Value. During times of poor investment performance, this deduction will have an even greater impact on your Policy Account Value. You COULD lose everything you invest and your Policy could Lapse without value, unless you pay additional Premiums. If you allocate Net Premiums to the Guaranteed Account, then we credit your Policy Account Value (in the Guaranteed Account) with a declared rate of interest. You assume the risk that the rate may decrease, although it will never be lower than a guaranteed minimum annual effective rate of 4%.

## RISK OF LAPSE

If your Net Cash Surrender Value is not enough to pay the Monthly Deduction and other charges, your Policy may enter a 61-day Grace Period. We will notify you that the Policy will Lapse (terminate without value) unless you make a sufficient payment during the Grace Period. Your Policy may also Lapse if your Indebtedness reduces the Net Cash Surrender Value to zero. Your Policy generally will not Lapse: (1) during the first 5 Policy Years, if you pay Premiums (less any Indebtedness and partial withdrawals) in excess of the Minimum Guarantee Premium; or (2) if you make a payment equal to 3 Monthly Deductions before the end of the Grace Period. You may reinstate a lapsed Policy, subject to certain conditions.

## TAX RISKS

We anticipate that the Policy should generally be deemed a life insurance contract under federal tax law. However, due to limited guidance under the federal tax law, there is some uncertainty about the application of the federal tax law to the Policy, particularly if you pay the full amount of Premiums permitted under the Policy. In addition, if you elect the Accelerated Death Benefit Rider or a Long-Term Care Benefit Rider, the tax qualification consequences associated with continuing the Policy after a distribution is made are unclear. Please consult a tax adviser about these consequences. Assuming that a Policy qualifies as a life insurance contract for federal income tax purposes, you should not be deemed to be in constructive receipt of Policy Account Value under a Policy until there is a distribution from the Policy. Moreover, death benefits payable under a Policy should be excludable from the gross income of the

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Beneficiary. As a result, the Beneficiary generally should not have to pay U.S. federal income tax on the death benefit, although other taxes, such as estate taxes, may apply.

Depending on the total amount of Premiums you pay, the Policy may be treated as a modified endowment contract ("MEC") under federal tax laws. If a Policy is treated as a MEC, then Surrenders, partial withdrawals, and loans under the Policy will be taxable as ordinary income to the extent there are earnings in the Policy. In addition, a 10% penalty tax may be imposed on Surrenders, partial withdrawals, and loans taken before you attain age 59 1/2. If the Policy is not a MEC, distributions generally will be treated first as a return of basis or investment in the contract and then as taxable income. Moreover, loans will generally not be treated as distributions. Finally, neither distributions nor loans from a Policy that is not a MEC are subject to the 10% penalty tax.

See "Federal Tax Considerations." You should consult a qualified tax adviser for assistance in all Policy-related tax matters.

## WITHDRAWAL AND SURRENDER RISKS

The surrender charge under the Policy applies for 15 Policy Years after the Policy Date. An additional surrender charge will be applicable for 15 years from the date of any increase in the Face Amount. It is possible that you will receive no Net Cash Surrender Value if you Surrender your Policy in the first few Policy Years. You should purchase the Policy only if you have the financial ability to keep it in force for a substantial period of time. You should not purchase the Policy if you intend to Surrender all or part of the Policy Account Value in the near future. We designed the Policy to meet long-term financial goals. THE POLICY IS NOT SUITABLE AS A SHORT-TERM INVESTMENT.

Even if you do not ask to Surrender your Policy, surrender charges and additional surrender charges may play a role in determining whether your Policy will Lapse (terminate without value), because surrender charges and additional surrender charges decrease the Net Cash Surrender Value, which is a measure we use to determine whether your Policy will enter a Grace Period (and possibly Lapse). See "Risk of Lapse," above.

Partial withdrawals are not permitted during the first Policy Year, and we will reduce the Face Amount by the amount of the partial withdrawal if Death Benefit Option A is in effect.

A Surrender or partial withdrawal may have tax consequences.

## LOAN RISKS

A Policy loan, whether or not repaid, will affect Policy Account Value over time because we subtract the amount of the loan from the Subaccounts and/or Guaranteed Account as collateral and hold it in the Loan Account. This loan collateral does not participate in the investment performance of the Subaccounts or receive any higher current interest rate credited to the Guaranteed Account.



We reduce the amount we pay on the Insured's death by the amount of any Indebtedness. Your Policy may Lapse (terminate without value) if your Indebtedness reduces the Net Cash Surrender Value to zero.

A loan may have tax consequences. In addition, if you Surrender a Policy which is not a MEC or allow it to Lapse while a Policy loan is outstanding, the amount of the loan, to the extent it has not previously been taxed, will be added to any amount you receive and taxed accordingly.

PORTFOLIO RISKS

A comprehensive discussion of the risks of each Portfolio may be found in each Portfolio's prospectus. Please refer to the Portfolios' prospectuses for more information.

THERE IS NO ASSURANCE THAT ANY PORTFOLIO WILL ACHIEVE ITS STATED INVESTMENT OBJECTIVE.

FEE TABLE

The following tables describe the fees and expenses that a Policy Owner will pay when buying, owning, and Surrendering the Policy. The first table describes the fees and expenses that a Policy Owner will pay at the time that he or she buys the Policy, Surrenders the Policy, takes a Policy loan, or transfers Policy Account Value among the Subaccounts and the Guaranteed Account.

<Table>  
<Caption>

TRANSACTION FEES			
CHARGE	WHEN CHARGE IS DEDUCTED	AMOUNT DEDUCTED	
		GUARANTEED CHARGE	CURRENT CHARGE
<S>	<C>	<C>	<C>
MAXIMUM CHARGE IMPOSED ON PREMIUMS (PREMIUM EXPENSE CHARGE):			
Premium Tax Charge (1)	Upon receipt of each premium payment	0-4% of each premium payment, depending on the Insured's state of residence	0-4% of each premium payment, depending on the Insured's state of residence
Percent of Premium Charge (2)	Upon receipt of each premium payment	10% of premium payments	During the first Policy Year, 10% of premium payments up to a specified premium amount, (3) and 4% of premium payments above this amount
Percent of Premium Charge (Additional Premium Charge)	Upon receipt of each premium payment during the first year following an increase in Face Amount	10% of premium payments	10% of Premiums allocated to the increase in Face Amount up to a specified premium amount, and 4% of premium payments above this amount
MAXIMUM DEFERRED SURRENDER CHARGE:			
Deferred Sales Charge (4)	Upon Surrender, Lapse, or decrease in Face Amount during the first 15 Policy Years	The lesser of: (1) 35% of all Premiums paid to the date of Surrender or Lapse, or (2) during Policy Years 1-6, 70% of the	The lesser of: (1) 35% of all Premiums paid to the date of Surrender or Lapse, or (2) during Policy Years 1-6, 70% of the

</Table>

<S>	<C>	<C>	<C>
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(1) We do not deduct a premium tax charge in jurisdictions that impose no premium tax.

</Table>

<S>	<C>	<C>	<C>
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(2) After the first Policy Year, the percent of premium charge decreases to 4% of premium payments.

</Table>

<S>	<C>	<C>	<C>
-----	-----	-----	-----

(3) The specified premium amount varies based on the Insured's Issue Age, sex, Premium Class, and initial Face Amount (or increase in Face Amount). The maximum specified premium amount for any Policy is \$752.57 per \$1,000 of Face Amount.

</Table>

<S>	<C>	<C>	<C>
-----	-----	-----	-----

(4) The deferred sales charge decreases each Policy Year to 0% after the 15th Policy Year. Upon a decrease in Face Amount, we deduct a portion of this charge.

</Table>

<S>	<C>	<C>	<C>
-----	-----	-----	-----

(5) The Target Premium varies based on the Insured's Issue Age, sex, Premium Class, and initial Face Amount (or increase in Face Amount). The maximum Target Premium for any Policy is \$54 per \$1,000 of Face Amount.

</Table>

<Table>  
<Caption>

TRANSACTION FEES

CHARGE	WHEN CHARGE IS DEDUCTED	AMOUNT DEDUCTED	
		GUARANTEED CHARGE	CURRENT CHARGE
<S> Deferred Administrative Charge(6)	<C> Upon Surrender, Lapse, or decrease in Face Amount during the first 15 Policy Years	<C> During Policy Years 1-6, \$4.90 per \$1,000 of Face Amount	<C> During Policy Years 1-6, \$4.90 per \$1,000 of Face Amount
MAXIMUM DEFERRED ADDITIONAL SURRENDER CHARGE:			
Additional Deferred Sales Charge(7)	Upon Surrender, Lapse, or decrease in Face Amount during the first 15 years following an increase in Face Amount	The lesser of: (1) 35% of Premiums allocated to the increase in Face Amount, or (2) during the first 6 years following the effective date of the increase in Face Amount, 70% of the Target Premium for each increase in Face Amount	The lesser of: (1) 35% of Premiums allocated to the increase in Face Amount, or (2) during the first 6 years following the effective date of the increase in Face Amount, 70% of the Target Premium for each increase in Face Amount
Additional Deferred Administrative Charge(8)	Upon Surrender, Lapse, or decrease in Face Amount during the first 15 years following an increase	During the first 6 years following the effective date of each increase in Face Amount, \$4.90 per	During the first 6 years following the effective date of each increase in Face Amount, \$4.90 per

	in Face Amount	\$1,000 for each increase in Face Amount	\$1,000 for each increase in Face Amount
FACE AMOUNT INCREASE CHARGE	Upon increase in Face Amount	\$60 plus \$3.00 per \$1,000 of the Face Amount increase	\$60 plus \$0.50 per \$1,000 of the Face Amount increase, not to exceed \$750
OTHER WITHDRAWAL/SURRENDER FEES	Upon partial withdrawal	\$25 per withdrawal	\$25 per withdrawal
TRANSFER FEES (9)	Upon transfer	\$25 per transfer	\$25 per transfer
LOAN INTEREST CHARGE (10)	On Policy Anniversary or earlier, as applicable (11)	Annual rate of 6.00% of the loan amount	Annual rate of 6.00% of the loan amount

</Table>

<Table>

<S> <C> <C> <C>  
(6) The deferred administrative charge decreases each Policy Year to \$0 after the 15th Policy Year. Upon a decrease in Face Amount, we deduct a portion of this charge.  
</Table>

<Table>

<S> <C> <C> <C>  
(7) The additional deferred sales charge decreases each year following an increase in Face Amount to 0% after the 15th year. Upon a decrease in Face Amount, we deduct a portion of this charge.  
</Table>

<Table>

<S> <C> <C> <C>  
(8) The additional deferred administrative charge decreases each year following an increase in Face Amount to \$0 after the 15th year. Upon a decrease in Face Amount, we deduct a portion of this charge.  
</Table>

<Table>

<S> <C> <C> <C>  
(9) We do not assess a transfer charge for the first 12 transfers each Policy Year.  
</Table>

<Table>

<S> <C> <C> <C>  
(10) The maximum guaranteed net cost of loans is 2.00% annually (e.g., the difference between the amount of interest we charge you for a loan (6.00% annually) and the amount of interest we credit to the Loan Account (guaranteed not be lower than 4.00% annually)).  
</Table>

<Table>

<S> <C> <C> <C>  
(11) While a Policy loan is outstanding, loan interest is payable in arrears on each Policy Anniversary or, if earlier, on the date of loan repayment, Lapse, Surrender, Policy termination, or the Insured's death.  
</Table>

The next table describes the fees and expenses that a Policy Owner will pay periodically during the time that he or she owns the Policy, not including Portfolio fees and expenses.

<Table>  
<Caption>

PERIODIC CHARGES OTHER THAN PORTFOLIO OPERATING EXPENSES

CHARGE	WHEN CHARGE IS DEDUCTED	AMOUNT DEDUCTED	
		GUARANTEED CHARGE	CURRENT CHARGE
<S> COST OF INSURANCE: (12)	<C>	<C>	<C>
Minimum and Maximum Charge	On Policy Date and monthly on Policy Processing Day	\$0.06 - \$420.82 per \$1,000 of net amount at risk(13) per month	\$0.03 - \$105.86 per \$1,000 of net amount at risk per month during Policy Years 1-10 \$0.02 - \$115.12 per \$1,000 of net amount at risk per month during Policy Years 11+
Charge for a male Insured, Attained Age 45, in the nonsmoker Premium Class	On Policy Date and monthly on Policy Processing Day	\$0.28 per \$1,000 of net amount at risk per month	\$0.22 per \$1,000 of net amount at risk per month
INITIAL ADMINISTRATIVE CHARGE (14)	On Policy Date and monthly on Policy Processing Day	\$5	\$5
MONTHLY ADMINISTRATIVE CHARGE	On Policy Date and monthly on Policy Processing Day	\$11	\$7.50

</Table>

<Table>

<S> <C> <C> <C>

(12) Cost of insurance charges vary based on the Insured's Attained Age, sex, Premium Class, Policy Year, and net amount at risk. The cost of insurance charges shown in the table may not be typical of the charges you will pay. Your Policy's specifications page will indicate the guaranteed cost of insurance charge applicable to your Policy, and more detailed information concerning your cost of insurance charges is available on request from our Service Center. Also, before you purchase the Policy, we will provide you personalized illustrations of your future benefits under the Policy based upon the Insured's Issue Age and Premium Class, the death benefit option, Face Amount, planned periodic premiums, and Riders requested.

</Table>

<Table>

<S> <C> <C> <C>

(13) The net amount at risk is equal to the death benefit on the Policy Processing Day minus the Policy Account Value on the Policy Processing Day.

</Table>

<Table>

<S> <C> <C> <C>

(14) We only deduct the initial administrative charge on the first 12 Policy Processing Days.

</Table>

<Table>  
<Caption>

PERIODIC CHARGES OTHER THAN PORTFOLIO OPERATING EXPENSES

WHEN CHARGE IS	AMOUNT DEDUCTED
----------------	-----------------

CHARGE	DEDUCTED	GUARANTEED CHARGE	CURRENT CHARGE
<S>	<C>	<C>	<C>
INSURANCE CHARGE	Daily	Annual rate of 1.00% of the average daily net assets of each Subaccount you are invested in	-- For Subaccounts investing in the Vanguard Variable Insurance Fund Portfolios, an annual rate of 0.95% of the average daily net assets of each Vanguard Variable Insurance Fund Subaccount you are invested in -- For all other Subaccounts, an annual rate of 0.75% of the average daily net assets of each of those Subaccounts you are invested in

OPTIONAL CHARGES: (15)

Accelerated Death Benefit Rider	At the time the accelerated death benefit is paid	\$250	\$100
Additional Insurance Benefit Rider: Minimum and Maximum Charge	On Rider Policy Date and monthly on Policy Processing Day	\$0.06 - \$420.82 per \$1,000 of Rider coverage amount per month	\$0.02 - \$115.12 per \$1,000 of Rider coverage amount per month
Charge for a male Insured, Attained Age 45, in the nonsmoker Premium Class	On Rider Policy Date and monthly on Policy Processing Day	\$0.28 per \$1,000 of Rider coverage amount per month	\$0.11 per \$1,000 of Rider coverage amount per month
Change of Insured Rider	N/A	None	None
Children's Term Insurance Rider	On Rider Policy Date and monthly on Policy Processing Day	\$0.52 per \$1,000 of Rider coverage amount per month	\$0.52 per \$1,000 of Rider coverage amount per month

</Table>

<Table>

<S>	<C>	<C>	<C>
(15)	Charges for the Additional Insurance Benefit Rider, Convertible Term Rider, Disability Waiver Benefit Rider, Disability Waiver of Premium Benefit Rider, and Long-Term Care Benefit Riders may vary based on the Insured's Issue or Attained Age, sex, Premium Class, Policy Year, Face Amount, and net amount at risk. Charges based on Attained Age may increase as the Insured ages. The Rider charges shown in the table may not be typical of the charges you will pay. Your Policy's specifications page will indicate the Rider charges applicable to your Policy, and more detailed information concerning these Rider charges is available on request from our Service Center. Also, before you purchase the Policy, we will provide you personalized illustrations of your future benefits under the Policy based upon the Insured's Issue Age and Premium Class, the death benefit option, Face Amount, planned periodic premiums, and Riders requested.		

</Table>

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<Caption>

PERIODIC CHARGES OTHER THAN PORTFOLIO OPERATING EXPENSES

CHARGE	WHEN CHARGE IS DEDUCTED	AMOUNT DEDUCTED	
		GUARANTEED CHARGE	CURRENT CHARGE
<S>	<C>	<C>	<C>
Convertible Term Rider: Minimum and Maximum Charge	On Rider Policy Date and monthly on Policy Processing Day	\$0.06 - \$420.82 per \$1,000 of Rider coverage amount per month	\$0.06 - \$113.17 per \$1,000 of Rider coverage amount per month
Charge for a female Insured, Attained Age 35, in the nonsmoker Premium Class	On Rider Policy Date and monthly on Policy Processing Day	\$0.12 per \$1,000 of Rider coverage amount per month	\$0.08 per \$1,000 of Rider coverage amount per month
Disability Waiver Benefit Rider: Minimum and Maximum Charge	On Rider Policy Date and monthly on Policy Processing Day	\$0.01 - \$1.76 per \$1,000 net amount at risk per month	\$0.01 - \$1.76 per \$1,000 net amount at risk per month
Charge for an Insured, Attained Age 45	On Rider Policy Date and monthly on Policy Processing Day	\$0.01 per \$1,000 net amount at risk per month	\$0.01 per \$1,000 net amount at risk per month
Disability Waiver of Premium Benefit Rider: Minimum and Maximum Charge	On Rider Policy Date and monthly on Policy Processing Day	2% - 23.20% of the monthly benefit amount per month	2% - 23.20% of the monthly benefit amount per month
Charge for an Insured, Issue Age 45	On Rider Policy Date and monthly on Policy Processing Day	3.9% of the monthly benefit amount per month	3.9% of the monthly benefit amount per month
Final Policy Date Extension Rider	N/A	None	None
Long-Term Care Benefit Riders:			
1. Long-Term Care Acceleration Benefit Rider (16) Minimum and Maximum Charge	On Rider Policy Date and monthly on Policy Processing Day	No maximum amount is guaranteed	\$0.02 (17) - \$3.24 (18) per \$1,000 of net amount at risk per month
Charge for a male Insured, Attained Age 55 with a 4% Acceleration Benefit Rider	On Rider Policy Date and monthly on Policy Processing Day	No maximum amount is guaranteed	\$0.20 per \$1,000 of net amount at risk per month

</Table>

<Table>

<S>                                   <C>                                   <C>                                   <C>  
(16) We may increase the rates for the Long-Term Care Acceleration Benefit Rider charge on a class basis. We waive this Rider's charge during the time we pay benefits under the Rider.

</Table>

<Table>

<S> <C> <C> <C>  
(17) Based on the selection of the 2% Long-Term Care Acceleration Benefit Rider.

</Table>

<Table>

<S> <C> <C> <C>  
(18) Based on the selection of the 4% Long-Term Care Acceleration Benefit Rider.

</Table>

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<Caption>

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PERIODIC CHARGES OTHER THAN PORTFOLIO OPERATING EXPENSES  
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CHARGE	WHEN CHARGE IS DEDUCTED	AMOUNT DEDUCTED	
		GUARANTEED CHARGE	CURRENT CHARGE
<S>	<C>	<C>	<C>
2. Long-Term Care Waiver Benefit Rider(19) Minimum and Maximum Charge	On Rider Policy Date and monthly on Policy Processing Day	No maximum amount is guaranteed	\$0.01 - \$3.47 per \$1,000 of net amount at risk per month
Charge for a male Insured, Attained Age 55	On Rider Policy Date and monthly on Policy Processing Day	No maximum amount is guaranteed	\$0.01 per \$1,000 of net amount at risk per month
3. Long-Term Care Extended Insurance Benefit Rider(20) Minimum and Maximum Charge	On Rider Policy Date and monthly on Policy Processing Day	No maximum amount is guaranteed	\$0.01(21) - \$8.72(22) per \$1,000 of Rider coverage amount per month
Charge for a male Insured, Issue Age 55 with a 4% Extended Insurance Benefit Rider, assuming no inflation or nonforfeiture protection (as described in the Rider), and assuming lifetime payments	On Rider Policy Date and monthly on Policy Processing Day	No maximum amount is guaranteed	\$0.19 per \$1,000 of Rider coverage amount per month

</Table>

The following tables describe the Portfolio fees and expenses that a Policy Owner will pay periodically during the time that he or she owns the Policy. The fees and expenses are for the fiscal year ended December 31, 2001. Expenses of the Portfolios may be higher or lower in the future. More detail concerning each Portfolio's fees and expenses is contained in the prospectus for each Portfolio.

<Table>

<S> <C> <C> <C>  
(19) We may increase the rates for the Long-Term Care Waiver Benefit Rider charge on a class basis.

</Table>

<Table>  
 <S> <C> <C> <C>  
 (20) We may increase the rates for the Long-Term Care Extended Insurance Benefit Rider charge on a class basis. We waive this Rider's charge during the time we pay benefits under the Rider.  
 </Table>

<Table>  
 <S> <C> <C> <C>  
 (21) Based on the selection of the 2% Long-Term Care Extended Insurance Benefit Rider, without inflation or nonforfeiture protection (as described in the Rider), and with a fixed extension period.  
 </Table>

<Table>  
 <S> <C> <C> <C>  
 (22) Based on the selection of the 4% Long-Term Care Extended Insurance Benefit Rider, with inflation and nonforfeiture protection (as described in the Rider), and with a lifetime extension period.  
 </Table>

10

The following table shows the minimum and maximum Total Annual Portfolio Operating Expenses charged by any of the Portfolios for the fiscal year ended December 31, 2001.

ANNUAL PORTFOLIO OPERATING EXPENSES (expenses that are deducted from Portfolio assets):

<Table>  
 <Caption>

	MINIMUM	MAXIMUM
<S>	<C>	<C>
TOTAL ANNUAL PORTFOLIO OPERATING EXPENSES (expenses that are deducted from Portfolio assets, including management fees, distribution and/or service (12b-1) fees, and other expenses)	0.22%	1.25%

</Table>

The following table shows the fees and expenses charged by each Portfolio for the fiscal year ended December 31, 2001.

ANNUAL PORTFOLIO OPERATING EXPENSES (expenses that are deducted from Portfolio assets):

<Table>  
 <Caption>

PORTFOLIO	MANAGEMENT FEES	12B-1 FEES	OTHER EXPENSES	GROSS TOTAL ANNUAL EXPENSES	NET TOTAL ANNUAL EXPENSES (CONTRACTUAL) (23)
<S>	<C>	<C>	<C>	<C>	<C>
MARKET STREET FUND(24) Equity 500 Index Portfolio	0.24%	N/A	0.27%	0.51%	0.28%
Money Market Portfolio	0.25%	N/A	0.30%	0.55%	0.50%
AMERICAN CENTURY VARIABLE PORTFOLIOS, INC. (CLASS I)					
VP Ultra Fund(R)	1.00%	N/A	0.00%	1.00%	1.00%
VP Income & Growth Fund	0.70%	N/A	0.00%	0.70%	0.70%



DREYFUS INVESTMENT PORTFOLIOS

Small Cap Stock Index Portfolio	0.35%	0.25%	0.00%	0.60%	0.60%
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DREYFUS VARIABLE INVESTMENT FUND  
(INITIAL SHARES)

Appreciation Portfolio	0.75%	N/A	0.03%	0.78%	0.78%
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FEDERATED INSURANCE SERIES  
(PRIMARY SHARES)

Quality Bond Fund II	0.60%	0.25%	0.40%	1.25%	1.25%
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FIDELITY VARIABLE INSURANCE PRODUCTS  
(SERVICE CLASS)

Equity-Income Portfolio	0.48%	0.10%	0.10%	0.68%	0.68%
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Growth Portfolio	0.58%	0.10%	0.10%	0.78%	0.78%
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Investment Grade Bond Portfolio	0.43%	0.10%	0.11%	0.64%	0.64%
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Overseas Portfolio	0.73%	0.10%	0.20%	1.03%	1.03%
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GARTMORE VARIABLE INSURANCE TRUST (25)

Government Bond Fund (Class I)	0.50%	N/A	0.25%	0.75%	0.75%
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Investor Destinations Aggressive Fund	0.13%	0.25%	0.63%	1.01%	0.61%
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Investor Destinations Conservative Fund	0.13%	0.25%	0.63%	1.01%	0.61%
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Investor Destinations Moderate Fund	0.13%	0.25%	0.63%	1.01%	0.61%
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Investor Destinations Moderately Aggressive Fund	0.13%	0.25%	0.63%	1.01%	0.61%
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Investor Destinations Moderately Conservative Fund	0.13%	0.25%	0.63%	1.01%	0.61%
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</Table>

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<Caption>

PORTFOLIO	MANAGEMENT FEES	12B-1 FEES	OTHER EXPENSES	GROSS TOTAL ANNUAL EXPENSES	NET TOTAL ANNUAL EXPENSES (CONTRACTUAL) (23)
<S>	<C>	<C>	<C>	<C>	<C>
JANUS ASPEN SERIES (SERVICE SHARES) Capital Appreciation Portfolio	0.65%	0.25%	0.01%	0.91%	0.91%
OPPENHEIMER VARIABLE ACCOUNT FUNDS (INITIAL CLASS)					
Capital Appreciation Fund/VA	0.64%	N/A	0.04%	0.68%	0.68%
Global Securities Fund/VA	0.64%	N/A	0.06%	0.70%	0.70%

VANGUARD VARIABLE INSURANCE FUND					
Equity Income Portfolio	0.29%	N/A	0.03%	0.32%	0.32%
Mid-Cap Index Portfolio	0.24%	N/A	0.06%	0.30%	0.30%
High Yield Bond Portfolio	0.24%	N/A	0.04%	0.28%	0.28%
Total Bond Market Index Portfolio	0.19%	N/A	0.03%	0.22%	0.22%

</Table>

(23) Pursuant to a written reimbursement agreement, the investment adviser to the Market Street Fund Money Market and Equity 500 Index Portfolios has agreed to reimburse each Portfolio for certain ordinary operating expenses in excess of a specified percentage of the average daily net assets of each Portfolio. This agreement will not be terminated prior to April 30, 2003.

Pursuant to a written reimbursement agreement, the investment adviser to the Gartmore Variable Insurance Trust Portfolios has agreed to reimburse each Portfolio (other than the Government Bond Fund) for management fees and/or certain ordinary operating expenses in excess of a specified percentage of the average daily net assets of each Portfolio. This agreement will not be terminated prior to February 28, 2003.

For certain Portfolios, certain expenses were voluntarily reimbursed and/or certain fees were voluntarily waived during 2001. It is anticipated that these expense reimbursement and fee waiver arrangements will continue past the current year, although they may be terminated at any time. However, for certain Portfolios, no expenses were actually reimbursed or fees waived during 2001 because the level of actual expenses and fees never exceeded the thresholds at which the reimbursement and waiver arrangements would have become operative. After taking into account these voluntary arrangements, Net Total Annual Expenses would have been:

<Table>  
<Caption>

PORTFOLIO	MANAGEMENT FEES	12B-1 FEES	OTHER EXPENSES	GROSS TOTAL ANNUAL EXPENSES	NET TOTAL ANNUAL EXPENSES (VOLUNTARY)
<S>	<C>	<C>	<C>	<C>	<C>
FEDERATED INSURANCE SERIES (PRIMARY SHARES)					
Quality Bond Fund II	0.60%	0.25%	0.40%	1.25%	0.70%
FIDELITY VARIABLE INSURANCE PRODUCTS (SERVICE CLASS)					
Equity-Income Portfolio	0.48%	0.10%	0.10%	0.68%	0.67%
Growth Portfolio	0.58%	0.10%	0.10%	0.78%	0.75%
Overseas Portfolio	0.73%	0.10%	0.20%	1.03%	0.97%

</Table>

(24) Certain fees and expenses for the Market Street Fund Portfolios have been restated as of October 1, 2002 to reflect new administrative services and other agreements. Other Expenses include an administrative service expense of 0.15% for the Money Market Portfolio and 0.10% for the Equity 500 Index Portfolio. This administrative service expense is payable to NLICA for administration services that NLICA provides to Market Street Fund. These administrative services include financial, account administration, record keeping, and accounting services provided to Market Street Fund by NLICA personnel.

(25) The Gartmore Variable Insurance Trust Portfolios commenced operations on December 14, 2001. Because the Portfolios had not been in operation for one year as of December 31, 2001, the Management Fees represent the fee that is payable to the Portfolios' investment adviser. Further, because the Portfolios were new in 2001, Other Expenses are estimates for the current fiscal year ending December 31, 2002.

The fee and expense information regarding the Portfolios was provided by those Portfolios. The American Century Variable Portfolios, Inc., Dreyfus Investment Portfolios, Dreyfus Variable Investment Fund,

Federated Insurance Series, Fidelity Variable Insurance Products, Janus Aspen Series, Oppenheimer Variable Account Funds, and Vanguard Variable Insurance Fund are not affiliated with NLICA.

THE POLICY

PURCHASING A POLICY

To purchase a Policy, you must submit a completed Application and an initial premium to us at our Service Center through any licensed life insurance agent who is appointed by NLICA and who is also a registered representative of 1717 Capital Management Company ("1717"), the principal underwriter for the Policy (as well as for other variable life policies), or a registered representative of a broker-dealer having a selling agreement with 1717, or a registered representative of a broker-dealer having a selling agreement with these broker-dealers. If you submit your Application and/or initial premium to your agent, we will not begin processing your purchase order until we receive the Application and initial premium from your agent's broker-dealer.

The minimum Initial Face Amount is \$50,000 for all Premium Classes except preferred, and \$100,000 for the preferred Premium Class.

Generally, the Policy is available for Insureds between Issue Ages 1-85. We can provide you with details as to our underwriting standards when you apply for a Policy. We reserve the right to modify our minimum Face Amount and underwriting requirements at any time. We must receive Evidence of Insurability that satisfies our underwriting standards before we will issue a Policy. We reserve the right to reject an Application for any reason permitted by law.

REPLACEMENT OF EXISTING INSURANCE. It may not be in your best interest to Surrender, Lapse, change, or borrow from existing life insurance policies or annuity contracts in connection with the purchase of the Policy. You should compare your existing insurance and the Policy carefully. You should replace your existing insurance only when you determine that the Policy is better for you. You may have to pay a surrender charge on your existing insurance, and the Policy will impose a new surrender charge period. You should talk to your financial professional or tax adviser to make sure the exchange will be tax-free. If you Surrender your existing policy for cash and then buy the Policy, you may have to pay a tax, including possibly a penalty tax, on the Surrender. Because we will not issue the Policy until we have received an initial premium from your existing insurance company, the issuance of the Policy may be delayed.

WHEN INSURANCE COVERAGE TAKES EFFECT

We will issue the Policy only if the underwriting process has been completed, the Application has been approved, and the proposed Insured is alive and in the same condition of health as described in the Application. However, full insurance coverage under the Policy will take effect only if the Minimum Initial Premium also has been paid. We begin to deduct monthly charges from your Policy Account Value on the Policy Issue Date.

We may provide temporary insurance coverage before full insurance coverage takes effect, subject to our underwriting rules and Policy conditions. The amount of temporary insurance coverage we provide may be less than the amount of full insurance coverage you later receive. If temporary insurance does not take effect, then no insurance shall take effect unless and until: (1) the underwriting process has been completed; (2) the Application has been approved; (3) the Minimum Initial Premium has been paid; and (4) there has been no change in the insurability of any proposed Insured since the date of Application.

CANCELING A POLICY (FREE LOOK RIGHT)

INITIAL FREE LOOK. You may cancel a Policy during the Free Look Period by providing Written Notice of cancellation and returning the Policy to us or to the agent who sold it. The Free Look Period begins when you receive the Policy and generally expires 10 days after you receive the Policy. This period will be longer

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if required by state law. If you decide to cancel the Policy during the Free Look Period, we will treat the Policy as if we never issued it.

Within 7 days after we receive the returned Policy, we generally will refund an amount equal to the sum of:

1. The Policy Account Value as of the date we receive the returned Policy, plus
2. Any premium expense charges deducted from Premiums paid, plus
3. Any Monthly Deductions charged against the Policy Account Value, plus
4. An amount reflecting other charges deducted (directly or indirectly) under the Policy.

We may postpone payment of the refund under certain conditions. The Free Look Period may be longer in some states and, where state law requires, the refund will equal all payments you made (less any partial withdrawals and Indebtedness).

FREE LOOK FOR INCREASE IN FACE AMOUNT. A Free Look Period also begins if you request an increase in Face Amount. You may cancel an increase in Face Amount until 10 days after you receive the new Policy Schedule pages reflecting the increase. This period will be longer if required by state law. If you exercise this right, all Monthly Deductions attributable to the increase plus the Face Amount increase charge will be credited to the Subaccounts and the Guaranteed Account in the same proportion as they were deducted, unless you request a refund of this amount.

#### OWNERSHIP AND BENEFICIARY RIGHTS

The Policy belongs to the Owner named in the Application. While the Insured is living, the Owner may exercise all of the rights and options described in the Policy. The Owner is the Insured unless the Application specifies a different person as the Insured or the Owner is changed thereafter. If the Owner is not the Insured and dies before the Insured, ownership of the Policy will pass to the Owner's estate, unless a contingent Owner has been designated. To the extent permitted by law, Policy benefits are not subject to any legal process for the payment of any claim against the payee, and no right or benefit will be subject to claims of creditors (except as may be provided by assignment). The principal rights of the Owner include selecting and changing the Beneficiary, changing the Owner, and assigning the Policy. Changing the Owner or assigning the Policy may result in tax consequences.

The principal right of the Beneficiary is the right to receive the Insurance Proceeds under the Policy.

#### MODIFYING THE POLICY

Any modification or waiver of our rights or requirements under the Policy must be in writing and signed by our president or a vice president. No agent may bind us by making any promise not contained in the Policy.

Upon notice to you, we may modify the Policy:

- to conform the Policy, our operations, or the Separate Account's operations to the requirements of any law (or regulation issued by a government agency) to which the Policy, our Company, or the Separate Account is subject;
- to assure continued qualification of the Policy as a life insurance contract under the federal tax laws; or
- to reflect a change in the Separate Account's operation.

If we modify the Policy, we will make appropriate endorsements to the Policy. If any provision of the Policy conflicts with the laws of a jurisdiction that govern the Policy, we reserve the right to amend the provision to conform with these laws.

#### OTHER POLICIES

We offer other variable life insurance policies that have different death benefits, policy features, and optional programs. However, these other policies also have different charges that would affect your

Subaccount performance and Policy Account Value. To obtain more information about these other policies, contact our Service Center or your agent.

PREMIUMS

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MINIMUM INITIAL PREMIUM. No insurance will take effect until the Minimum Initial Premium is paid, and the health and other conditions of the Insured described in the Application must not have changed.

PREMIUM FLEXIBILITY. When you apply for a Policy, you will elect to pay Premiums on a quarterly, semiannual, or annual basis (planned periodic premiums). We will then send you a premium reminder notice as each payment becomes "due." However, you do not have to pay Premiums according to any schedule. You have flexibility to determine the frequency and the amount of the Premiums you pay, and you can change the planned periodic premium schedule at any time. If you are submitting a premium payment pursuant to a premium reminder notice, the address for payment will be enclosed with the notice. You may also send your premium payments to our Service Center, or send additional premium payments by wire transfer. If you submit a premium payment to your agent, we will not begin processing the premium until we receive it from your agent's broker-dealer. If you have an outstanding Policy loan, we will credit all payments you send to us as loan repayments unless you provide Written Notice for the payments to be applied as premium payments. (For New York residents, we will credit all payments you send to us as premium payments unless you provide Written Notice for the payments to be applied as loan repayments.) You may also choose to have premium payments automatically deducted monthly from your bank account or other source under the automatic payment plan. Payment of the planned periodic premiums does not guarantee that the Policy will remain in force. See "Policy Lapse and Reinstatement."

You may not pay any Premiums after the Policy's Final Policy Date. You may not pay Premiums less than \$20, and we reserve the right to increase this minimum to an amount not exceeding \$500 upon 90 days Written Notice to you. We have the right to limit or refund any premium or portion of a premium if:

1. The premium would disqualify the Policy as a life insurance contract under the Code;
2. The amount you pay is less than the minimum dollar amount allowed (currently \$20); or
3. The premium would increase the net amount at risk (unless you provide us with satisfactory Evidence of Insurability).

You can stop paying Premiums at any time and your Policy will continue in force until the earlier of the Final Policy Date, or the date when either: (1) the Insured dies; (2) the Grace Period ends without a sufficient payment (see "Policy Lapse and Reinstatement"); or (3) we receive your Written Notice requesting a Surrender of the Policy.

MINIMUM GUARANTEE PREMIUM. The Minimum Guarantee Premium is the monthly premium amount necessary to guarantee insurance coverage during the first 5 Policy Years. Your Policy's specifications page will show a Minimum Guarantee Premium amount for your Policy, which is based on the Insured's Issue Age, sex, Premium Class, Face Amount, and Riders. The Minimum Guarantee Premium will increase if you increase the Face Amount or add supplemental benefits to your Policy. The Minimum Guarantee Premium will decrease for any supplemental benefit you decrease or discontinue. The Minimum Guarantee Premium will not decrease if you decrease the Face Amount. See "Death Benefit -- Changing the Face Amount."

PREMIUM LIMITATIONS. The Code provides for exclusion of the death benefit from a Beneficiary's gross income if total premium payments do not exceed certain stated limits. In no event can the total of all Premiums paid under a Policy exceed these limits. We have established procedures to monitor whether aggregate Premiums paid under a Policy exceed those limits. If a premium is paid which would result in total Premiums exceeding these limits, we will accept only that portion of the premium which would make

total Premiums equal the maximum amount which may be paid under the Policy. We will notify you of available options with regard to the excess premium. If a satisfactory arrangement is not made, we will refund this excess to you. If total Premiums do exceed the maximum premium limitations established by the Code, however, the excess of a Policy's death benefit over the Policy's cash surrender value (i.e., the Policy Account Value less any surrender charges or additional surrender charges) should still be excludable from gross income.

The maximum premium limitations set forth in the Code depend in part upon the amount of the death benefit at any time. As a result, any Policy changes which affect the amount of the death benefit may affect whether cumulative Premiums paid under the Policy exceed the maximum premium limitations.

REFUND OF EXCESS PREMIUM FOR MODIFIED ENDOWMENT CONTRACTS. At the time a premium is credited which would cause the Policy to become a MEC, we will notify you that the Policy will become a MEC unless you request a refund of the excess premium within 30 days after receiving the notice. If you request a refund, we will deduct the Policy Account Value attributable to the excess premium (including any interest or earnings on the excess premium) from the Subaccounts and/or the Guaranteed Account in the same proportion as the premium was initially allocated to the Subaccounts and/or the Guaranteed Account. The excess premium paid (but not any interest or earnings on the excess premium) will be returned to you. For more information on MECs, see "Federal Tax Considerations."

TAX-FREE EXCHANGES (1035 EXCHANGES). We may accept as part of your initial premium, money from another life insurance contract that qualified for a tax-free exchange under Section 1035 of the Code, contingent upon receipt of the cash from that contract. If you contemplate such an exchange, you should consult a tax adviser to discuss the potential tax effects of such a transaction.

#### ALLOCATING PREMIUMS

When you apply for a Policy, you must instruct us in the Application to allocate your net premium to one or more Subaccounts of the Separate Account and/or to the Guaranteed Account according to the following rules:

- Allocation percentages must be in whole numbers and the sum of the percentages must equal 100%.
- We will allocate the net premium as of the date we receive it at our Service Center according to your current premium allocation instructions, unless otherwise specified.
- You can change the allocation instructions for additional Net Premiums without charge by providing us with Written Notice. Any change in allocation instructions will be effective on the date we record the change.

Investment returns from amounts allocated to the Subaccounts will vary with the investment performance of these Subaccounts and will be reduced by Policy charges. YOU BEAR THE ENTIRE INVESTMENT RISK FOR AMOUNTS YOU ALLOCATE TO THE SUBACCOUNTS. You should periodically review your allocation schedule in light of market conditions and your overall financial objectives.

#### DELAY IN ALLOCATION

Certain states require us to refund all payments (less any partial withdrawals and Indebtedness) in the event you cancel the Policy during the Free Look Period. See "The Policy -- Canceling a Policy (Free Look Right)." In those states, we will allocate to the Money Market Subaccount any Premiums you request be allocated to Subaccount(s) which are received at our Service Center within 15 days from the later of: (1) the Policy Issue Date; or (2) the date we receive the Minimum Initial Premium. After this 15-day period ends, the value in the Money Market Subaccount is allocated among the Subaccounts as indicated in the Application. We invest all Net Premiums paid thereafter based on the allocation percentages then in effect.

#### POLICY ACCOUNT VALUES

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#### POLICY ACCOUNT VALUE

The Policy Account Value serves as the starting point for calculating values under a Policy.

POLICY ACCOUNT VALUE: -- equals the sum of all values in the Guaranteed Account, the Loan Account, and in each

- Subaccount;
- is determined first on the Policy Date and then on each Valuation Day; and
- has no guaranteed minimum amount and may be more or less than Premiums paid.

Policy Account Value varies from day to day, depending on the investment performance of the Subaccounts you choose, interest we credit to the Guaranteed Account, charges we deduct, and any other transactions (e.g., transfers, partial withdrawals, and loans). WE DO NOT GUARANTEE A MINIMUM POLICY ACCOUNT VALUE.

#### NET CASH SURRENDER VALUE

The Net Cash Surrender Value is the amount we pay to you when you Surrender your Policy. We determine the Net Cash Surrender Value at the end of the Valuation Period when we receive your written Surrender request at our Service Center.

NET CASH SURRENDER VALUE AT THE END OF ANY VALUATION DAY

- EQUALS:
- the Policy Account Value as of such date; MINUS
  - any surrender charge or additional surrender charge as of such date; MINUS
  - any outstanding Indebtedness

#### SUBACCOUNT VALUE

At the end of any Valuation Period, the Subaccount value is equal to the number of units in the Subaccount multiplied by the unit value of that Subaccount.

THE NUMBER OF UNITS IN ANY SUBACCOUNT AT THE END OF ANY

- VALUATION DAY EQUALS:
- the initial units purchased at the unit value on the Policy Issue Date; PLUS
  - units purchased with additional Net Premiums; PLUS
  - units purchased via transfers from another Subaccount, the Guaranteed Account, or the Loan Account; MINUS
  - units redeemed to pay for Monthly Deductions; MINUS
  - units redeemed to pay for partial withdrawals; MINUS
  - units redeemed as part of a transfer to another Subaccount, the Guaranteed Account, or the Loan Account.

Every time you allocate or transfer money to or from a Subaccount, we convert that dollar amount into units. We determine the number of units we credit to, or subtract from, your Policy by dividing the dollar amount of the transaction by the unit value for that Subaccount at the end of the Valuation Period in which the transaction request is received.

#### UNIT VALUE

We determine a unit value for each Subaccount to reflect how investment performance affects the Policy Account Value. Unit values will vary among Subaccounts. The unit value may increase or decrease from one Valuation Period to the next.

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THE UNIT VALUE OF ANY SUBACCOUNT AT THE END OF ANY

- VALUATION DAY EQUALS:
- the unit value of the Subaccount on the immediately preceding Valuation Day; MULTIPLIED BY
  - the net investment factor for that Subaccount on that Valuation Day.

- THE NET INVESTMENT FACTOR:
- measures the investment performance of a Subaccount from one Valuation Period to the next;
  - increases to reflect investment income and capital gains (realized and unrealized) for the shares of the underlying Portfolio; and
  - decreases to reflect any capital losses

(realized and unrealized) for the shares of the underlying Portfolio, as well as the insurance charge.

GUARANTEED ACCOUNT VALUE

On the Policy Issue Date, the Guaranteed Account value is equal to the Net Premiums allocated to the Guaranteed Account, less the portion of the first Monthly Deduction taken from the Guaranteed Account.

THE GUARANTEED ACCOUNT VALUE AT THE END OF ANY VALUATION DAY

IS EQUAL TO: -- the net premium(s) allocated to the Guaranteed Account; PLUS -- any amounts transferred to the Guaranteed Account (including amounts transferred from the Loan Account); PLUS -- interest credited to the Guaranteed Account; MINUS -- amounts deducted to pay for Monthly Deductions; MINUS -- amounts withdrawn from the Guaranteed Account; MINUS -- amounts transferred from the Guaranteed Account to a Subaccount or to the Loan Account.

Interest will be credited to the Guaranteed Account on each Policy Processing Day as follows:

- for amounts in the Guaranteed Account for the entire Policy month -- interest will be credited from the beginning to the end of the Policy month
-- for amounts allocated to the Guaranteed Account during the prior Policy month -- interest will be credited from the date the net premium or loan repayment is allocated to the end of the Policy month
-- for amounts transferred to the Guaranteed Account during the prior Policy month -- interest will be credited from the date of the transfer to the end of the Policy month
-- for amounts deducted or withdrawn from the Guaranteed Account during the prior Policy month - - interest will be credited from the beginning of the prior Policy month to the date of deduction or withdrawal

DEATH BENEFIT

INSURANCE PROCEEDS

As long as the Policy is in force, we will pay the Insurance Proceeds to the Beneficiary once we receive satisfactory proof of the Insured's death. We may require you to return the Policy. We will pay the Insurance Proceeds in a lump sum or under a settlement option. If the Beneficiary dies before the Insured, we will pay the Insurance Proceeds in a lump sum to the Insured's estate. See "Death Benefit -- Settlement Options."

<Table>
<S> INSURANCE PROCEEDS EQUAL:
<C> -- the death benefit (described below); PLUS
-- any additional insurance provided by Rider; MINUS
-- any unpaid Monthly Deductions; MINUS
-- any outstanding Indebtedness.
</Table>

If all or part of the Insurance Proceeds are paid in one sum, we will pay interest on this sum at the annual rate of 3% or any higher rate as required by applicable state law from the date of the Insured's death to the date we make payment.



An increase in the Face Amount will increase the death benefit, and a decrease in the Face Amount will decrease the death benefit.

We may further adjust the amount of the Insurance Proceeds under certain circumstances.

#### DEATH BENEFIT OPTIONS

In the Application, you may choose between two death benefit options: Option A and Option B. We calculate the amount available under each death benefit option as of the date of the Insured's death. Under either option, the length of the death benefit coverage depends upon the Policy's Net Cash Surrender Value. See "Policy Lapse and Reinstatement."

<Table>			
<S>		<C>	<C>
The Death Benefit under OPTION A is the greater of:	--	the Face Amount; OR	
	--	the Policy Account Value (determined as of the date of the Insured's death if this day is a Valuation Day; otherwise on the Valuation Day next following the date of the Insured's death) multiplied by the applicable percentage listed in the table below.	
The Death Benefit under OPTION B is the greater of:	--	the Face Amount plus the Policy Account Value (determined as of the date of the Insured's death if this day is a Valuation Day; otherwise on the Valuation Day next following the date of the Insured's death); OR	
	--	the Policy Account Value (determined as of the date of the Insured's death if this day is a Valuation Day; otherwise on the Valuation Day next following the date of the Insured's death) multiplied by the applicable percentage listed in the table below.	

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<Caption>			
ATTAINED AGE	PERCENTAGE	ATTAINED AGE	PERCENTAGE
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<S>	<C>	<C>	<C>
40 and under	250%	60	130%
45	215%	65	120%
50	185%	70	115%
55	150%	75 through 90	105%
		95 through 99	100%

</Table>

For Attained Ages not shown, the percentages decrease pro rata for each full year.

WHICH DEATH BENEFIT OPTION TO CHOOSE. If you prefer to have premium payments and favorable investment performance reflected partly in the form of an increasing death benefit, you should choose Option B. If you are satisfied with the amount of the Insured's existing insurance coverage and prefer to have premium payments and favorable investment performance reflected to the maximum extent in the Policy Account Value, you should choose Option A.

The amount of the death benefit may vary with the Policy Account Value.

-- Under Option A, the death benefit will vary with the Policy Account Value whenever the Policy Account Value multiplied by the applicable percentage is greater than the Face Amount.

-- Under Option B, the death benefit will always vary with the Policy Account Value.

#### CHANGING DEATH BENEFIT OPTIONS

After the first Policy Year or 12 months after a Face Amount increase, you may change death benefit options without Evidence of Insurability and with no additional charge while the Policy is in force.

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Changing the death benefit option may result in a change in Face Amount. Changing the death benefit option also may have tax consequences and may affect the net amount at risk over time (which would affect the monthly cost of insurance charge). However, we will not permit any change that would result in your Policy being disqualified as a life insurance contract under Section 7702 of the Code. You should consult a tax adviser before changing death benefit options.

#### CHANGING THE FACE AMOUNT

You select the Face Amount when you apply for the Policy. After the first Policy Year, you may change the Face Amount subject to the conditions described below.

We may require you to return your Policy to make a change. We will not permit any change that would result in your Policy being disqualified as a life insurance contract under Section 7702 of the Code. However, changing the Face Amount may have tax consequences and you should consult a tax adviser before doing so.

#### INCREASING THE FACE AMOUNT

- You may increase the Face Amount by submitting a written Application and providing Evidence of Insurability satisfactory to us at our Service Center.
- On the effective date of an increase, and taking the increase into account, the Net Cash Surrender Value must be equal to the Monthly Deductions then due and the charge for the increase. If not, the increase will not occur until you pay sufficient additional premium to increase the Net Cash Surrender Value. An increase will be effective on the Policy Processing Day on or next following the date we approve your Application, provided we have received any premium necessary to make the change.
- We apply a Face Amount increase charge. Further, each increase in Face Amount will begin a 15-year period during which additional surrender charges will apply if you Surrender the Policy.
- The minimum increase is \$25,000. You may not increase the Face Amount after the Insured's Attained Age 75 or if the Face Amount was increased during the prior 12-month period.
- Increasing the Face Amount during the first 5 Policy Years will increase your Minimum Guarantee Premium.
- The total net amount at risk will be affected, which will increase the monthly cost of insurance charges. A different cost of insurance charge may apply to the increase in Face Amount, based on the Insured's circumstances at the time of the increase.

#### DECREASING THE FACE AMOUNT

- You must submit a Written Request to decrease the Face Amount, but you may not decrease the Face Amount below the minimum Initial Face Amount. The decrease must be for at least \$25,000. A decrease is not allowed for 12 months following an increase in Face Amount.
- Any decrease will be effective on the Policy Processing Day on or next following the date we approve your request.
- Decreasing the Face Amount may result in a surrender charge and/or additional surrender charge, which will reduce Policy Account Value.
- A decrease in Face Amount generally will decrease the net amount at risk, which will decrease the cost of insurance charges. For purposes of determining the cost of insurance charge and any surrender charge, any decrease will first be used to reduce the most recent increase, then the next most recent increases in succession, and then the Initial Face Amount.
- We will not allow a decrease in Face Amount if this decrease would cause the Policy to no longer qualify as life insurance under the Code.

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#### SETTLEMENT OPTIONS

There are several ways of receiving proceeds under the death benefit and Surrender provisions of the Policy, other than in a lump sum. None of these options vary with the investment performance of the Separate Account. More detailed information concerning these settlement options is available on request from our Service Center.

#### ACCELERATED DEATH BENEFIT

Under the Accelerated Death Benefit Rider, you may receive an accelerated payment of part of the Policy's death benefit when the Insured develops a non-correctable medical condition which is expected to result in his or her death within 12 months. In certain states only, accelerated payments also may be provided if the Insured has been confined to a nursing care facility for 180 days and is expected to remain in such a facility for the remainder of his or

her life.

There is no additional charge for this Rider. However, an administrative charge, currently \$100 and not to exceed \$250, will be deducted from the accelerated death benefit at the time it is paid. The federal income tax consequences associated with adding the Accelerated Death Benefit Rider or receiving the accelerated death benefit are uncertain. You should consult a tax adviser before adding the Accelerated Death Benefit Rider to your Policy or requesting an accelerated death benefit.

LONG-TERM CARE BENEFIT

We offer three Long-Term Care Benefit Riders under the Policy: the Long-Term Care Acceleration Benefit Rider, the Long-Term Care Waiver Benefit Rider, and the Long-Term Care Extended Insurance Benefit Rider. If you elect to add the Long-Term Care Acceleration Rider to your Policy, you must also add the Long-Term Care Waiver Rider, while you may also add the Long-Term Care Extended Rider. You cannot elect to add either the Long-Term Care Waiver Rider or the Long-Term Care Extended Rider alone.

Under these Riders, you may receive periodic payments of a portion of your death benefit if the Insured becomes "chronically ill" so that the Insured:

- (1) Is unable to perform at least 2 activities of daily living without substantial human assistance for a period of at least 90 days due to a loss of functional capacity, or
- (2) Requires substantial supervision to protect the Insured from threats to health and safety due to his or her own severe cognitive impairment.

The Long-Term Care Benefit Riders also provide for the payment of monthly Premiums (equal on an annual basis to the minimum annual premium specified on the policy schedule) up to the date specified in the policy schedule, and the waiver of Monthly Deductions after that date, as well as a residual death benefit.

An optional Long-Term Care Benefit Rider may also be elected which provides for periodic reimbursements of expenses incurred for "qualified long-term care services" following the full payment of the acceleration death benefit.

Each of the Long-Term Care Benefit Riders imposes a monthly charge on either the net amount at risk under the Policy or the coverage amount of the Rider. Depending on the Rider, the charge may be at a rate that varies based on the Attained Age and sex of the Insured and increases annually as the Insured ages, or may be level for the duration of the Rider and based on the Attained Age of the Insured when the Rider is issued. If you increase the Rider coverage amount, a new charge based on the Attained Age of the Insured at that time may apply to the increase. We may increase the rates for these charges on a class basis. Once we begin to pay benefits, we waive the charge under certain of the Riders until the Insured no longer qualifies for Rider benefits and is not chronically ill.

There may be federal income tax consequences associated with the Long-Term Care Benefit Riders. We believe that benefits payable under the LTC Acceleration Rider and the LTC Extended Rider should be excludable from gross income under the Code. The exclusion of the LTC Acceleration Rider and the LTC Extended Rider benefit payments from taxable income, however, is contingent on each Rider meeting specific requirements under the Code. While guidance is limited, we believe that the LTC Acceleration and the LTC Extended Riders should each satisfy these requirements.

You will be deemed to have received a distribution for tax purposes each time a deduction is made from your Policy Account Value to pay charges for the LTC Acceleration Rider or the LTC Extended Rider. The distribution generally will be taxed in the same manner as any other distribution under the Policy. In addition, the implications to your Policy's continued qualification as a life insurance contract for federal tax purposes due to any reductions in death benefits under your Policy resulting from a benefit payment under the LTC Acceleration Rider are unclear. You should consult a tax adviser before adding the Long-Term Care Benefit Riders to your Policy.

SURRENDERS AND PARTIAL WITHDRAWALS

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SURRENDERS

You may request to Surrender your Policy for its Net Cash Surrender Value as calculated at the end of the Valuation Day when we receive your request, subject to the following conditions:

- You must complete and sign our Surrender form and send it to us at our

Service Center. You may obtain the Surrender form by calling us at (800) 688-5177.

- The Insured must be alive and the Policy must be in force when you make your request, and the request must be made before the Final Policy Date. We may require that you return the Policy.
- If you Surrender your Policy during the first 15 Policy Years (or during the first 15 years after an increase in the Face Amount), you will incur a surrender charge. See "Charges and Deductions -- Surrender Charges and Additional Surrender Charges."
- Once you Surrender your Policy, all coverage and other benefits under it cease and cannot be reinstated.
- We generally will pay the Net Cash Surrender Value to you in a lump sum within 7 days after we receive your completed, signed Surrender form unless you request other arrangements. We may postpone payment of Surrenders under certain conditions.
- A Surrender may have tax consequences. See "Federal Tax Considerations -- Tax Treatment of Policy Benefits."

#### PARTIAL WITHDRAWALS

After the first Policy Year, you may make a Written Request to withdraw part of the Net Cash Surrender Value subject to certain conditions. We will process each partial withdrawal at the unit values next determined after we receive your request. We generally will pay a partial withdrawal request within 7 days after the Valuation Day when we receive the request. We may postpone payment of partial withdrawals under certain conditions.

#### RULES FOR PARTIAL WITHDRAWALS

- You must request at least \$1,500.
- For each partial withdrawal, we deduct a \$25 fee from the remaining Policy Account Value. See "Charges and Deductions -- Partial Withdrawal Charge."

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- The Insured must be alive and the Policy must be in force when you make your request, and this request must be made before the Final Policy Date.
- You can specify the Subaccount(s) from which to make the partial withdrawal but may not specify that the partial withdrawal be deducted from the Guaranteed Account. If you do not make a specification, we will deduct the amount (including any fee) from the Subaccounts and the Guaranteed Account on a pro-rata basis (that is, based on the proportion that each Subaccount value and the Guaranteed Account value bears to the unloaned Policy Account Value).
- You may not make a partial withdrawal if, or to the extent that, the partial withdrawal would reduce the Face Amount below the minimum Face Amount.

#### EFFECT OF PARTIAL WITHDRAWALS

- A partial withdrawal can affect the Face Amount, death benefit, and net amount at risk (which is used to calculate the cost of insurance charge (see "Charges and Deductions -- Monthly Deduction")).
- If Death Benefit Option A is in effect, we will reduce the Face Amount by the amount of the partial withdrawal (including the partial withdrawal charge). Any decrease in Face Amount due to a partial withdrawal will first reduce the most recent increase in Face Amount, then the next most recent increases in succession, and lastly, the Initial Face Amount.
- If you purchased an Additional Insurance Benefit Rider, partial withdrawals first decrease the Policy's Face Amount (beginning with the most recent increase, then the next most recent increases in succession, and then the Initial Face Amount) and then the Rider coverage amount.
- If a partial withdrawal would cause the Policy to fail to qualify as life insurance under the Code, we will not allow the partial withdrawal.

-- A partial withdrawal may have tax consequences. See "Federal Tax Considerations -- Tax Treatment of Policy Benefits."

TRANSFERS

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You may make transfers between and among the Subaccounts and the Guaranteed Account. We determine the amount you have available for transfers at the end of the Valuation Period when we receive your request. The following features apply to transfers under the Policy:

- You must transfer at least \$1,000, or the total value in the Subaccount or Guaranteed Account, if less.
- We deduct a \$25 charge from the amount transferred for the 13th and each additional transfer in a Policy Year. Transfers due to dollar cost averaging, automatic asset rebalancing, loans, the exchange privilege, the special transfer right, change in Subaccount investment policy, or the initial reallocation of account values from the Money Market Subaccount do NOT count as transfers for the purpose of assessing the transfer charge. See "Transfers" and "Transfers -- Additional Transfer Rights."
- We consider each telephone, fax, e-mail, or Written Request to be a single transfer, regardless of the number of Subaccounts (or Guaranteed Account) involved.
- We process transfers based on unit values determined at the end of the Valuation Day when we receive your transfer request. The corresponding Portfolio of any Subaccount determines its net asset value per each share once daily, as of the close of the regular business session of the New York Stock Exchange (usually 4:00 p.m., Eastern time), which coincides with the end of each

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Valuation Period. Therefore, we will process any transfer request we receive after the close of the regular business session of the New York Stock Exchange, using the net asset value for each share of the applicable Portfolio determined as of the close of the next regular business session of the New York Stock Exchange.

Excessive trading (including short-term "market timing" trading) may adversely affect the performance of the Subaccounts. If a pattern of excessive trading by a Policy Owner or the Policy Owner's agent develops, we reserve the right not to process the transfer request. If your transfer request is not processed, it will not be counted as a transfer for purposes of determining the number of free transfers executed. We will notify any affected Policy Owner in a timely manner of any actions we take to restrict his or her ability to make transfers.

TRANSFERS FROM THE GUARANTEED ACCOUNT. You may make one transfer out of the Guaranteed Account within 30 days prior to or following each Policy Anniversary. The amount transferred may not exceed 25% of the Guaranteed Account value. However, if the Guaranteed Account value is less than \$1,000, the entire Guaranteed Account value may be transferred. If we receive your request for this transfer within 30 days prior to the Policy Anniversary, the transfer will be made as of the Policy Anniversary. If this request is received within 30 days after the Policy Anniversary, the transfer will be made as of the date we receive the request at our Service Center.

DOLLAR COST AVERAGING. You may elect to participate in a dollar cost averaging program in the Application or by completing an election form that we receive by the beginning of the month. Dollar cost averaging is an investment strategy designed to reduce the investment risks associated with market fluctuations. The strategy spreads the allocation of your premium into the Subaccounts or Guaranteed Account over a period of time by systematically and automatically transferring, on a monthly basis, specified dollar amounts from any selected Subaccount to any other Subaccount(s) or the Guaranteed Account. This allows you to potentially reduce the risk of investing most of your premium into the Subaccounts at a time when prices are high. We do not assure the success of this strategy, and success depends on market trends. We cannot guarantee that dollar cost averaging will result in a profit or protect against loss. You should carefully consider your financial ability to continue the program over a long enough period of time to purchase units when their value is low as well as when it is high. There is no additional charge for dollar cost averaging. We may modify, suspend, or discontinue the dollar cost averaging program at any time

upon 30 days' Written Notice to you.

AUTOMATIC ASSET REBALANCING. We also offer an automatic asset rebalancing program under which we will automatically transfer amounts quarterly or annually to maintain a particular percentage allocation among the Subaccounts. Policy Account Value allocated to each Subaccount will grow or decline in value at different rates. The automatic asset rebalancing program automatically reallocates the Policy Account Value in the Subaccounts at the end of each quarterly or annual period to match your Policy's currently effective premium allocation schedule. The automatic asset rebalancing program will transfer Policy Account Value from those Subaccounts that have increased in value to those Subaccounts that have declined in value (or not increased as much). Over time, this method of investing may help you buy low and sell high. The automatic asset rebalancing program does not guarantee gains, nor does it assure that you will not have losses. Policy Account Value in the Guaranteed Account is not available for this program. There is no additional charge for the automatic asset rebalancing program. We may modify, suspend, or discontinue the automatic asset rebalancing program at any time.

ADDITIONAL TRANSFER RIGHTS

SPECIAL TRANSFER RIGHT

At any one time during the first 2 years following the Policy Issue Date, you may request a transfer of the entire amount in the Separate Account to the Guaranteed Account, and the allocation of all future Net Premiums to the Guaranteed Account. This serves as an exchange of the Policy for the equivalent of a flexible premium fixed benefit life insurance policy. We will not assess any transfer or other charges in

connection with the special transfer right, and this transfer will not count toward the 12 "free" transfers permitted each Policy Year.

CONVERSION PRIVILEGE FOR INCREASE IN FACE AMOUNT

At any one time during the first 2 years following an increase in the Policy's Face Amount, you may exchange the amount of the increase for a fixed benefit permanent life insurance policy without Evidence of Insurability. Such an exchange may have tax consequences. Premiums under this new policy will be based on our rates in effect for the same sex, Attained Age, and Premium Class of the Insured on the effective date of the increase in the Face Amount. The new policy will have the same Face Amount and Policy Issue Date as the amount and effective date of the increase. We will refund the expense charge for the increase and the Monthly Deductions for the increase made on each Policy Processing Day between the effective date of the increase to the date of conversion. We will not assess any transfer charges in connection with this conversion privilege, and this transfer will not count toward the 12 "free" transfers permitted each Policy Year.

CHANGE IN SUBACCOUNT INVESTMENT POLICY

If the investment policy of a Subaccount is materially changed, you may transfer the portion of the Policy Account Value in that Subaccount to another Subaccount or to the Guaranteed Account without a transfer charge and without having the transfer count toward the 12 transfers permitted without charge during a Policy Year.

LOANS

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While the Policy is in force, you may submit a request to borrow money from us using the Policy as the only collateral for the loan. You may increase your risk of Lapse if you take a loan. A loan that is taken from, or secured by, a Policy may have tax consequences.

LOAN CONDITIONS:

- The MINIMUM LOAN you may take is \$500.
- The MAXIMUM LOAN you may take is the Net Cash Surrender Value on the date of the loan.
- To secure the loan, we transfer an amount as collateral to the Loan Account. This amount is equal to the amount of the loan (adjusted by the earned interest rate and the charged interest rate to the next Policy Anniversary). You may request that we transfer this amount from specific Subaccounts, but may not request that we transfer this

amount from the Guaranteed Account. However, if you do not specify any specific Subaccounts, we will transfer the loan from the Subaccounts and the Guaranteed Account on a pro-rata basis based on the proportion that the values in the Subaccounts and Guaranteed Account bear to the unloaned Policy Account Value.

- We charge you 6% interest per year (charged interest rate) on your loan.
- Amounts in the Loan Account earn interest at an annual rate guaranteed not to be lower than 4.0% (earned interest rate). We may credit the Loan Account with an interest rate different than the rate credited to Net Premiums allocated to the Guaranteed Account. We currently credit 4% to amounts in the Loan Account.
- You may repay all or part of your Indebtedness at any time while the Insured is alive and the Policy is in force. Upon each loan repayment, we will allocate an amount equal to the loan repayment (but not more than the amount of the outstanding loan) from the Loan Account back to the Subaccounts and/or Guaranteed Account according to the pro rata basis upon which we originally transferred the loan collateral from the Subaccounts and/or Guaranteed Account as

described above. We will allocate any repayment in excess of the amount of the outstanding loan to the Subaccounts and/or the Guaranteed Account based on the amount of interest due on the portion of the outstanding loan allocated to each such account.

- While your loan is outstanding, we will credit all payments you send to us as loan repayments unless you provide Written Notice for the payments to be applied as premium payments. (For New York residents, we will credit all payments you send to us as premium payments unless you provide Written Notice for the payments to be applied as loan repayments.)
- A loan, whether or not repaid, affects the Policy, the Policy Account Value, the Net Cash Surrender Value, and the death benefit. Loan amounts are not affected by the investment performance of the Subaccounts and may not be credited with the interest rates accruing on the Guaranteed Account. We deduct any Indebtedness from the Policy Account Value upon Surrender, and from the Insurance Proceeds payable on the Insured's death.
- If your Indebtedness causes the Net Cash Surrender Value on a Policy Processing Day to be less than the Monthly Deduction due, your Policy will enter a Grace Period. See "Policy Lapse and Reinstatement."
- We normally pay the amount of the loan within 7 days after we receive a loan request. We may postpone payment of loans under certain conditions.

There are risks involved in taking a loan, including the potential for a Policy to Lapse if projected earnings, taking into account outstanding loans, are not achieved. If the Policy is a MEC, then a loan will be treated as a partial withdrawal for federal income tax purposes. A loan may also have possible adverse tax consequences that could occur if a Policy Lapses with loans outstanding. See "Policy Lapse and Reinstatement." In addition, if a loan is taken from a Policy that is part of a plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), the loan will be treated as a "prohibited transaction" subject to certain penalties unless additional ERISA requirements are satisfied. The Owner of such a Policy should seek competent advice before requesting a Policy loan.

TELEPHONE, FAX, AND E-MAIL REQUESTS

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In addition to Written Requests, we may accept telephone, fax, and e-mail instructions from you or an authorized third party regarding transfers, dollar cost averaging, automatic asset rebalancing, loans (excluding 403(b) plans), exercise of the special transfer right, and partial withdrawals (fax and e-mail only), subject to the following conditions:

- You must complete and sign our telephone, fax, or e-mail request form

and send it to us. You also may authorize us in the Application or by Written Notice to act upon instructions given by telephone, fax, or e-mail.

- You may designate in the request form a third party to act on your behalf in making telephone, fax, and e-mail requests.
- We will employ reasonable procedures to confirm that instructions are genuine.
- If we follow these procedures, we are not liable for any loss, damage, cost, or expense from complying with instructions we reasonably believe to be authentic. You bear the risk of any such loss. If we do not employ reasonable confirmation procedures, we may be liable for losses due to unauthorized or fraudulent instructions.
- These procedures may include requiring forms of personal identification prior to acting upon instructions, providing written confirmation of transactions to you, and/or tape recording telephone instructions received from you.

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- We reserve the right to suspend telephone, fax, and/or e-mail instructions at any time for any class of policies for any reason.

If you are provided a personal identification number ("PIN") in order to execute electronic transactions, you should protect your PIN, because self-service options will be available to your agent of record and to anyone who provides your PIN. We will not be able to verify that the person providing instructions by telephone, fax, or e-mail is you or is authorized by you.

Telephone, fax, and e-mail may not always be available. Any telephone, fax, or computer system, whether it is yours, your service provider's, your agent's, or ours, can experience outages or slowdowns for a variety of reasons. These outages or slowdowns may delay or prevent our processing of your request. Although we have taken precautions to help our systems handle heavy use, we cannot promise complete reliability under all circumstances. If you are experiencing problems, you should make your request by writing to the Service Center.

#### POLICY LAPSE AND REINSTATEMENT

##### LAPSE

Your Policy may enter a 61-day Grace Period and possibly Lapse (terminate without value) if the Net Cash Surrender Value is not enough to pay the Monthly Deduction and other charges. If you have taken a loan, then your Policy also will enter a Grace Period (and possibly Lapse) whenever your Indebtedness reduces the Net Cash Surrender Value to zero.

Your Policy will NOT Lapse:

1. During the first 5 Policy Years, if you pay Premiums (less any Indebtedness and partial withdrawals) in excess of the Minimum Guarantee Premium; or
2. If you make a payment equal to 3 Monthly Deductions before the end of the Grace Period.

If your Policy enters a Grace Period, we will mail a notice to your last known address and to any assignee of record. The 61-day Grace Period begins on the date of the notice. The notice will indicate that the payment amount of 3 Monthly Deductions is required and will also indicate the final date by which we must receive the payment to keep the Policy from lapsing. If we do not receive the specified minimum payment by the end of the Grace Period, all coverage under the Policy will terminate and you will receive no benefits. You may reinstate a lapsed Policy if you meet certain requirements. If the Insured dies during the Grace Period, we will pay the Insurance Proceeds.

##### REINSTATEMENT

Unless you have surrendered your Policy, you may reinstate a lapsed Policy at any time while the Insured is alive and within 3 years after the end of the Grace Period (and prior to the Final Policy Date) by submitting all of the following items to us at our Service Center:

1. A Written Notice requesting reinstatement;



2. Evidence of Insurability we deem satisfactory; and

3. Payment of sufficient premium to keep the Policy in force for at least 3 months following the date of reinstatement.

The effective date of reinstatement will be the first Policy Processing Day on or next following the date we approve your application for reinstatement. The reinstated Policy will have the same Policy Date as it had prior to the Lapse. Upon reinstatement, the Policy Account Value will be based upon the premium paid to reinstate the Policy.

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THE COMPANY AND THE GUARANTEED ACCOUNT

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NATIONWIDE LIFE INSURANCE COMPANY OF AMERICA

We are a stock life insurance company. We are located at 1000 Chesterbrook Boulevard, Berwyn, Pennsylvania 19312. Our Service Center is located at 300 Continental Drive, Newark, Delaware 19713.

THE GUARANTEED ACCOUNT

The Guaranteed Account is part of our general account. We own the assets in the general account, and we use these assets to support our insurance and annuity obligations other than those funded by our separate investment accounts. These assets are subject to our general liabilities from business operations. Subject to applicable law, we have sole discretion over investment of the Guaranteed Account's assets. We bear the full investment risk for all amounts allocated or transferred to the Guaranteed Account. We guarantee that the amounts allocated to the Guaranteed Account will be credited interest daily at a net effective annual interest rate of at least 4%. The principal, after charges and deductions, is also guaranteed. We will determine any interest rate credited in excess of the guaranteed rate at our sole discretion.

The Guaranteed Account value will not share in the investment performance of our general account. Because we, in our sole discretion, anticipate changing the current interest rate from time to time, different allocations you make to the Guaranteed Account will be credited with different current interest rates. For each amount allocated or transferred to the Guaranteed Account, we apply the current interest rate to the end of the calendar year. At the end of that calendar year, we reserve the right to declare a new current interest rate on this amount and accrued interest thereon (which may be a different rate than the rate that applies to new allocations to the Guaranteed Account on that date). We guarantee the rate declared on this amount and accrued interest thereon at the end of each calendar year for the following calendar year. You assume the risk that interest credited to amounts in the Guaranteed Account may not exceed the minimum 4% guaranteed rate.

We allocate amounts from the Guaranteed Account for partial withdrawals, transfers to the Subaccounts, or charges for the Monthly Deduction on a last in, first out (i.e., LIFO) basis for the purpose of crediting interest.

WE HAVE NOT REGISTERED THE GUARANTEED ACCOUNT WITH THE SEC, AND THE STAFF OF THE SEC HAS NOT REVIEWED THE DISCLOSURE IN THIS PROSPECTUS RELATING TO THE GUARANTEED ACCOUNT.

THE SEPARATE ACCOUNT AND THE PORTFOLIOS

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THE SEPARATE ACCOUNT

The Separate Account is a separate investment account established under Pennsylvania law. We own the assets in the Separate Account and we are obligated to pay all benefits under the Policies. We may use the Separate Account to support other variable life insurance policies we issue. The Separate Account is registered with the SEC as a unit investment trust under the Investment Company Act of 1940 (the "1940 Act") and qualifies as a "separate account" within the meaning of the federal securities laws. This registration does not involve supervision of the management or investment practices or policies of the Separate Account by the SEC.

We have divided the Separate Account into Subaccounts that may invest in shares of one Portfolio of the following Funds:

-- The Market Street Fund

- Dreyfus Investment Portfolios
- Dreyfus Variable Investment Fund
- Federated Insurance Series
- Fidelity Variable Insurance Products
- Gartmore Variable Insurance Trust
- Janus Aspen Series
- Oppenheimer Variable Account Funds
- Vanguard Variable Insurance Fund

The Subaccounts buy and sell Portfolio shares at net asset value. Any dividends and distributions from a Portfolio are reinvested at net asset value in shares of that Portfolio.

Income, gains, and losses, whether or not realized, from assets allocated to the Separate Account will be credited to or charged against the Separate Account without regard to our other income, gains, or losses. Income, gains, and losses credited to, or charged against, a Subaccount reflect the Subaccount's own investment performance and not the investment performance of our other assets. The Separate Account assets are held separate from our other assets and are not part of our general account. We may not use the Separate Account's assets to pay any of our liabilities other than those arising from the Policies. If the Separate Account's assets exceed the required reserves and other liabilities, we may transfer the excess to our general account. The Separate Account may include other Subaccounts that are not available under the Policies and are not discussed in this prospectus.

We reserve the right to make structural and operational changes affecting the Separate Account. See "Addition, Deletion, or Substitution of Investments," below.

WE DO NOT GUARANTEE ANY MONEY YOU PLACE IN THE SUBACCOUNTS. THE VALUE OF EACH SUBACCOUNT WILL INCREASE OR DECREASE, DEPENDING ON THE INVESTMENT PERFORMANCE OF THE CORRESPONDING PORTFOLIO. YOU COULD LOSE SOME OR ALL OF YOUR MONEY.

#### THE PORTFOLIOS

The Separate Account invests in shares of certain Portfolios. Each Portfolio is part of a mutual fund that is registered with the SEC as an open-end management investment company. This registration does not involve supervision of the management or investment practices or policies of the Portfolios or mutual funds by the SEC.

Each Portfolio's assets are held separate from the assets of the other Portfolios, and each Portfolio has investment objectives and policies that are different from those of the other Portfolios. Thus, each Portfolio operates as a separate investment fund, and the income or losses of one Portfolio generally have no effect on the investment performance of any other Portfolio.

The following table summarizes each Portfolio's investment objective(s) and identifies its investment adviser (and subadviser, if applicable). THERE IS NO ASSURANCE THAT ANY OF THE PORTFOLIOS WILL ACHIEVE ITS STATED OBJECTIVE(S). You can find more detailed information about the Portfolios, including a description of risks and expenses, in the prospectuses for the Portfolios that accompany this prospectus. You should read these prospectuses carefully and keep them for future reference.

PORTFOLIO	INVESTMENT OBJECTIVE AND INVESTMENT ADVISER
EQUITY 500 INDEX PORTFOLIO	-- Seeks to provide long-term capital appreciation. Investment adviser is Gartmore Mutual Fund Capital Trust; subadviser is SSGA Funds Management, Inc.
MONEY MARKET PORTFOLIO	-- Seeks to provide maximum current income consistent with capital preservation and liquidity. Investment adviser is Gartmore Mutual Fund Capital Trust.
AMERICAN CENTURY VP ULTRA FUND(R) (CLASS I)	-- Seeks long-term capital growth. Investment

adviser is American Century Investment Management, Inc.

AMERICAN CENTURY VP INCOME  
&  
GROWTH FUND (CLASS I)

-- Seeks capital growth by investing in common stocks. Income is a secondary objective. Investment adviser is American Century Investment Management, Inc.

DREYFUS IF SMALL CAP STOCK  
INDEX PORTFOLIO

-- Seeks to match the performance of the S&P SmallCap 600 Index. Investment adviser is The Dreyfus Corporation.

DREYFUS VIF APPRECIATION  
PORTFOLIO (INITIAL SHARES)

-- Seeks long-term capital growth consistent with the preservation of capital; current income is a secondary goal. Investment adviser is The Dreyfus Corporation.

FEDERATED QUALITY BOND FUND  
II  
(PRIMARY SHARES)

-- Seeks to provide current income. Investment adviser is Federated Investment Management Company.

FIDELITY VIP EQUITY-INCOME  
PORTFOLIO (SERVICE CLASS)

-- Seeks reasonable income. Investment adviser is Fidelity Management & Research Company.

FIDELITY VIP GROWTH  
PORTFOLIO  
(SERVICE CLASS)

-- Seeks to achieve capital appreciation. Investment adviser is Fidelity Management & Research Company.

FIDELITY VIP INVESTMENT  
GRADE  
BOND PORTFOLIO (SERVICE  
CLASS)

-- Seeks as high a level of current income as is consistent with the preservation of capital. Investment adviser is Fidelity Management & Research Company.

FIDELITY VIP OVERSEAS  
PORTFOLIO  
(SERVICE CLASS)

-- Seeks long-term growth of capital. Investment adviser is Fidelity Management & Research Company.

GARTMORE GVIT GOVERNMENT  
BOND FUND (CLASS I)

-- Seeks to provide as high a level of income as is consistent with the preservation of capital. Investment adviser is Gartmore Mutual Fund Capital Trust.

GARTMORE GVIT INVESTOR  
DESTINATIONS AGGRESSIVE  
FUND

-- Seeks to maximize total investment return. Investment adviser is Gartmore Mutual Fund Capital Trust.

GARTMORE GVIT INVESTOR  
DESTINATIONS CONSERVATIVE  
FUND

-- Seeks to maximize total investment return. Investment adviser is Gartmore Mutual Fund Capital Trust.

GARTMORE GVIT INVESTOR  
DESTINATIONS MODERATE FUND

-- Seeks to maximize total investment return. Investment adviser is Gartmore Mutual Fund Capital Trust.

GARTMORE GVIT INVESTOR  
DESTINATIONS MODERATELY  
AGGRESSIVE FUND

-- Seeks to maximize total investment return. Investment adviser is Gartmore Mutual Fund Capital Trust.

GARTMORE GVIT INVESTOR  
DESTINATIONS MODERATELY  
CONSERVATIVE FUND

-- Seeks to maximize total investment return. Investment adviser is Gartmore Mutual Fund Capital

Trust.

JANUS CAPITAL APPRECIATION  
PORTFOLIO (SERVICE SHARES)

-- Seeks long-term growth of capital. Investment  
adviser is Janus Capital Management LLC.

OPPENHEIMER CAPITAL  
APPRECIATION/VA (INITIAL  
CLASS)

-- Seeks capital appreciation by investing in  
securities of well-known, established companies.  
Investment adviser is OppenheimerFunds, Inc.

OPPENHEIMER GLOBAL  
SECURITIES  
FUND/VA (INITIAL CLASS)

-- Seeks long-term capital appreciation by  
investing a substantial portion of assets in  
securities of foreign issuers, "growth-type"  
companies, cyclical industries and special  
situations that are considered to have appreciation  
possibilities. Investment adviser is  
OppenheimerFunds, Inc.

VANGUARD EQUITY INCOME  
PORTFOLIO

-- Seeks to provide a relatively high level of  
current income and the potential for long-term  
growth of capital and income. Investment adviser is  
Newell Associates.

VANGUARD HIGH YIELD BOND  
PORTFOLIO

-- Seeks to provide a high level of income.  
Investment adviser is Wellington Management  
Company, LLP.

VANGUARD MID-CAP INDEX  
PORTFOLIO

-- Seeks to provide long-term growth of capital by  
attempting to match the performance of a  
broad-based market index of stocks of medium-size  
U.S. companies. Investment adviser is The Vanguard  
Group.

VANGUARD TOTAL BOND MARKET  
INDEX PORTFOLIO

-- Seeks to provide a higher level of income by  
attempting to match the performance of a broad  
market-weighted bond index. Investment adviser is  
The Vanguard Group.

In addition to the Separate Account, the Portfolios may sell shares to other  
separate investment accounts established by other insurance companies to support  
variable annuity contracts and variable life insurance policies or qualified  
retirement plans, or to certain pension and retirement plans qualifying under  
Section 401 of the Code. It is possible that, in the future, material conflicts  
could arise as a result of such "mixed and shared" investing.

THESE PORTFOLIOS ARE NOT AVAILABLE FOR PURCHASE DIRECTLY BY THE GENERAL PUBLIC,  
AND ARE NOT THE SAME AS OTHER MUTUAL FUND PORTFOLIOS WITH VERY SIMILAR OR NEARLY  
IDENTICAL NAMES THAT ARE SOLD DIRECTLY TO THE PUBLIC. However, the investment  
objectives and policies of certain Portfolios available under the Policy are  
very similar to the investment objectives and policies of other portfolios that  
are or may be managed by the same investment adviser or manager. Nevertheless,  
the investment performance of the Portfolios available under the Policy may be  
lower or higher than the investment performance of these other (publicly  
available) portfolios. THERE CAN BE NO ASSURANCE, AND WE MAKE NO REPRESENTATION,  
THAT THE INVESTMENT PERFORMANCE OF ANY OF THE PORTFOLIOS AVAILABLE UNDER THE  
POLICY WILL BE COMPARABLE TO THE INVESTMENT PERFORMANCE OF ANY OTHER PORTFOLIO,  
EVEN IF THE OTHER PORTFOLIO HAS THE SAME INVESTMENT ADVISER OR MANAGER, THE SAME  
INVESTMENT OBJECTIVES AND POLICIES, AND A VERY SIMILAR NAME.

NLICA may receive compensation from the investment adviser of a Fund (or  
affiliates thereof) in connection with administration, distribution, or other  
services provided with respect to the Funds and their availability through the  
Policies. The amount of this compensation is based upon a percentage of the  
assets of the Fund attributable to the Policies and other policies issued by  
NLICA. These percentages differ, and some advisers (or affiliates) may pay us  
more than others.

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#### ADDITION, DELETION, OR SUBSTITUTION OF INVESTMENTS

Where permitted by applicable law, we reserve the right to make certain changes  
to the structure and operation of the Separate Account without your consent,  
including, among others, the right to:

1. Remove, combine, or add Subaccounts and make the new Subaccounts

available to you at our discretion;

2. Substitute shares of another registered open-end management company, which may have different fees and expenses, for shares of a Subaccount at our discretion;
3. Substitute or close Subaccounts to allocations of Premiums or Policy Account Value, or both, and to existing investments or the investment of future Premiums, or both, at any time in our discretion;
4. Transfer assets supporting the Policies from one Subaccount to another or from the Separate Account to another separate account;
5. Combine the Separate Account with other separate accounts, and/or create new separate accounts;
6. Deregister the Separate Account under the 1940 Act, or operate the Separate Account as a management investment company under the 1940 Act, or as any other form permitted by law; and
7. Modify the provisions of the Policy to reflect changes to the Subaccounts and the Separate Account and to comply with applicable law.

The Portfolios, which sell their shares to the Subaccounts pursuant to participation agreements, also may terminate these agreements and discontinue offering their shares to the Subaccounts. We will not make any such changes without receiving any necessary approval of the SEC and applicable state insurance departments. We will notify you of any changes.

VOTING PORTFOLIO SHARES

Even though we are the legal owner of the Portfolio shares held in the Subaccounts, and have the right to vote on all matters submitted to shareholders of the Portfolios, we will vote our shares only as Owners instruct, so long as such action is required by law.

Before a vote of a Portfolio's shareholders occurs, you will receive voting materials. We will ask you to instruct us on how to vote and to return your proxy to us in a timely manner. You will have the right to instruct us on the number of Portfolio shares that corresponds to the amount of Policy Account Value you have in that Portfolio (as of a date set by the Portfolio).

If we do not receive voting instructions on time from some Owners, we will vote those shares in the same proportion as the timely voting instructions we receive. Should federal securities laws, regulations, or interpretations change, we may elect to vote Portfolio shares in our own right. If required by state insurance officials, or if permitted under federal regulation, under certain circumstances we may disregard certain Owner voting instructions. If we ever disregard voting instructions, we will send you a summary in the next annual report to Owners advising you of the action and the reasons we took this action.

CHARGES AND DEDUCTIONS

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We make certain charges and deductions under the Policy. These charges and deductions compensate us for: (1) services and benefits we provide; (2) costs and expenses we incur; and (3) risks we assume.

<Table>	<C>
<S>	
SERVICES AND BENEFITS WE PROVIDE:	-- the death benefit, cash, and loan benefits under the Policy
	-- investment options, including premium allocations
	-- administration of elective options
	-- the distribution of reports to Owners
COSTS AND EXPENSES WE INCUR:	-- costs associated with processing and underwriting Applications, and with issuing and administering the Policy (including any Riders)
	-- overhead and other expenses for providing services and benefits
	-- sales and marketing expenses
	-- other costs of doing business, such as collecting Premiums, maintaining records, processing claims, effecting transactions, and paying federal, state, and local premium and other taxes and fees
RISK WE ASSUME:	-- that the cost of insurance charges we may deduct are insufficient to meet our actual claims because Insureds die sooner than we estimate
	-- that the costs of providing the services and benefits under the Policies exceed the charges we deduct

#### PREMIUM EXPENSE CHARGE

Prior to allocation of net premium, we deduct a premium expense charge from each premium to compensate us for distribution expenses and certain taxes. We credit the remaining amount (the net premium) to your Policy Account Value according to your allocation instructions. The premium expense charge consists of:

1. Premium Tax Charge: for state and local premium taxes based on the rate for the Insured's residence at the time the premium is paid. Premium taxes vary from state to state but range from 0% to 4%. No premium tax charge is deducted in jurisdictions that impose no premium tax.
2. Percent of Premium Charge: during the first Policy Year, equal to 10% of each premium payment up to a specific amount (calculated for the base Policy) and 4% of premium payments above this amount. After the first Policy Year, this charge equals 4% of each premium payment. We may increase this charge to a maximum of 10% of each premium payment. This charge compensates us partially for federal taxes and the cost of selling the Policy.
3. Percent of Premium Charge -- Additional Premium Charge: during the first Policy Year following an increase in Face Amount, equal to 10% of each premium payment up to a specific amount (calculated for the increase in Face Amount) and 4% of premium payments above this amount. We may increase this charge to a maximum of 10% of each premium payment. This charge compensates us partially for federal taxes and the cost of selling the Policy incurred in connection with Face Amount increases.

The premium expense charge is a percentage of each premium payment. This means that the greater the amount and frequency of premium payments you make (particularly during the first Policy Year and the first Policy Year following an increase in Face Amount), the greater the amount of the premium expense charge we will assess.

#### MONTHLY DEDUCTION

We deduct a Monthly Deduction from the Policy Account Value on the Policy Date and on each Policy Processing Day to compensate us for administrative expenses and for the Policy's insurance coverage. We

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will make deductions from each Subaccount and the Guaranteed Account in accordance with the allocation percentage for Monthly Deductions you chose at the time of application, or as later changed by Written Notice. If we cannot make a Monthly Deduction on this basis, we will make deductions on a pro rata basis (i.e., in the same proportion that the value in each Subaccount and the Guaranteed Account bears to the unloaned Policy Account Value on the Policy Processing Day). Because portions of the Monthly Deduction (such as the cost of insurance) can vary from month-to-month, the Monthly Deduction will also vary.

If the Policy Date is set prior to the Policy Issue Date, a Monthly Deduction will accrue on the Policy Date and on each Policy Processing Day until the Policy Issue Date. On the Policy Issue Date, these accrued Monthly Deductions will be deducted from the Policy Account Value. The maximum amount deducted on the Policy Issue Date will equal the sum of 6 Monthly Deductions. We will then deduct a Monthly Deduction from the Policy Account Value on each Policy Processing Day thereafter as described above.

The Monthly Deduction has 4 components:

- the cost of insurance charge
- the monthly administrative charge
- the initial administrative charge (for the first 12 Policy Processing Days)
- charges for any Riders (as specified in the applicable Rider(s))

**COST OF INSURANCE.** We assess a monthly cost of insurance charge to compensate us for underwriting the death benefit. The charge depends on a number of variables (Attained Age, sex, Premium Class, Policy Year, and net amount at risk (described below)) that would cause it to vary from Policy to Policy and from Policy Processing Day to Policy Processing Day. Your Policy's specifications page indicates the guaranteed cost of insurance charge applicable to your Policy. We expect to profit from this charge and may use these profits for any lawful purpose including covering distribution expenses.

<Table>	
<S>	<C>
COST OF INSURANCE CHARGE	The cost of insurance charge is equal to:
	-- the monthly cost of insurance rate; MULTIPLIED BY
	-- the net amount at risk for your Policy on the Policy Processing Day.
</Table>	

The net amount at risk is equal to:

<Table>	
<S>	<C>
	-- the death benefit on the Policy Processing Day;
	MINUS
	-- the Policy Account Value on the Policy Processing Day.
</Table>	

We calculate the cost of insurance charge separately for the Initial Face Amount and for any increase in Face Amount. If we approve an increase in your Policy's Face Amount, then a different Premium Class (and a different cost of insurance rate) may apply to the increase, based on the Insured's circumstances at the time of the increase. If, however, the death benefit is the Policy Account Value times the specified percentage, the rate for the Premium Class for the Initial Face Amount will be used for the amount of the death benefit in excess of the total Face Amount.

The cost of insurance charge is determined in a similar manner for any Additional Insurance Benefit Rider coverage amount and for any increase in Rider coverage amount. Generally, the current cost of insurance rates for this Rider are lower than the current cost of insurance rates on the Policy's net amount at risk. The guaranteed cost of insurance rates under the Rider are substantially the same as the guaranteed cost of insurance rates on the Policy's net amount at risk.

Net Amount at Risk. We also calculate the net amount at risk separately for the Initial Face Amount and for any increase in Face Amount. In determining the net amount at risk for each increment of Face Amount, the Policy Account Value is first considered part of the Initial Face Amount. If the Policy Account Value exceeds the Initial Face Amount, it is then considered as part of any increases in Face Amount in the order these increases took effect. The net amount at risk is affected by investment

performance, loans, payments of Premiums, Policy fees and charges, the death benefit option chosen, partial withdrawals, and decreases in Face Amount.

Cost of insurance rates. We base the cost of insurance rates on the Insured's Attained Age, sex, Premium Class, number of full years the insurance has been in force, and the Face Amount. The actual monthly cost of insurance rates are based on our expectations as to future mortality and expense experience. The rates will never be greater than the guaranteed cost of insurance rates stated in your Policy. These guaranteed rates are based on the 1980 Commissioner's Standard Ordinary Smoker and Nonsmoker Mortality Table and the Insured's Attained Age, sex, and Premium Class. For Policies issued in states which require "unisex" policies or in conjunction with employee benefit plans, the maximum cost of insurance charge depends only on the Insured's Attained Age, Premium Class, and the 1980 Commissioner's Standard Ordinary Mortality Table NB and SB. Any change in the cost of insurance rates will apply to all persons of the same Attained Age, sex, Premium Class, and number of full years insurance has been in force.

Premium Class. The Premium Class of the Insured will affect the cost of insurance rates. We use an industry-standard method of underwriting in determining Premium Classes, which are based on the health of the Insured. We currently place Insureds into one of three standard classes -- preferred, nonsmoker, and smoker -- or into classes with extra ratings, which reflect higher mortality risks and higher cost of insurance rates.

MONTHLY ADMINISTRATIVE CHARGE. Each month we deduct a \$7.50 monthly administrative charge to compensate us for ordinary administrative expenses such as record keeping, processing death benefit claims and Policy changes, preparing

and mailing reports, and overhead costs. This charge may be increased but will not exceed \$11 per month.

INITIAL ADMINISTRATIVE CHARGE. On the first 12 Policy Processing Days, we deduct a \$5.00 initial administrative charge for Policy issue costs.

CHARGES FOR RIDERS. The Monthly Deduction includes charges for any supplemental insurance benefits you add to your Policy by Rider.

#### INSURANCE CHARGE

We deduct a daily charge from each Subaccount (but not the Guaranteed Account). This charge compensates us for administration and distribution of the Policies and certain mortality and expense risks we assume. The administration and distribution expenses are costs we incur in offering and administering the Policies, such as administration costs, marketing costs, and other costs associated with establishing and maintaining the Subaccounts and selling the Policy. The mortality risk is that an Insured will live for a shorter time than we project. The expense risk is that the expenses that we incur will exceed the administrative charge limits we set in the Policy.

The insurance charge may vary by Subaccount. We may incur administration and distribution expenses that are higher for some Subaccounts than for others. In addition, some Funds (or their advisers) may compensate us and/or our affiliates for administrative, distribution (including 12b-1 plan fees), or other services relating to the Portfolios. Some may pay us more than others, and the differences may be significant. Some may not provide any compensation for these expenses.

The insurance charge is currently equal to:

- the assets in each Subaccount, MULTIPLIED BY
- for Subaccounts investing in the Vanguard Variable Insurance Fund Portfolios, 0.002603%, which is the daily portion of the annual insurance charge rate of 0.95 % during all Policy Years; or
- for Subaccounts investing in all other Portfolios, 0.002055%, which is the daily portion of the annual insurance charge rate of 0.75% during all Policy Years.

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If this charge does not cover our actual costs, we absorb the loss. Conversely, if the charge more than covers actual costs, the excess is added to our surplus. We may increase this charge to a maximum annual rate of 1.00% for each Subaccount. We expect to profit from this charge and may use these profits for any lawful purpose.

#### SURRENDER CHARGES AND ADDITIONAL SURRENDER CHARGES

Surrender charges and additional surrender charges are deducted to compensate us partially for the cost of administering, issuing, and selling the Policy, including agent sales commissions, the cost of printing the prospectuses and sales literature, any advertising costs, medical exams, review of Applications for insurance, processing of the Applications, establishing Policy records, and Policy issue. We do not expect surrender charges and additional surrender charges to cover all of these costs. To the extent that they do not, we will cover the short-fall from our general account assets, which may include profits from the insurance charge and cost of insurance charge.

SURRENDER CHARGE. If your Policy Lapses or you fully Surrender your Policy during the first 15 Policy Years, we deduct a surrender charge from your Policy Account Value and pay the remaining amount (less any outstanding Indebtedness) to you. The payment you receive is called the Net Cash Surrender Value. This surrender charge does not apply to partial withdrawals.

The surrender charge consists of:

1. Deferred Administrative Charge: the charge described in the table below less any deferred administrative charge previously paid at the time of a decrease in Face Amount.

<Table>  
<Caption>

CHARGE PER \$1,000



POLICY YEAR(S)	OF FACE AMOUNT
<S>	<C>
1-6.....	\$4.90
7.....	\$4.41
8.....	\$3.92
9.....	\$3.43
10.....	\$2.94
11.....	\$2.45
12.....	\$1.96
13.....	\$1.47
14.....	\$0.98
15.....	\$0.49
16+.....	\$ -0-

2. Deferred Sales Charge: this charge equals the lesser of A or B (less any deferred sales charge previously paid at the time of a prior decrease in Face Amount), where:

a = 35% of all Premiums paid to the date of Surrender or Lapse; or

b = the following percentage of Target Premium:

<Table>  
<Caption>

POLICY YEAR(S)	% OF TARGET PREMIUM FOR THE INITIAL FACE AMOUNT
<S>	<C>
1-6.....	70%
7.....	63%
8.....	56%
9.....	49%
10.....	42%
11.....	35%
12.....	28%
13.....	21%
14.....	14%
15.....	7%
16+.....	0%

ADDITIONAL SURRENDER CHARGE. Within 15 years after the effective date of an increase in Face Amount, we deduct an additional surrender charge if you Surrender the Policy or it Lapses.

The additional surrender charge consists of:

1. Additional Deferred Administrative Charge: the charge described in the table below less any additional deferred administrative charge previously paid at the time of a decrease in Face Amount.

<Table>  
<Caption>

12-MONTH PERIOD BEGINNING WITH THE EFFECTIVE DATE OF EACH INCREASE	CHARGE PER \$1,000 FOR EACH INCREASE IN FACE AMOUNT
<S>	<C>
1-6.....	\$4.90
7.....	\$4.41
8.....	\$3.92
9.....	\$3.43
10.....	\$2.94
11.....	\$2.45
12.....	\$1.96
13.....	\$1.47
14.....	\$0.98
15.....	\$0.49
16+.....	\$ -0-

2. Additional Deferred Sales Charge: this charge equals the lesser of A or B (less any additional deferred sales charge for this increase previously paid at the time of a decrease in Face Amount), where:

a = 35% of Premiums allocated to the increase in Face Amount; or

b = the following percentage of Target Premium:

NUMBER OF YEARS FOLLOWING THE EFFECTIVE DATE OF THE INCREASE IN FACE AMOUNT	% OF TARGET PREMIUM FOR EACH INCREASE IN FACE AMOUNT
1-6.....	70%
7.....	63%
8.....	56%
9.....	49%
10.....	42%
11.....	35%
12.....	28%
13.....	21%
14.....	14%
15.....	7%
16+.....	0%

DECREASE IN FACE AMOUNT. In the event of a decrease in Face Amount before the end of the 15th Policy Year or within 15 years after an increase in Face Amount, we deduct a charge that is a portion of the surrender charge and/or additional surrender charge.

-- If there have been no increases in Face Amount, we determine this portion by dividing the amount of the decrease by the current Face Amount and multiplying the result by the surrender charge and/or additional surrender charge.

-- If more than one surrender charge and/or additional surrender charge is in effect because of one or more increases in Face Amount, we apply the surrender charge and/or additional surrender charge in the following order: (1) the most recent increase, followed by (2) the next most recent increases in succession, and (3) the Initial Face Amount.

-- Where a decrease causes a partial reduction in an increase or in the Initial Face Amount, we will deduct a proportionate share of the surrender charge or additional surrender charge for that increase or for the Initial Face Amount.

-- We will deduct the surrender charge and/or additional surrender charge applicable to the decrease from the Policy Account Value and the remaining surrender charge and/or additional surrender charge will be reduced by the amount deducted.

-- We will deduct the surrender charge and/or additional surrender charge from the Subaccounts and the Guaranteed Account based on the proportion that the values in the Subaccounts and the Guaranteed Account bear to the total unloaned Policy Account Value.

The surrender charge, additional surrender charge, and Target Premium vary based on the Insured's Issue or Attained Age, sex, Premium Class, and Initial Face Amount (or increase in Face Amount). The maximum Target Premium for any Policy is \$54 per \$1,000 of Face Amount. Your Policy's specifications page indicates the surrender charges and additional surrender charges applicable to your Policy.

THE SURRENDER CHARGE AND ADDITIONAL SURRENDER CHARGE MAY BE SIGNIFICANT. YOU SHOULD CAREFULLY CALCULATE THESE CHARGES BEFORE YOU REQUEST A SURRENDER OR DECREASE IN FACE AMOUNT. Under some circumstances the level of surrender charges and additional surrender charges might result in no Net Cash Surrender Value available.

FACE AMOUNT INCREASE CHARGE

If you increase the Face Amount, we will deduct a charge of \$60 plus \$0.50 per \$1,000 Face Amount increase (but not greater than \$750) from the Policy Account Value on the effective date of this increase. This charge will be deducted from the Subaccounts and the Guaranteed Account based on the allocation schedule for Monthly Deductions in effect at the time of the increase. We deduct this charge to compensate us for administrative expenses incurred in connection with the increase, including medical exams, review of the application for the increase,

underwriting decisions, application processing, and changing Policy records and the Policy. We may increase this charge to a maximum of \$60 plus \$3.00 per \$1,000 Face Amount increase. We do not guarantee a \$750 limit if we increase this charge.

#### PARTIAL WITHDRAWAL CHARGE

After the first Policy Year, you may request a partial withdrawal from your Policy Account Value. For each partial withdrawal, we will deduct a \$25 fee from the remaining Policy Account Value. This charge is to compensate us for administrative costs in generating the withdrawn payment and in making all calculations which may be required because of the partial withdrawal.

#### TRANSFER CHARGE

We currently allow you to make 12 transfers among the Subaccounts or the Guaranteed Account each Policy Year with no additional charge.

- We deduct \$25 for the 13th and each additional transfer made during a Policy Year to compensate us for the costs of processing these transfers. We deduct the transfer charge from the amount being transferred.
- For purposes of assessing the transfer charge, we consider each telephone, fax, e-mail, or Written Request to be one transfer, regardless of the number of Subaccounts (or Guaranteed Account) affected by the transfer.
- Transfers due to dollar cost averaging, automatic asset rebalancing, loans, the exchange privilege, the special transfer right, change in Subaccount investment policy, or the initial reallocation of account values from the Money Market Subaccount do NOT count as transfers for the purpose of assessing this charge.

#### LOAN INTEREST CHARGE

Loan interest is charged in arrears on the amount of an outstanding Policy loan. Loan interest that is unpaid when due will be added to the amount of the loan on each Policy Anniversary and will bear interest at the same rate. We charge an annual interest rate of 6.00% on Policy loans. After offsetting the 4.00% interest we guarantee we will credit to the Loan Account, the maximum guaranteed net cost of loans is 2.00% (annually).

#### PORTFOLIO EXPENSES

The value of the net assets of each Subaccount reflects the management fees and other expenses incurred by the corresponding Portfolio in which the Subaccount invests. For further information, consult the Portfolios' prospectuses and the Fee Table in this prospectus.

#### FEDERAL TAX CONSIDERATIONS

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The following summarizes some of the basic federal income tax considerations associated with a Policy and does not purport to be complete or to cover all situations. THIS DISCUSSION IS NOT INTENDED AS TAX ADVICE. PLEASE CONSULT COUNSEL OR OTHER QUALIFIED TAX ADVISERS FOR MORE COMPLETE INFORMATION. We base this

discussion on our understanding of the present federal income tax laws as they are currently interpreted by the Internal Revenue Service (the "IRS"). Federal income tax laws and the current interpretations by the IRS may change.

TAX STATUS OF THE POLICY. A Policy must satisfy certain requirements set forth in the Code in order to qualify as a life insurance contract for federal income tax purposes and to receive the tax treatment normally accorded life insurance contracts. The manner in which these requirements are to be applied to certain features of the Policy are not directly addressed by the Code, and there is limited guidance as to how these requirements are to be applied. We anticipate that a Policy should satisfy the applicable Code requirements. Because of the absence of pertinent interpretations of the Code requirements, there is, however, some uncertainty about the application of these requirements to the Policy, particularly if you pay the full amount of Premiums permitted under the Policy. In addition, if you elect the Accelerated Death Benefit Rider, LTC Accelerated Rider or LTC Extended Rider, the tax qualification consequences associated with continuing the Policy after a distribution is made are unclear. Please consult a tax adviser on these consequences. If it is subsequently

determined that a Policy does not satisfy the applicable requirements, we may take appropriate steps to bring the Policy into compliance with these requirements and we reserve the right to restrict Policy transactions in order to do so.

In certain circumstances, owners of variable life insurance contracts have been considered for federal income tax purposes to be the owners of the assets of the separate account supporting their contracts due to their ability to exercise investment control over those assets. Where this is the case, the contract owners have been currently taxed on income and gains attributable to the separate account assets. There is little guidance in this area, and some features of the Policies, such as the flexibility to allocate Premiums and Policy Account Values, have not been explicitly addressed in published rulings. While we believe that the Policy does not give you investment control over Separate Account assets, we reserve the right to modify the Policy as necessary to prevent you from being treated as the owner of the Separate Account assets supporting the Policy.

In addition, the Code requires that the investments of the Separate Account be "adequately diversified" in order to treat the Policy as a life insurance contract for federal income tax purposes. We intend that the Separate Account, through the Portfolios, will satisfy these diversification requirements.

The following discussion assumes that the Policy will qualify as a life insurance contract for federal income tax purposes.

#### TAX TREATMENT OF POLICY BENEFITS

IN GENERAL. We believe that the death benefit under a Policy should be excludible from the Beneficiary's gross income. Federal, state, and local transfer, and other tax consequences of ownership or receipt of Policy proceeds depend on your circumstances and the Beneficiary's circumstances. You should consult a tax adviser on these consequences.

Generally, you will not be deemed to be in constructive receipt of the Policy Account Value until there is a distribution. When distributions from a Policy occur, or when loans are taken out from or secured by a Policy (e.g., by assignment), the tax consequences depend on whether the Policy is classified as a MEC.

MODIFIED ENDOWMENT CONTRACTS. Under the Code, certain life insurance contracts are classified as MECs, with less favorable tax treatment than other life insurance contracts. Due to the Policy's flexibility as to Premiums and benefits, each Policy's individual circumstances will determine whether the Policy is classified as a MEC. In general, a Policy will be classified as a MEC if the amount of Premiums paid into the Policy causes the Policy to fail the "7-pay test." A Policy will fail the 7-pay test if at any time in the first seven Policy Years, the amount paid into the Policy exceeds the sum of the level premiums that would have been paid at that point under a Policy that provided for paid-up future benefits after the payment of seven level annual payments.

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If there is a reduction in the benefits under the Policy during the first seven Policy Years, for example, as a result of a partial withdrawal, the 7-pay test will have to be reapplied as if the Policy had originally been issued at the reduced Face Amount. If there is a "material change" in the Policy's benefits or other terms, the Policy may have to be retested as if it were a newly issued Policy. A material change may occur, for example, when there is an increase in the death benefit that is due to the payment of an unnecessary Premium. Unnecessary Premiums are Premiums paid into the Policy which are not needed in order to provide a death benefit equal to the lowest death benefit that was payable in the first seven Policy Years. To prevent your Policy from becoming a MEC, it may be necessary to limit Premiums or to limit reductions in benefits. A current or prospective Owner should consult a tax adviser to determine whether a Policy transaction will cause the Policy to be classified as a MEC.

DISTRIBUTIONS FROM MODIFIED ENDOWMENT CONTRACTS. Policies classified as MECs are subject to the following tax rules:

- All distributions other than death benefits from a MEC, including distributions upon Surrender and partial withdrawals, will be treated as ordinary income subject to tax up to an amount equal to the excess (if any) of the unloaned Policy Account Value immediately before the distribution plus prior distributions over the Owner's total investment in the Policy at that time. They will be treated as tax-free recovery of the Owner's investment in the Policy only after all such excess has been distributed. "Total investment in the Policy"

means the aggregate amount of any Premiums or other considerations paid for a Policy, plus any previously taxed distributions.

- Loans taken from such a Policy (or secured by such a Policy, e.g., by assignment) are treated as distributions and taxed accordingly.
- A 10% additional income tax penalty is imposed on the amount included in income except where the distribution or loan is made when you have Attained Age 59 1/2 or are disabled, or where the distribution is part of a series of substantially equal periodic payments for your life (or life expectancy) or the joint lives (or joint life expectancies) of you and the Beneficiary.

If a Policy becomes a MEC, distributions that occur during the Policy Year will be taxed as distributions from a MEC. In addition, distributions from a Policy within 2 years before it becomes a MEC will be taxed in this manner. This means that a distribution from a Policy that is not a MEC at the time when the distribution is made could later become taxable as a distribution from a MEC.

#### DISTRIBUTIONS FROM POLICIES THAT ARE NOT MODIFIED ENDOWMENT CONTRACTS.

Distributions other than death benefits from a Policy that is not a MEC are generally treated first as a recovery of your investment in the Policy, and as taxable income after the recovery of all investment in the Policy. However, certain distributions which must be made in order to enable the Policy to continue to qualify as a life insurance contract for federal income tax purposes if Policy benefits are reduced during the first 15 Policy Years may be treated in whole or in part as ordinary income subject to tax.

Loans from or secured by a Policy that is not a MEC are generally not treated as distributions.

Finally, neither distributions from nor loans from (or secured by) a Policy that is not a MEC are subject to the 10% additional tax.

MULTIPLE POLICIES. All MECs that we issue (and that our affiliates issue) to the same Owner during any calendar year are treated as one MEC for purposes of determining the amount includible in the Owner's income when a taxable distribution occurs.

POLICY LOANS. In general, interest you pay on a loan from a Policy will not be deductible. If a loan from a Policy that is not a MEC is outstanding when the Policy is canceled or lapses, the amount of the outstanding indebtedness will be added to the amount distributed and will be taxed accordingly. Before taking out a Policy loan, you should consult a tax adviser as to the tax consequences.

BUSINESS USES OF THE POLICY. The Policy may be used in various arrangements, including nonqualified deferred compensation or salary continuance plans, split dollar insurance plans, executive bonus plans,

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retiree medical benefit plans, and others. The tax consequences of these plans may vary depending on the particular facts and circumstances of each individual arrangement. The IRS has also recently issued new guidance on split dollar insurance plans. Therefore, if you are contemplating using the Policy in any arrangement the value of which depends in part on its tax consequences, you should be sure to consult a tax adviser as to tax attributes of the arrangement. In recent years, moreover, Congress has adopted new rules relating to life insurance owned by businesses. Any business contemplating the purchase of a new Policy or a change in an existing Policy should consult a tax adviser.

TAX SHELTER REGULATIONS. Prospective Owners that are corporations should consult a tax adviser about the treatment of the Policy under the Treasury Regulations applicable to corporate tax shelters.

WITHHOLDING. To the extent that Policy distributions are taxable, they are generally subject to withholding for the recipient's federal income tax liability. Recipients can generally elect, however, not to have tax withheld from distributions.

ALTERNATIVE MINIMUM TAX. There may be an indirect tax upon the income in the Policy or the proceeds of a Policy under the federal corporate alternative minimum tax, if the Owner is subject to that tax.

CONTINUATION OF POLICY BEYOND AGE 100. The tax consequences of continuing the Policy beyond the Insured's 100th year are unclear. You should consult a tax adviser if you intend to keep the Policy in force beyond the Insured's 100th

year.

**OTHER POLICY OWNER TAX MATTERS.** The transfer of the Policy or designation of a Beneficiary may have federal, state, and/or local transfer and inheritance tax consequences, including the imposition of gift, estate, and generation-skipping transfer taxes. For example, the transfer of the Policy to, or the designation as a Beneficiary of, or the payment of proceeds to, a person who is assigned to a generation which is two or more generations below the generation assignment of the Owner may have generation-skipping transfer tax consequences under federal tax law. The individual situation of each Owner or Beneficiary will determine the extent, if any, to which federal, state, and local transfer and inheritance taxes may be imposed and how ownership or receipt of the Policy proceeds will be treated for purposes of federal, state, and local estate, inheritance, generation-skipping, and other taxes.

**POSSIBLE TAX LAW CHANGES.** While the likelihood of legislative or other changes is uncertain, there is always a possibility that the tax treatment of the Policy could change by legislation or otherwise. It is even possible that any legislative change could be retroactive (effective prior to the date of the change). You should consult a tax adviser with respect to legislative developments and their effect on the Policy.

**SPECIAL RULES FOR PENSION AND PROFIT-SHARING PLANS.** If a Policy is purchased by a pension or profit-sharing plan, or similar deferred compensation arrangement, the federal, state and estate tax consequences could differ. A competent tax adviser should be consulted in connection with such a purchase.

The amounts of life insurance that may be purchased on behalf of a participant in a pension or profit-sharing plan are limited. The current cost of insurance for the net amount at risk is treated as a "current fringe benefit" and must be included annually in the plan participant's gross income. We report this cost to the participant annually. If the plan participant dies while covered by the plan and the Policy proceeds are paid to the participant's Beneficiary, then the excess of the death benefit over the Policy Account Value is not taxable. However, the Policy Account Value will generally be taxable to the extent it exceeds the participant's cost basis in the Policy. Policies owned under these types of plans may be subject to restrictions under the Employee Retirement Income Security Act of 1974 ("ERISA"). You should consult a qualified adviser regarding ERISA.

Department of Labor ("DOL") regulations impose requirements for participant loans under retirement plans covered by ERISA. Plan loans must also satisfy tax requirements to be treated as nontaxable. Plan loan requirements and provisions may differ from Policy loan provisions. Failure of plan loans to comply with the requirements and provisions of the DOL regulations and of tax law may result in adverse tax consequences and/or adverse consequences under ERISA. Plan fiduciaries and participants should consult a qualified adviser before requesting a loan under a Policy held in connection with a retirement plan.

**SPECIAL RULES FOR 403(B) ARRANGEMENTS.** If a Policy is purchased in connection with a Section 403(b) tax-sheltered annuity program, the "Special Rules for Pension and Profit-Sharing Plans" discussed above may be applicable. In addition, Premiums, distributions and other transactions with respect to the Policy must be administered, in coordination with the Section 403(b) annuity, to comply with the requirements of Section 403(b) of the Code. A competent tax adviser should be consulted.

**FOREIGN TAX CREDITS.** To the extent that any underlying eligible Portfolio makes the appropriate election, certain foreign taxes paid by the Portfolio will be treated as being paid by us, and we may deduct or claim a tax credit for such taxes. The benefits of any such deduction or credit will not be passed through to Policy Owners.

**ACCELERATED DEATH BENEFIT RIDER.** The federal income tax consequences associated with the Accelerated Death Benefit Rider are uncertain. You should consult a qualified tax adviser about the consequences of requesting payment under this Rider. See "Death Benefit -- Accelerated Death Benefit Rider."

**LONG-TERM CARE BENEFIT RIDERS.** For a discussion of the tax consequences associated with the Long-Term Care Benefit Riders offered under the Policy, see "Death Benefit -- Long-Term Care Benefit."

**OTHER SUPPLEMENTAL BENEFITS AND RIDERS.** A further discussion of the tax consequences associated with particular supplemental benefits and Riders available under the Policy can be found in the SAI.

**SPLIT DOLLAR ARRANGEMENTS**  
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You may enter into a split dollar arrangement with another Owner or another person(s) whereby the payment of Premiums and the right to receive the benefits under the Policy (i.e., Net Cash Surrender Value or Insurance Proceeds) are split between the parties. There are different ways of allocating these rights. For example, an employer and employee might agree that under a Policy on the life of the employee, the employer will pay the Premiums and will have the right to receive the Net Cash Surrender Value. The employee may designate the Beneficiary to receive any Insurance Proceeds in excess of the Net Cash Surrender Value. If the employee dies while such an arrangement is in effect, the employer would receive from the Insurance Proceeds the amount which he would have been entitled to receive upon Surrender of the policy and the employee's Beneficiary would receive the balance of the proceeds.

No transfer of Policy rights pursuant to a split dollar arrangement will be binding on us unless in writing and received by us at our Service Center.

NEW GUIDANCE ON SPLIT DOLLAR ARRANGEMENTS. On July 30, 2002, President Bush signed into law significant accounting and corporate governance reform legislation, known as the Sarbanes-Oxley Act of 2002 (the "Act"). The Act prohibits, with limited exceptions, publicly-traded companies, including non-U.S. companies that have securities listed on exchanges in the United States, from extending, directly or through a subsidiary, many types of personal loans to their directors or executive officers. It is possible that this prohibition may be interpreted as applying to split-dollar life insurance policies for directors and executive officers of such companies, since such insurance arguably can be viewed as involving a loan from the employer for at least some purposes.

Although the prohibition on loans is generally effective as of July 30, 2002, there is an exception for loans outstanding as of the date of enactment, so long as there is no material modification to the loan terms and the loan is not renewed after July 30, 2002. Any affected business contemplating the payment of a premium on an existing Policy, or the purchase of a new Policy, in connection with a split-dollar life insurance arrangement should consult legal counsel.

In addition, the IRS and Treasury Department have recently issued guidance that substantially affects the tax treatment of split-dollar arrangements. The parties who elect to enter into a split dollar arrangement should consult their own tax advisers regarding the tax consequences of such an arrangement, and before entering into or paying additional Premiums with respect to such arrangements.

SUPPLEMENTAL BENEFITS AND RIDERS

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The following Riders offering supplemental benefits are available under the Policy. Most of these Riders are subject to age and underwriting requirements and most must be purchased when the Policy is issued. We generally deduct any monthly charges for these Riders from Policy Account Value as part of the Monthly Deduction. (See the Fee Table for more information concerning Rider expenses.) Your agent can help you determine whether certain of the Riders are suitable for you. These Riders may not be available in all states. Please contact us for further details.

We currently offer the following Riders under the Policy:

- Long-Term Care Benefit Riders, which include:
  - Long-Term Care Acceleration Benefit Rider;
  - Long-Term Care Waiver Benefit Rider; and
  - Long-Term Care Extended Insurance Benefit Rider;
- Accelerated Death Benefit Rider;
- Additional Insurance Benefit Rider;
- Change of Insured Rider;
- Children's Term Insurance Rider;
- Convertible Term Life Insurance Rider;
- Disability Waiver Benefit Rider;
- Disability Waiver of Premium Benefit Rider; and
- Final Policy Date Extension Rider.

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The Policy will be sold by individuals who are licensed as our life insurance agents and appointed by us and who are also registered representatives of 1717, or registered representatives of a broker-dealer having a selling agreement with 1717, or registered representatives of a broker-dealer having a selling agreement with these broker-dealers. 1717 is located at Christiana Executive Campus, P.O. Box 15626, Wilmington, Delaware 19850, is registered with the SEC under the Securities Exchange Act of 1934 as a broker-dealer, and is a member of the NASD. 1717 was organized under the laws of Pennsylvania on January 22, 1969 as an indirect wholly owned subsidiary of NLICA. 1717 neither received nor retained any compensation as principal underwriter of the Policies during the past three fiscal years. We decide the insurance underwriting, the determination of Premium Class, and whether to accept or reject an Application. 1717 also may reject an Application if the Policy applied for is unsuitable.

More information about 1717 and its registered representatives is available at <http://www.nasdr.com> or by calling (800) 289-9999. You also can obtain an investor brochure from NASD Regulation that includes information describing its Public Disclosure Program.

We pay sales commissions for the sale of the Policies. Under our distribution agreement with 1717, we may pay the following sales expenses: general agent and agency manager's compensation; agents' training allowances; deferred compensation and insurance benefits of agents, general agents, and agency managers; advertising expenses; and all other expenses of distributing the Policies. We also pay for 1717's operating and other expenses. Commissions payable for sales by registered representatives of a broker-dealer having a selling agreement with 1717, and/or to registered representatives of a broker-dealer having a selling

agreement with these broker-dealers, will be paid to such broker-dealers, who in turn may pay their registered representatives; these broker-dealers may retain a portion of the commissions. We may pay additional compensation to these broker-dealers and/or reimburse them for portions of Policy sales expenses.

During the first Policy Year, the maximum sales commission payable to our agents or other registered representatives will be approximately 50% of Premiums paid up to a specified amount, and 2% of Premiums paid in excess of that amount. During Policy Years 2 through 10, the maximum sales commission will not be more than 6.50% of Premiums paid, and after Policy Year 10, the maximum sales commission will be 2% of Premiums paid. Further, for each premium received following an increase in Face Amount, a commission on that premium will be paid up to the specified amount for the increase in each year; the commission will be calculated using the commission rates for the corresponding Policy Year. Expense allowances and bonuses may also be paid. Agents may be required to return all or a portion of first year commission (less the deferred sales charge) if the Policy is not continued through the first Policy Year or the first year following a face increase.

Because registered representatives who sell the Policies are also our life insurance agents, they may be eligible for various cash benefits, such as bonuses, insurance benefits and financing arrangements, and non-cash compensation programs that we offer, such as conferences, trips, prizes, and awards, subject to applicable regulatory requirements. Other payments may be made for other services that do not directly involve the sale of the Policies. These services may include the recruitment and training of personnel, production of promotional literature, and similar services. In some circumstances and to the extent permitted by applicable regulatory requirements, 1717 may also reimburse certain sales and marketing expenses or pay other forms of special compensation to selling broker-dealers.

We intend to recoup commissions and other sales expenses through fees and charges imposed under the Policy. Commissions paid on the Policy, including other incentives or payments, are not charged directly to Policy Owners or the Separate Account.

We offer the Policies to the public on a continuous basis. We anticipate continuing to offer the Policies, but reserve the right to discontinue the offering.

STATE VARIATIONS

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Any state variations in the Policy are covered in a special policy form for use in that state. The prospectus and SAI provide a general description of the Policy. Your actual policy and any endorsements or Riders are the controlling



documents. If you would like to review a copy of your policy and its endorsements and Riders, if any, contact our Service Center.

LEGAL PROCEEDINGS

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NLICA and its subsidiaries, like other life insurance companies, are involved in lawsuits, including class action lawsuits. In some class action and other lawsuits involving insurers, substantial damages have been sought and/or material settlement payments have been made. Although the outcome of any litigation cannot be predicted with certainty, NLICA believes that, as of the date of this prospectus, there are no pending or threatened lawsuits that will have a materially adverse impact on them or the Separate Account.

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FINANCIAL STATEMENTS

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Our financial statements and the financial statements of the Separate Account are contained in the SAI. Our financial statements should be distinguished from the Separate Account's financial statements and you should consider our financial statements only as bearing upon our ability to meet our obligations under the Policies. For a free copy of these financial statements and/or the SAI, please call or write to us at our Service Center.

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GLOSSARY

APPLICATION

The Application you must complete to purchase a Policy plus all forms required by us or applicable law.

ATTAINED AGE

The Issue Age of the Insured plus the number of full Policy Years since the Policy Date.

BENEFICIARY

The person(s) you select to receive the Insurance Proceeds from the Policy.

CODE

The Internal Revenue Code of 1986, as amended.

COMPANY (WE, US, OUR, NLICA)

Nationwide Life Insurance Company of America,  
Service Center: 300 Continental Drive, Newark,  
Delaware 19713, Main Administrative Office:  
1000 Chesterbrook Boulevard, Berwyn,  
Pennsylvania 19312, telephone: (800) 688-5177.

EVIDENCE OF INSURABILITY

Medical records or other documentation that we may require to satisfy our underwriting standards. We may require different and/or additional evidence depending on the Insured's Premium Class; for example, we generally require more documentation for Insureds in classes with extra ratings. We also may require different and/or additional evidence depending on the transaction requested; for example, we may require more documentation for the issuance of a Policy than for an increase in Face Amount.

FACE AMOUNT

The dollar amount of insurance selected by the Owner. The Face Amount may be increased or decreased after issue, subject to certain conditions. The Face Amount is a factor in determining the death benefit, surrender charges, and additional surrender charges.

FINAL POLICY DATE

The Policy Anniversary nearest the Insured's Attained Age 100, at which time the Policy will end and you will be paid the Policy Account Value less any Indebtedness and any unpaid Monthly Deductions. Subject to state availability, you may elect to continue the Policy beyond the Insured's Attained Age 100 under the Final Policy Date Extension Rider.

FREE LOOK PERIOD

The period shown on your Policy's cover page during which you may examine and return the Policy to us at our Service Center and receive a refund. The length

of the Free Look Period varies by state.

#### FUND

An investment company that is registered with the SEC. The Policy allows you to invest in certain Portfolios of the Funds that are listed on the front page of this prospectus.

#### GRACE PERIOD

A 61-day period after which a Policy will Lapse if you do not make a sufficient payment.

#### GUARANTEED ACCOUNT

Part of our general account. Amounts allocated to the Guaranteed Account earn at least 4% annual interest.

#### INDEBTEDNESS

The total amount of all outstanding Policy loans, including both principal and interest due.

#### INITIAL FACE AMOUNT

The Face Amount on the Policy Issue Date.

#### INSURANCE PROCEEDS

The amount we pay to the Beneficiary when we receive due proof of the Insured's death. We deduct any Indebtedness and unpaid Monthly Deductions before making any payment.

#### INSURED

The person whose life is insured by the Policy.

#### ISSUE AGE

The Insured's age on the Insured's birthday nearest the Policy Date.

#### LAPSE

When your Policy terminates without value after a Grace Period. You may reinstate a lapsed Policy, subject to certain conditions.

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#### LOAN ACCOUNT

The account to which we transfer collateral for a Policy loan from the Subaccounts and/or the Guaranteed Account.

#### MINIMUM GUARANTEE PREMIUM

The amount necessary to guarantee the Policy will not Lapse during the first 5 Policy Years. It is equal to the minimum annual premium (as set forth in your Policy) MULTIPLIED by the number of months since the Policy Date (including the current month) DIVIDED by 12.

#### MINIMUM INITIAL PREMIUM

An amount equal to the minimum annual premium (as set forth in your Policy) MULTIPLIED by the following factor for your premium billing mode: annual 1.000; semi-annual 0.500; quarterly 0.250; monthly 0.167.

#### MONTHLY DEDUCTION

This is the monthly amount we deduct from the Policy Account Value on each Policy Processing Day. The Monthly Deduction includes the cost of insurance charge, the monthly administrative charge, the initial administrative charge (during the first Policy Year), and charges for any Riders.

#### NET CASH SURRENDER VALUE

The amount we pay when you Surrender your Policy. It is equal to: (1) the Policy Account Value as of the date of Surrender; MINUS (2) any surrender charge or additional surrender charge; MINUS (3) any Indebtedness.

#### NET PREMIUMS

Premiums less the premium expense charge.

#### OWNER (YOU, YOUR)

The person entitled to exercise all rights as Owner under the Policy.

#### POLICY ACCOUNT VALUE

The sum of your Policy's values in the Subaccounts, the Guaranteed Account, and the Loan Account.

#### POLICY ANNIVERSARY

The same day and month as the Policy Date in each year following the first Policy Year.

#### POLICY DATE

The date set forth in the Policy that is used to determine Policy Anniversaries, Policy Processing Days, and Policy Years. The Policy Date is generally the same as the Policy Issue Date but, subject to state approval, may be another date agreed upon by us and the proposed Insured. The Policy Date may not be more than 6 months prior to the Policy Issue Date.

#### POLICY ISSUE DATE

The date on which the Policy is issued. It is used to measure suicide and contestable periods.

#### POLICY PROCESSING DAY

This is the same day as the Policy Date in each successive month. If there is no day in a calendar month that coincides with the Policy Date, or if that day falls on a day that is not a Valuation Day, then the Policy Processing Day is the next Valuation Day. On each Policy Processing Day, we determine Policy charges and deduct them from the Policy Account Value.

#### POLICY YEAR

A year that starts on the Policy Date or on a Policy Anniversary.

#### PORTFOLIO

A separate investment Portfolio of a Fund. Each Subaccount invests exclusively in one Portfolio of a Fund.

#### PREMIUM CLASS

The classification of the Insured for cost of insurance purposes. The standard classes are: smoker, nonsmoker, and preferred. We also have classes with extra ratings.

#### PREMIUMS

All payments you make under the Policy other than repayments of Indebtedness.

#### RIDER

An amendment, addition, or endorsement to the Policy that changes the terms of the Policy by: (1) expanding Policy benefits; (2) restricting Policy benefits; or (3) excluding certain conditions from the Policy's coverage. A Rider that is added to the Policy becomes part of the Policy.

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#### SAI

The Statement of Additional Information ("SAI") that contains additional information regarding the Policy. The SAI is not a prospectus, and should be read together with the prospectus. You may obtain a copy of the SAI by writing or calling us at our Service Center. The Table of Contents for the SAI appears on the last page of this prospectus.

#### SEPARATE ACCOUNT

Nationwide Provident VLI Separate Account 1. It is a separate investment account that is divided into Subaccounts, each of which invests in a corresponding Portfolio.

#### SERVICE CENTER

The Technology and Service Center located at 300 Continental Drive, Newark, Delaware 19713.

#### SUBACCOUNT

A subdivision of Nationwide Provident VLI Separate Account 1. We invest each Subaccount's assets exclusively in shares of one Portfolio.

#### SURRENDER

To cancel the Policy by signed Request from the Owner and return of the Policy to us at our Service Center.

#### TARGET PREMIUM

An amount of premium payments, computed separately for each increment of Face Amount, used to compute surrender charges and additional surrender charges.

#### VALUATION DAY

Each day that the New York Stock Exchange is open for business and any other day on which there is a sufficient degree of trading with respect to a Subaccount's portfolio of securities to materially affect the value of that Subaccount. As of the date of this prospectus, we are open whenever the New York Stock Exchange is open, other than the Friday following Thanksgiving.

#### VALUATION PERIOD

The period beginning at the close of business on one Valuation Day (which is when the New York Stock Exchange closes, usually 4:00 p.m., Eastern time) and continuing to the close of business on the next Valuation Day.

WRITTEN NOTICE OR REQUEST

The Written Notice or Request you must complete, sign, and send to us at our Service Center to request or exercise your rights as Owner under the Policy. To be complete, each Written Notice or Request must: (1) be in a form we accept; (2) contain the information and documentation that we determine in our sole discretion is necessary for us to take the action you request or for you to exercise the right specified; and (3) be received at our Service Center. You may obtain the necessary form by calling us at (800) 688-5177.

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To learn more about the Policy, you should read the SAI dated the same date as this prospectus. The Table of Contents for the SAI appears on the last page of this prospectus. For a free copy of the SAI, to receive personalized illustrations of death benefits, Net Cash Surrender Values, and Policy Account Values, and to request other information about the Policy please call or write

to us at our Service Center.

The SAI has been filed with the SEC and is incorporated by reference into this prospectus. The SEC maintains an Internet website (http://www.sec.gov) that contains the SAI and other information about us and the Policy. Information about us and the Policy (including the SAI) may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC., or may be obtained, upon payment of a duplicating fee, by writing the Public Reference Section of the SEC, 450 Fifth Street, NW, Washington, DC 2059-0102. Additional information on the operation of the Public Reference Room may be obtained by calling the SEC at (202) 942-8090.

Investment Company Act of 1940 Registration File No. 811-4460

NATIONWIDE PROVIDENT VLI  
SEPARATE ACCOUNT 1  
(REGISTRANT)

NATIONWIDE LIFE INSURANCE COMPANY OF AMERICA  
(DEPOSITOR)

MAIN ADMINISTRATIVE OFFICE:  
1000 CHESTERBROOK BOULEVARD  
BERWYN, PENNSYLVANIA 19312  
(610) 407-1717

SERVICE CENTER:  
300 CONTINENTAL DRIVE  
NEWARK, DELAWARE 19713  
(800) 688-5177

STATEMENT OF ADDITIONAL INFORMATION  
INDIVIDUAL FLEXIBLE PREMIUM ADJUSTABLE VARIABLE LIFE INSURANCE POLICY

This Statement of Additional Information ("SAI") contains additional information regarding the individual flexible premium adjustable variable life insurance policy (the "Policy") offered by Nationwide Life Insurance Company of America ("NLICA"). This SAI is not a prospectus, and should be read together with the prospectus for the Policy dated February 14, 2003 and the prospectuses for The Market Street Fund, American Century Variable Portfolios, Inc., Dreyfus Investment Portfolios, Dreyfus Variable Investment Fund, Federated Insurance Series, Fidelity Variable Insurance Products, Gartmore Variable Insurance Trust, Janus Aspen Series, Oppenheimer Variable Account Funds, and Vanguard Variable Insurance Fund. You may obtain a copy of these prospectuses by writing or calling us at our address or phone number shown above. Capitalized terms in this SAI have the same meanings as in the prospectus for the Policy. No information is incorporated by reference into this SAI.

The date of this Statement of Additional Information is February 14, 2003.

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ADDITIONAL POLICY INFORMATION

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THE POLICY

The Policy, Application(s), Policy's specification page, and any Riders are the entire contract. Only statements made in the Applications can be used to void the Policy or to deny a claim. We assume that all statements in an Application are made to the best of the knowledge and belief of the person(s) who made them, and, in the absence of fraud, those statements are considered representations and not warranties. We rely on those statements when we issue or change a Policy. As a result of differences in applicable state laws, certain provisions of the Policy may vary from state to state. The Policy is not eligible for dividends and is non-participating.

TEMPORARY INSURANCE COVERAGE

Before full insurance coverage takes effect, you may receive temporary insurance coverage (subject to our underwriting rules and Policy conditions) if:

1. You answer "no" to the health questions in the temporary insurance agreement;
2. You pay the Minimum Initial Premium when the Application is signed; and
3. The Application is dated the same date as, or earlier than, the temporary insurance agreement.

Temporary insurance coverage will take effect as of the date of the temporary insurance agreement. Temporary insurance coverage shall not exceed the lesser of:

1. The Face Amount applied for, including term insurance Riders; or
2. \$500,000.

If we do not approve your Application, we will make a full refund of the initial premium paid with the Application.

Temporary life insurance coverage is void if the Application contains any material misrepresentation. Benefits will also be denied if any proposed Insured commits suicide.

Temporary life insurance coverage terminates automatically, and without notice, on the earliest of:

- 5 days from the date we mail you notification of termination of coverage; or

- the date that full insurance coverage takes effect under the Policy; or
- the date a policy, other than the Policy applied for, is offered to you;  
or
- the 90th day from the date of the temporary agreement.

#### OUR RIGHT TO CONTEST THE POLICY

In issuing the Policy, we rely on all statements made by or for you and/or the Insured in the Application or in a supplemental application. Therefore, we may contest the validity of the Policy based on material misstatements made in the Application (or any supplemental application).

However, we will not contest the Policy after the Policy has been in force during the Insured's lifetime for 2 years from the Policy Issue Date. Likewise, we will not contest any Policy change that requires Evidence of Insurability, or any reinstatement of the Policy, after such change or reinstatement has been in effect during the Insured's lifetime for 2 years.

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#### MISSTATEMENT OF AGE OR SEX

If the Insured's Issue Age or sex was stated incorrectly in the Application, we will adjust the death benefit and any benefits provided by Riders to the amount that would have been payable at the correct Issue Age and sex based on the most recent Monthly Deduction. No adjustment will be made to the Policy Account Value.

#### SUICIDE EXCLUSION

If the Insured commits suicide, while sane or insane, within 2 years of the Policy Issue Date, the Policy will terminate and our liability will be limited to an amount equal to the Premiums paid, less any Indebtedness, and less any partial withdrawals previously paid.

If the Insured commits suicide, while sane or insane, within 2 years from the effective date of any change which increases the death benefit, the Policy will terminate and our liability with respect to the amount of increase will be limited to the sum of the Monthly Deductions for the cost of insurance attributable to the increase and the expense charge for the increase in Face Amount previously deducted from Policy Account Value.

Certain states may require suicide exclusion provisions that differ from those stated here.

#### ASSIGNMENT

You may assign the Policy but we will not be bound by any assignment unless it is in writing and we have received it at our Service Center. Your rights and those of any other person referred to in the Policy will be subject to the assignment. We assume no responsibility for the validity of any assignments.

#### THE BENEFICIARY

The Beneficiary is entitled to the Insurance Proceeds under the Policy. The Beneficiary is as stated in the Application, unless later changed. When a Beneficiary is designated, any relationship shown is to the Insured, unless otherwise stated. If two or more persons are named, those surviving the Insured will share the Insurance Proceeds equally, unless otherwise stated. If none of the persons named survives the Insured, we will pay the Insurance Proceeds in one sum to the Insured's estate.

#### MORE INFORMATION ON OWNERSHIP RIGHTS

You, as the Owner, may exercise certain rights under the Policy, including the following:

#### SELECTING AND CHANGING THE BENEFICIARY

- You designate the Beneficiary (the person to receive the Insurance Proceeds when the Insured dies) in the Application.
- You may designate more than one Beneficiary. If you designate more than one Beneficiary, then each Beneficiary that survives the Insured shares equally in any Insurance Proceeds unless the Beneficiary designation states otherwise.
- If there is not a designated Beneficiary surviving at the Insured's death, we will pay the Insurance Proceeds in a lump sum to the Insured's estate.

-- You can change the Beneficiary by providing us with Written Notice while the Insured is living.

-- The change is effective as of the date you complete and sign the Written Notice, regardless of whether the Insured is living when we receive the notice.

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-- We are not liable for any payment or other actions we take before we receive your Written Notice.

-- A Beneficiary generally may not pledge, commute, or otherwise encumber or alienate payments under the Policy before they are due.

#### CHANGING THE OWNER

-- You may change the Owner by providing a Written Notice to us at any time while the Insured is alive.

-- The change is effective as of the date you complete and sign the Written Notice, regardless of whether the Insured is living when we receive the request.

-- We are not liable for any payment or other actions we take before we receive your Written Notice.

-- Changing the Owner does not automatically change the Beneficiary or the Insured.

-- Changing the Owner may have tax consequences. You should consult a tax adviser before changing the Owner.

#### ASSIGNING THE POLICY

-- You may assign Policy rights while the Insured is alive by submitting Written Notice to us at our Service Center.

-- Your interests and the interests of any Beneficiary or other person will be subject to any assignment.

-- You retain any ownership rights that are not assigned.

-- Assignments are subject to any Policy loan.

-- We are not:

# bound by any assignment unless we receive a Written Notice of the assignment;

# responsible for the validity of any assignment or determining the extent of an assignee's interest; or

# liable for any payment we make before we receive Written Notice of the assignment.

-- Assigning the Policy may have tax consequences. You should consult a tax adviser before assigning the Policy.

#### CHANGING DEATH BENEFIT OPTIONS

The following rules apply to any change in death benefit options:



-- You must submit a Written Request for any change in death benefit options.

-- We may require you to return your Policy to make a change.

-- The effective date of the change in death benefit option will be the Policy Processing Day on or following the date when we approve your request for a change.

If you change from Option A to Option B:

X We will first decrease the Face Amount (beginning with the most recent increase, then the next most recent increases in succession, and then the Initial Face Amount) and then any applicable Rider coverage amounts by the Policy Account Value on the effective date of the change.

X The death benefit will NOT change on the effective date of the change.

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X The net amount at risk will generally remain level. This means there will be a relative increase in the cost of insurance charges over time because the net amount at risk will remain level rather than decrease as the Policy Account Value increases (unless the death benefit is based on the applicable percentage of Policy Account Value).

X If the Face Amount or applicable Rider coverage amount would be reduced to less than the minimum Initial Face Amount or minimum amount in which the Policy or applicable Rider could be issued, then we will not allow the change in death benefit option.

If you change from Option B to Option A:

X The Face Amount will be increased by the Policy Account Value on the effective date of the change.

X The death benefit will NOT change on the effective date of the change.

X Unless the death benefit is based on the applicable percentage of Policy Account Value, if the Policy Account Value increases, the net amount at risk will decrease over time, thereby reducing the cost of insurance charge.

#### PREMIUM CLASSES

We currently place each Insured into one of three standard Premium Classes -- preferred, nonsmoker, and smoker -- or into a Premium Class with extra ratings. In an otherwise identical Policy, an Insured in the standard class will have a lower cost of insurance rate than an Insured in a class with extra ratings.

-- The preferred Premium Class is only available if the Face Amount equals or exceeds \$100,000. Preferred Insureds generally will incur lower cost of insurance rates than Insureds who are classified as nonsmokers.

-- Nonsmoking Insureds generally will incur lower cost of insurance rates than Insureds who are classified as smokers in the same Premium Class. The nonsmoker designation is not available for Insureds under Attained Age 21, but shortly before an Insured attains age 21, we may notify the Insured about possible classification as a nonsmoker. If the Insured does not qualify as a nonsmoker or does not respond to the notification, cost of insurance rates will remain as shown in the Policy. However, if the Insured does respond to the notification, and qualifies as a nonsmoker, the cost of insurance rates will be changed to reflect the nonsmoker classification.

-- Premium classes with extra ratings generally reflect higher mortality risks and thus higher cost of insurance rates. We may place an Insured into a Premium Class with extra ratings for a temporary period of time, due to occupation or temporary illness. We also may place an Insured into a Premium Class with permanent extra ratings.

#### LOAN INTEREST

CHARGED LOAN INTEREST. Interest is due and payable at the end of each Policy

Year. Unpaid interest becomes part of the outstanding loan and accrues interest, beginning 23 days after the Policy Anniversary. Unpaid interest is allocated based on your written instructions. If there are no such instructions or the Policy Account Value in the specified Subaccounts is insufficient to allow the collateral for the unpaid interest to be transferred, the interest is allocated based on the proportion that the Guaranteed Account value and the value in the Subaccounts bear to the total unloaned Policy Account Value.

EARNED LOAN INTEREST. We transfer earned loan interest to the Subaccounts and/or the Guaranteed Account and recalculate collateral: (a) when loan interest is paid or added to the loaned amount; (b) when a new loan is made; and (c) when a loan repayment is made. A transfer to or from the Loan Account will be made to reflect any recalculation of collateral. At any time, the amount of the outstanding

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loan under a Policy equals the sum of all loans (including due and unpaid charged interest added to the loan balance) minus any loan repayments.

#### EFFECT OF POLICY LOANS

A loan, whether or not repaid, affects the Policy, the Policy Account Value, the Net Cash Surrender Value, and the death benefit. The Insurance Proceeds and Net Cash Surrender Value include reductions for the amount of any Indebtedness. Repaying a loan causes the death benefit and Net Cash Surrender Value to increase by the amount of the repayment. As long as a loan is outstanding, we hold an amount as collateral for the loan in the Loan Account. This amount is not affected by the investment performance of the Subaccounts and may not be credited with the interest rates accruing on the Guaranteed Account. Amounts transferred from the Separate Account to the Loan Account will affect the Policy Account Value, even if the loan is repaid, because we credit these amounts with an interest rate we declare rather than with a rate of return that reflects the investment performance of the Separate Account.

Accordingly, the effect on the Policy Account Value and death benefit could be favorable or unfavorable, depending on whether the investment performance of the Subaccounts and the interest credited to the Guaranteed Account is less than or greater than the interest being credited on the assets in the Loan Account while the loan is outstanding. Compared to a Policy under which no loan is made, values under a Policy with an outstanding loan will be lower when the earned interest rate is less than the investment performance of assets held in the Subaccounts and interest credited to the Guaranteed Account. The longer a loan is outstanding, the greater the effect of a Policy loan is likely to be.

#### ALLOCATIONS AFTER INCREASE IN FACE AMOUNT

If you increase your Face Amount, we use a special method to allocate a portion of your existing Policy Account Value to the increase. We also use this method to allocate premium payments, made on or after the effective date of the increase, between the Initial Face Amount and the increase.

This special method involves allocating according to a ratio between:

1. the GUIDELINE ANNUAL PREMIUM for the Initial Face Amount; and
2. the GUIDELINE ANNUAL PREMIUM for the total Face Amount on the effective date of the increase (before any deductions are made).

-- The GUIDELINE ANNUAL PREMIUM is defined in regulations under the Investment Company Act of 1940, as amended. It is used in connection with the calculation of surrender charges. It is approximately equal to the amount of premium that would be required on an annual basis to keep the Policy in force if the Policy had a mandatory fixed premium schedule assuming (among other things) a 5% net investment return.

If there is more than one increase in Face Amount, guideline annual premiums for each increase in Face Amount are used to allocate Policy Account Values and subsequent premium payments among the various increases.

#### DELAYS IN PAYMENTS WE MAKE

We usually pay the amounts of any Surrender, partial withdrawal, Insurance Proceeds, loan, or settlement options within 7 days after we receive all applicable Written Notices, permitted telephone, fax, and/or e-mail requests, and/or due proofs of death. However, we can postpone these payments if:

-- the New York Stock Exchange is closed, other than customary weekend and holiday closing, or trading on the New York Stock Exchange is restricted as determined by the Securities and Exchange Commission ("SEC"); OR

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-- the SEC permits, by an order, the postponement of any payment for the protection of Owners; OR

-- the SEC determines that an emergency exists that would make the disposal of securities held in the Separate Account or the determination of their value not reasonably practicable.

We have the right to defer payment of amounts from the Guaranteed Account for up to 6 months after receipt of the payment request. We will pay interest on any payment deferred for 30 days or more at an annual rate of 3%.

If you have submitted a check or draft to our Service Center, we have the right to defer payment of Surrenders, partial withdrawals, Insurance Proceeds, or payments under a settlement option until the check or draft has been honored.

If mandated under applicable law, we may be required to reject a premium payment. We may also be required to block your account and thereby refuse to pay any request for transfers, withdrawals, Surrenders, loans, or death benefits, until instructions are received from the appropriate regulator.

#### DOLLAR COST AVERAGING

If you elect the dollar cost averaging program offered under the Policy, each month on the Policy Processing Day we will automatically transfer equal amounts (minimum \$500) from the chosen Subaccount to your designated "target accounts" in the percentages selected. You may have multiple target accounts.

To participate in dollar cost averaging, you must elect a period of time and place the following minimum amount in any one Subaccount (not the Guaranteed Account):

<Caption>	
<Caption>	
DOLLAR COST AVERAGING PERIOD	MINIMUM AMOUNT
-----	-----
<C>	<C>
6 months	\$ 3,000
12 months	\$ 6,000
18 months	\$ 9,000
24 months	\$12,000
30 months	\$15,000
36 months	\$18,000

If you have elected dollar cost averaging, the program will start on the first Policy Processing Day after the later of:

1. The Policy Date;
2. The end of the 15-day period when Premiums have been allocated to the Money Market Subaccount; or
3. When the value of the chosen Subaccount equals or exceeds the greater of: (a) the minimum amount stated above; or (b) the amount of the first monthly transfer.

<Table>	
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DOLLAR COST AVERAGING WILL END IF:	<C>
	-- we receive your Written Request to cancel your participation;
	-- the value in the chosen Subaccount is insufficient to make the transfer;
	-- the specified number of transfers has been completed; or
	-- the Policy enters the Grace Period.

You will receive Written Notice confirming each transfer and when the program has ended. You are responsible for reviewing the confirmation to verify that the transfers are being made as requested. There is no additional charge for dollar cost averaging. A transfer under this program is NOT considered a transfer for purposes of assessing the transfer fee. We may modify, suspend, or discontinue the dollar cost averaging program at any time upon 30 days' Written Notice to you. You cannot choose dollar cost

averaging if you are participating in the automatic asset rebalancing program or if a Policy loan is outstanding.

#### AUTOMATIC ASSET REBALANCING

If you elect the automatic asset rebalancing program offered under the Policy, we will automatically reallocate your Policy Account Value in the Subaccounts you are invested in at the end of each quarterly or annual period to match your Policy's currently effective premium allocation schedule.

<Table>	
<S>	<C>
TO PARTICIPATE IN THE AUTOMATIC ASSET REBALANCING PROGRAM:	-- you must elect this feature in the Application or after issue by submitting an automatic asset rebalancing request form to our Service Center; and
	-- you must have a minimum Policy Account Value of \$1,000.
</Table>	

There is no additional charge for the automatic asset rebalancing program. Any reallocation which occurs under the automatic asset rebalancing program will NOT be counted towards the 12 "free" transfers allowed during each Policy Year. You can end this program at any time.

<Table>	
<S>	<C>
AUTOMATIC ASSET REBALANCING WILL END IF:	-- the total value in the Subaccounts is less than \$1,000;
	-- you make a transfer;
	-- you make a change to the current premium allocation instructions; or
	-- we receive your Written Request to terminate the program.
</Table>	

We may modify, suspend, or discontinue the automatic asset rebalancing program at any time. You cannot choose automatic asset rebalancing if you are participating in the dollar cost averaging program.

#### CHARGE DISCOUNTS FOR SALES TO CERTAIN POLICIES

The Policy is available for purchase by individuals, corporations, and other groups. We may reduce or waive certain charges (such as the premium expense charge, initial administrative charge, surrender charge, monthly administrative charge, monthly cost of insurance, or other charges) where the size or nature of such sales results in savings to us with respect to sales, underwriting, administrative, or other costs. We also may reduce or waive charges on Policies sold to officers, directors, and employees of NLICA or its affiliates. The extent and nature of the reduction or waiver may change from time to time, and the charge structure may vary.

Generally, we reduce or waive charges based on a number of factors, including:

- the number of Insureds;
- the size of the group of purchasers;
- the total premium expected to be paid;
- total assets under management for the Owner;
- the nature of the relationship among individual Insureds;
- the purpose for which the Policies are being purchased;
- the expected persistency of individual Policies; and
- any other circumstances which are rationally related to the expected reduction in expenses.

Reductions or waivers of charges will not discriminate unfairly among Policy Owners.

#### PAYMENT OF POLICY BENEFITS

BENEFIT PAYABLE ON FINAL POLICY DATE. If the Insured is living on the Final Policy Date (at Insured's Attained Age 100), we will pay you the Policy Account

Value less any Indebtedness and any unpaid Monthly Deductions. Insurance coverage under the Policy will then end. Payment will generally be made within 7 days of the Final Policy Date, although we may postpone this payment under certain conditions. You may elect to continue the Policy beyond Insured's Attained Age 100 under the Final Policy Date Extension Rider.

INSURANCE PROCEEDS. Insurance proceeds will ordinarily be paid to the Beneficiary within 7 days after we receive proof of the Insured's death and all other requirements are satisfied, including receipt by us at our Service Center of all required documents. Generally, we determine the amount of a payment from the Separate Account as of the date of death. We pay Insurance Proceeds in a single sum unless you have selected an alternative settlement option. If Insurance Proceeds are paid in a single sum, we pay interest at an annual rate of 3% (unless we declare a higher rate) on the Insurance Proceeds from the date of death until payment is made. We may postpone payment of Insurance Proceeds under certain conditions.

SETTLEMENT OPTIONS. In lieu of a single sum payment on death, Surrender, or maturity, you may elect one of the following settlement options. Payment under these settlement options will not be affected by the investment performance of any Subaccounts after proceeds are applied. As part of our general account assets, settlement options proceeds may be subject to claims of creditors.

- Proceeds at Interest Option. Proceeds are left on deposit to accumulate with us with interest payable at 12, 6, 3, or 1 month intervals.
- Installments of a Specified Amount Option. Proceeds are payable in equal installments of the amount elected at 12, 6, 3, or 1 month intervals, until proceeds applied under the option and interest on the unpaid balance and any additional interest are exhausted.
- Installments for a Specified Period Option. Proceeds are payable in a number of equal monthly installments. Alternatively, the installments may be paid at 12, 6, or 3 month intervals. Payments may be increased by additional interest which would increase the installments certain.
- Life Income Option. Proceeds are payable in equal monthly installments during the payee's life. Payments will be made either with or without a guaranteed minimum number. If there is to be a minimum number of payments, they will be for either 120 or 240 months or until the proceeds applied under the option are exhausted.
- Joint and Survivor Life Income Option. Proceeds are payable in equal monthly installments, with a number of installments certain, during the joint lives of the payee and one other person and during the life of the survivor. The minimum number of payments will be for either 120 or 240 months.

A guaranteed interest rate of 3% per year applies to the above settlement options. We may declare additional rates of interest in our sole discretion. We may also agree to other arrangements, including those that offer check-writing capabilities with non-guaranteed interest rates.

POLICY TERMINATION

Your Policy will terminate on the earliest of:

- the Final Policy Date;
- the end of the Grace Period without a sufficient payment;
- the date the Insured dies; or
- the date you Surrender the Policy.

SUPPLEMENTAL BENEFITS AND RIDERS

LONG-TERM CARE BENEFIT RIDERS

We offer the following three long-term care benefit Riders:

- Long-Term Care Acceleration Benefit Rider ("LTC Acceleration Rider")
- Long-Term Care Waiver Benefit Rider ("LTC Waiver Rider")
- Long-Term Care Extended Insurance Benefit Rider ("LTC Extended Rider")

If you elect to add the LTC Acceleration Rider to your Policy, you must also add the LTC Waiver Rider, while you may also add the LTC Extended Rider. You cannot

elect to add either the LTC Waiver Rider or the LTC Extended Rider alone.

The Riders have conditions that may affect other rights and benefits that you have under the Policy. For example, we restrict your ability to allocate Premiums and Policy Account Value to the Separate Account while benefits are being paid. In addition, each Rider imposes a separate monthly charge that will be deducted from your Policy Account Value as part of the Monthly Deduction.

If you reside in a state that has approved the Long-Term Care Benefit Riders, you may generally elect to add them to your Policy at any time, subject to our receiving satisfactory additional Evidence of Insurability and increasing the Face Amount. The Long-Term Care Benefit Riders may not be available in all states and the terms under which they are available may vary from state-to-state.

These Riders may not cover all of the long-term care expenses incurred by the Insured during the period of coverage. Each Rider contains specific details that you should review before adding the Rider to your Policy. You should consult a tax adviser before adding the LTC Acceleration Rider or the LTC Extended Rider to your Policy.

#### 1. LONG-TERM CARE ACCELERATION BENEFIT RIDER

OPERATION OF THE LONG-TERM CARE ACCELERATION BENEFIT RIDER. The LTC Acceleration Rider provides for periodic payments to you of a portion of the death benefit if the Insured becomes "chronically ill" so that the Insured:

- (1) Is unable to perform at least 2 activities of daily living without substantial human assistance for a period of at least 90 days due to a loss of functional capacity, or
- (2) Requires substantial supervision to protect the Insured from threats to health and safety due to his or her own severe cognitive impairment.

Benefits under this Rider will not begin until we receive proof that the Insured is chronically ill and 90 calendar days have elapsed since receiving "qualified long-term care service" as defined in the Rider, while the Policy was in force (the "elimination period"). You must continue to submit periodic evidence of the Insured's continued eligibility for Rider benefits.

We determine a maximum amount of death benefit that we will pay for each month of qualification. This amount, called the "Maximum Monthly Benefit," is the acceleration death benefit, as defined in the Rider, divided by the minimum months of acceleration benefits stated in the policy schedule. The actual amount of any benefit is based on the expense incurred by the Insured, up to the Maximum Monthly Benefit, for qualified long-term care service in a calendar month. Certain types of expenses may be limited to a stated percentage of the Maximum Monthly Benefit. Expenses incurred during the elimination period, however, are excluded from any determination of a benefit.

Each benefit payment reduces the remaining death benefit under your Policy, and causes a proportionate reduction in your Face Amount, Policy Account Value, and surrender charge. If you have a Policy loan,

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we will use a portion of each benefit to repay Indebtedness. We will recalculate the Maximum Monthly Benefit if you make a partial withdrawal of Policy Account Value, and for other events described in the Rider.

RESTRICTIONS ON OTHER RIGHTS AND BENEFITS. Before we begin paying any benefits, we will transfer all Policy Account Value from the Separate Account to the Guaranteed Account. In addition, you will not be permitted to transfer Policy Account Value or allocate any additional Premiums to the Separate Account while Rider benefits are being paid. Your participation in any of the automatic investment plans (such as dollar cost averaging) will also be suspended during this period. If the death benefit on your Policy is Option B, we will change it to Option A.

If the Insured no longer qualifies for Rider benefits, is not chronically ill, and your Policy remains in force, you will be permitted to allocate new Premiums or transfer existing Policy Account Value to the Separate Account, and to change your death benefit option. We will waive restrictions on transfers from the Guaranteed Account to the Separate Account in connection with such transfers.

CHARGES FOR THE RIDER. The LTC Acceleration Rider imposes a monthly charge on the net amount at risk under the Policy. This charge is at a rate that varies based on the Attained Age and sex of the Insured, and increases annually as the Insured ages. We may increase the rates for this charge on a class basis. Once we begin to pay benefits, the LTC Acceleration Rider waives this charge until the Insured no longer qualifies for Rider benefits and is not chronically ill.

TERMINATION OF THE RIDER. The Rider will terminate when the acceleration death benefit is zero, the Policy terminates, or you request to terminate the Rider.

## 2. LONG-TERM CARE WAIVER BENEFIT RIDER

OPERATION OF THE LONG-TERM CARE WAIVER BENEFIT RIDER. After the elimination period noted above, the LTC Waiver Rider provides for the payment of monthly Premiums (equal on an annual basis to the minimum annual premium specified on the policy schedule) up to the date specified in the policy schedule, and the waiver of Monthly Deductions after that date. This Rider also provides a residual death benefit. The LTC Waiver Rider is nonseverable from the LTC Acceleration Rider.

CHARGES FOR THE RIDER. The LTC Waiver Rider imposes a monthly charge on the net amount at risk under the Policy. This charge is at a rate that varies based on the Attained Age and sex of the Insured, and increases annually as the Insured ages. We may increase the rates for this charge on a class basis.

TERMINATION OF THE RIDER. The LTC Waiver Rider will terminate when the Policy terminates (other than as a result of the complete payment of the death benefit through acceleration payments under the LTC Acceleration Rider), the LTC Acceleration Rider terminates (other than as a result of the complete payment of the death benefit through acceleration payments), or on the Policy Anniversary when the Insured's Attained Age is 100.

## 3. LONG-TERM CARE EXTENDED INSURANCE BENEFIT RIDER

OPERATION OF THE LONG-TERM CARE EXTENDED INSURANCE BENEFIT RIDER. Following the full payment of the acceleration death benefit provided under the LTC Acceleration Rider, the LTC Extended Rider provides for periodic reimbursements of expenses incurred for qualified long-term care services, as defined in the Rider. There is no new elimination period under this Rider if benefits are continuous. You must continue to submit periodic evidence of the Insured's eligibility for Rider benefits.

We determine a maximum amount of benefit that we will pay for each month of qualification. This amount, called the "Maximum Monthly Benefit" is the Rider coverage amount divided by the minimum months of acceleration benefits shown on your policy schedule. The actual amount of any benefit is based on the expense incurred by the Insured, up to the Maximum Monthly Benefit, for qualified long-term care service in a calendar month. Certain types of expenses may be limited to a stated percentage of the Maximum Monthly Benefit. The LTC Extended Rider also offers an optional nonforfeiture benefit and an optional inflation benefit.

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CHARGES FOR THE RIDER. The LTC Extended Rider imposes a monthly charge on the coverage amount of the Rider. This charge is level for the duration of the Rider and based on the Issue Age of the Insured when the Rider is issued. If you increase the Rider coverage amount, a new charge based on the Issue Age of the Insured at that time will apply to the increase. We may increase the rates for this charge on a class basis. Once we begin to pay benefits under the LTC Acceleration Rider, we waive this charge until the Insured no longer qualifies for benefits under the LTC Acceleration Rider or the LTC Extended Rider and is not chronically ill.

TERMINATION OF THE RIDER. The LTC Extended Rider will terminate when benefits under the Rider have been fully paid, when the Policy terminates (other than as a result of the complete payment of the death benefit through acceleration payments under the LTC Acceleration Rider), the LTC Acceleration Rider terminates (other than as a result of the complete payment of the death benefit through acceleration payments), or you request to terminate the Rider.

## ACCELERATED DEATH BENEFIT RIDER

If your state of residence has approved the Accelerated Death Benefit Rider (the "ADB Rider") and we have received satisfactory additional Evidence of Insurability, you generally may choose to add it to your Policy at any time. The terms of the ADB Rider may vary from state-to-state.

Generally, the ADB Rider allows you to receive an accelerated payment of part of the Policy's death benefit generally when the Insured develops a non-correctable medical condition which is expected to result in his or her death within 12 months. In certain states only, accelerated payments also may be permitted if the Insured has been confined to a nursing care facility (as defined in the ADB Rider) for at least 180 consecutive days and is expected to remain in such a facility for the remainder of his or her life. There are no restrictions on the use of the benefit.

There is no additional charge for this Rider. However, an administrative charge, currently \$100 and not to exceed \$250, will be deducted from the accelerated death benefit amount.

TAX CONSEQUENCES OF THE ADB RIDER. The federal income tax consequences associated with adding the ADB Rider or receiving the accelerated death benefit are uncertain. You should consult a tax adviser before adding the ADB Rider to your Policy or requesting an accelerated death benefit.

AMOUNT OF THE ACCELERATED DEATH BENEFIT. The ADB Rider provides for a minimum accelerated death benefit payment of \$10,000 and a maximum benefit payment equal to 75% of the eligible death benefit (as defined below) less 25% of any Indebtedness. The ADB Rider also restricts the total of the accelerated death benefits paid from all life insurance policies issued to you by us and our affiliates to \$250,000. We may increase this \$250,000 maximum to reflect inflation.

<Table>	
<S>	<C>
ELIGIBLE DEATH BENEFIT MEANS:	the Insurance Proceeds payable under the Policy if the Insured died at the time we approve a claim for an accelerated death benefit, MINUS
	1. Any premium refund payable at death if the Insured died at that time; and
	2. Any insurance payable under the terms of any other Rider.
</Table>	

You may submit Written Notice to request the accelerated death benefit. You may only request the accelerated death benefit once, except additional accelerated death benefits may be requested to pay Premiums and Policy loan interest. You may elect to receive the accelerated death benefit as a lump sum or in 12 or 24 equal monthly installments. If installments are elected and the Insured dies before all of the payments have been made, the present value (at the time of the Insured's death) of the remaining payments and the remaining Insurance Proceeds at death under the Policy will be paid to the Beneficiary in a lump sum.

CONDITIONS FOR RECEIPT OF THE ACCELERATED DEATH BENEFIT. To receive an accelerated death benefit payment, the Policy must be in force and you must submit Written Notice, "due proof of eligibility," and

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a completed claim form to us. Due proof of eligibility means a written certification (described more fully in the ADB Rider) in a form acceptable to us from a treating physician (as defined in the ADB Rider) stating that the Insured has a terminal illness or, in certain states only, is expected to be permanently confined to a nursing care facility.

We may request additional medical information from the Insured's physician and/or may require an independent physical examination (at our expense) before approving the claim for payment of the accelerated death benefit. We will not approve a claim for an accelerated death benefit payment if:

1. The Policy is assigned in whole or in part;
2. If the terminal illness (or, in certain states only, the permanent confinement to a nursing care facility) is the result of intentionally self-inflicted injury; or
3. If you are required to elect the payment in order to meet the claims of creditors or to obtain a government benefit.

OPERATION OF THE ADB RIDER. The accelerated death benefit is made in the form of a Policy loan up to the amount of the maximum loan available under the Policy at the time the claim is approved, resulting in a Policy loan being made in the amount of the requested benefit. This Policy loan operates as would any loan under the Policy.

To the extent that the amount of the requested accelerated death benefit exceeds the maximum available loan amount, the benefit will be advanced to you and a lien will be placed on the death benefit payable under the Policy (the "death benefit lien") in the amount of this excess. Interest will accrue daily, at a rate determined as described in the ADB Rider, on the amount of this lien, and upon the death of the Insured the amount of the lien and accrued interest thereon will be subtracted from the amount of Insurance Proceeds payable at death.

EFFECT ON EXISTING POLICY. The Insurance Proceeds otherwise payable at the time of an Insured's death will be reduced by the amount of any death benefit lien and accrued interest thereon. In addition, if you make a request for a Surrender, a Policy loan, or a partial withdrawal, the Net Cash Surrender Value and Loan Account value will be reduced by the amount of any outstanding death



benefit lien plus accrued interest. Therefore, depending upon the size of the death benefit lien, this may result in the Net Cash Surrender Value and the Loan Account value being reduced to zero.

Premiums and Policy loan interest must be paid when due. However, if requested with the accelerated death benefit claim, future periodic planned Premiums and Policy loan interest may be paid automatically through additional accelerated death benefits.

In addition to a Lapse under the applicable provisions of the Policy, the Policy will also terminate on any Policy Anniversary when the death benefit lien exceeds the Insurance Proceeds at death.

TERMINATION OF THE ADB RIDER. The ADB Rider will terminate on the earliest of: (1) our receipt of your Written Notice requesting termination of the Rider; (2) Surrender or other termination of the Policy; or (3) the Policy Anniversary when the Insurance Proceeds payable at death on such Policy Anniversary is less than or equal to zero.

#### ADDITIONAL INSURANCE BENEFIT RIDER

The Additional Insurance Benefit Rider ("AIB Rider") provides an additional death benefit payable on the death of the Insured without increasing the Policy's Face Amount. The AIB Rider may not be available in all states.

The additional death benefit under the AIB Rider is:

- a. the Face Amount plus the Rider coverage amount less the Policy's death benefit (if Death Benefit Option A is in effect); or

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- b. the Face Amount plus the Rider coverage amount plus the Policy Account Value less the death benefit (if Death Benefit Option B is in effect).

Please note the following about the AIB Rider:

- The AIB Rider may be canceled separately from the Policy (i.e., it can be canceled without causing the Policy to be canceled or to Lapse). The AIB Rider will terminate on the earliest of: (1) our receipt of your Written Notice requesting termination of the Rider; (2) Surrender or other termination of the Policy; or (3) the Policy Anniversary nearest the Insured's Attained Age 100 (80 in New York).
- The AIB Rider has a cost of insurance charge that is deducted from the Policy Account Value as part of the Monthly Deduction.
- If you change from Death Benefit Option A to Death Benefit Option B, we will first decrease the Policy's Face Amount and then the Rider coverage amount by the Policy Account Value.
- If Death Benefit Option A is in effect and you make a partial withdrawal, we will first decrease the Policy's Face Amount and then the Rider coverage amount by the amount withdrawn (including the partial withdrawal charge).
- The AIB Rider has no cash or loan value.
- The AIB Rider has no surrender charge, additional surrender charge, or premium expense charge.
- X Since there is no surrender charge for decreasing the Rider coverage amount, such a decrease may be less expensive than a decrease of the same size in the Face Amount of the Policy (if the Face Amount decrease would be subject to a surrender charge). But, continuing coverage on such an increment of Policy Face Amount may have a cost of insurance charge that is higher than the same increment of coverage amount under the Rider. You should consult your agent before buying an AIB Rider, and before deciding whether to decrease Policy Face Amount or AIB Rider coverage amount.
- After the first Policy Year and subject to certain conditions, you may increase or decrease the Rider coverage amount separately from the Policy's Face Amount (and the Policy's Face Amount may be increased or decreased without affecting the Rider coverage amount).
- To comply with the maximum premium limitations under the Internal

Revenue Code of 1986, as amended (the "Code"), insurance coverage provided by an AIB Rider is treated as part of the Policy's Face Amount (for discussion of the tax status of the Policy, see "Federal Tax Considerations" in the prospectus).

#### OTHER RIDERS

In addition to the Long-Term Care Benefit Riders, Accelerated Death Benefit Rider, and Additional Insurance Benefit Rider, the following Riders are also available under the Policy. These Riders (which are summarized below) provide fixed benefits that do not vary with the investment performance of the Separate Account.

- CHANGE OF INSURED: This Rider permits you to change the Insured, subject to certain conditions and Evidence of Insurability. The Policy's Face Amount will remain the same, and the Monthly Deduction for the cost of insurance and any other benefits provided by Rider will be adjusted for the Attained Age and Premium Class of the new Insured as of the effective date of the change. As the change of an Insured is generally a taxable event, you should consult a tax adviser before making such a change.
- CHILDREN'S TERM INSURANCE: This Rider provides level term insurance on each of the Insured's dependent children, until the earliest of: (1) the first Policy Processing Day after our receipt of

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your Written Notice requesting termination of the Rider; (2) Surrender or other termination of the Policy; (3) the child's 25th birthday; or (4) the Policy Anniversary nearest the Insured's 65th birthday. Upon expiration of the term insurance on the life of a child and subject to certain conditions, it may be converted without Evidence of Insurability to a whole life policy providing a level Face Amount of insurance and a level premium. The Face Amount of the new policy may be up to 5 times the amount of the term insurance in force on the expiration date. The Rider is issued to provide between \$5,000 and \$15,000 of term insurance on each Insured child. Each Insured child under this Rider will have the same amount of insurance. This Rider must be selected at the time of application for the Policy or upon an increase in Face Amount.

- CONVERTIBLE TERM LIFE INSURANCE: This Rider provides term insurance on an additional insured ("other insured"). This Rider will terminate on the earliest of: (1) our receipt of your Written Notice requesting termination of the Rider; (2) Surrender or other termination of the Policy; or (3) the Policy Anniversary nearest the other insured's Attained Age 100 (80 in New York). If the Policy is extended by the Final Policy Date Extension Rider, this Rider will terminate on the original Final Policy Date.
- DISABILITY WAIVER BENEFIT: This Rider provides that in the event of the Insured's total disability (as defined in the Rider), which begins while the Rider is in effect and which continues for at least 6 months, we will apply a premium payment to the Policy on each Policy Processing Day during the first 5 Policy Years while the Insured is totally disabled (the amount of the payment will be based on the minimum annual premium). We will also waive all Monthly Deductions due after the commencement of and during the continuance of the total disability after the first 5 Policy Years. This Rider terminates on the earliest of: (1) the first Policy Processing Day after our receipt of your Written Notice requesting termination of the Rider; (2) Surrender or other termination of the Policy; or (3) the Policy Anniversary nearest the Insured's Attained Age 60 (except for benefits for a disability which began before that Policy Anniversary).
- DISABILITY WAIVER OF PREMIUM BENEFIT: This Rider provides that, in the event of the Insured's total disability before Attained Age 60 and continuing for at least 180 days, we will apply a premium payment to the Policy on each Policy Processing Day prior to Insured's Attained Age 65 and while the Insured remains totally disabled. At the time of application, a monthly benefit amount is selected by you. This amount is generally intended to reflect the amount of the Premiums expected to be paid monthly. The monthly benefit amount cannot exceed the lesser of: (1) the planned premium; (2) 1/12th of the guideline annual premium (defined above); and (3) \$2,500. In the event of the Insured's total disability, the amount of the premium payment applied on each Policy Processing Day will be the lesser of: (a) the monthly benefit amount; or

(b) the monthly average of the premium payments less partial withdrawals for the Policy since its Policy Date. You cannot elect this Rider and another disability waiver benefit Rider with the same Policy.

-- FINAL POLICY DATE EXTENSION: This Rider extends the Final Policy Date 20 years past the original Final Policy Date. This benefit may be added only on or after the anniversary nearest the Insured's 90th birthday. There is no additional charge for this benefit. The death benefit after the original Final Policy Date will be the Policy Account Value. All other Riders in effect on the original Final Policy Date will terminate on the original Final Policy Date. Adding this benefit and/or continuing the Policy beyond the Insured's Attained Age 100 may have tax consequences and you should consult a tax adviser before doing so.

ILLUSTRATIONS

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We may provide illustrations for death benefit, Policy Account Value, and Net Cash Surrender Value based on hypothetical rates of return that are not guaranteed. The illustrations also assume costs of insurance for a hypothetical person. These illustrations are illustrative only and should not be considered a

representation of past or future performance. Your rates of return and insurance charges may be higher or lower than these illustrations. The actual return on your Policy Account Value will depend on factors such as the amounts you allocate to particular Portfolios, the amounts deducted for the Policy's monthly charges, the Portfolios' expense ratios, and your Policy loan and partial withdrawal history.

Before you purchase the Policy and upon request thereafter, we will provide illustrations of future benefits under the Policy based upon the proposed Insured's Issue Age and Premium Class, the death benefit option, Face Amount, planned periodic premiums, and Riders requested. We reserve the right to charge a reasonable fee for this service to persons who request more than one Policy illustration during a Policy Year.

PERFORMANCE DATA

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HYPOTHETICAL ILLUSTRATIONS

In order to demonstrate how the actual investment performance of the Portfolios could have affected the death benefit, Policy Account Value, and Net Cash Surrender Value of the Policy, we may provide hypothetical illustrations using the actual investment performance of each Portfolio since its inception. THESE HYPOTHETICAL ILLUSTRATIONS ARE DESIGNED TO SHOW THE PERFORMANCE THAT COULD HAVE RESULTED IF THE POLICY HAD BEEN IN EXISTENCE DURING THE PERIOD ILLUSTRATED AND ARE NOT INDICATIVE OF FUTURE PERFORMANCE.

The values we illustrate for death benefit, Policy Account Value, and Net Cash Surrender Value take into account all applicable charges and deductions from the Policy (current and guaranteed), the Separate Account and the Portfolios.

YIELDS AND TOTAL RETURNS

From time to time, we may advertise or include in sales literature historical performance data, including yields, effective yields, and annual total returns for the Subaccounts. These figures are based on historical earnings and do not indicate or project future performance. Effective yields and total returns for a Subaccount are based on the investment performance of the corresponding Portfolio. A Portfolio's performance reflects the Portfolio's expenses. See the prospectuses for the Funds.

In advertising and sales literature, the performance of each Subaccount may be compared to the performance of other variable life insurance issuers in general or to the performance of particular types of variable life insurance investing in mutual funds, or investment series of mutual funds with investment objectives similar to each of the Subaccounts. Lipper Analytical Services, Inc. ("Lipper") and Variable Annuity Research Data Service ("VARDS") are independent services that monitor and rank the performance of variable life insurance issuers in major categories of investment objectives on an industry-wide basis. The performance analyses prepared by Lipper and VARDS each rank these issuers on the basis of total return, assuming reinvestment of distributions, but do not take

sales charges, redemption fees, or certain expense deductions at the separate account level into consideration. In addition, VARDS prepares risk adjusted rankings, which consider the effects of market risk on total return performance. This type of ranking provides data as to which funds provide the highest total return within various categories of funds defined by the degree of risk inherent in their investment objectives. In addition to Lipper and VARDS, we also may rely on other third-party independent services to provide similar information.

Advertising and sales literature may also compare the performance of each Subaccount to the Standard & Poor's Composite Index of 500 stocks, a widely used measure of stock performance. This unmanaged index assumes the reinvestment of dividends but does not reflect any "deduction" for the expense of operating or managing an investment portfolio. Other independent ranking services and indices may also be used as sources of performance comparison.

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We may also report other information, including the effect of tax-deferred compounding on a Subaccount's investment returns, or returns in general, which may be illustrated by tables, graphs, or charts. All income and capital gains derived from Subaccount investments are reinvested and can lead to substantial long-term accumulation of assets, provided that the underlying Portfolio's investment experience is positive.

Performance information reflects only the performance of a hypothetical investment during the particular time period on which the calculations are based. Average annual total return figures are based on historical earnings and are not intended to indicate future performance. Performance information should be considered in light of the investment objectives and policies, characteristics and quality of the underlying Portfolio in which a Subaccount invests and the market conditions during the given time period, and should not be considered as a representation of what may be achieved in the future.

You also should refer to your personalized illustrations which illustrate variations of the death benefit, Policy values, and accumulated payments under your Policy.

#### MONEY MARKET SUBACCOUNT YIELDS

The current yield of the Money Market Subaccount refers to the annualized investment income generated by an investment in the Subaccount over a specified seven-day period. The yield is calculated by assuming that the income generated for that seven-day period is generated each seven-day period over a 52-week period and is shown as a percentage of the investment; it is calculated in a manner which does not take into consideration any realized or unrealized gains or losses or income other than investment income on shares of the underlying Portfolio or on its portfolio securities.

This current annualized yield is computed by determining the net change (exclusive of realized gains and losses on the sale of securities and unrealized appreciation and depreciation and exclusive of income other than investment income) at the end of the seven-day period in the value of a hypothetical account under a Policy having a balance of one accumulation unit in the Money Market Subaccount at the beginning of the period, dividing the net change in account value by the value of the hypothetical account at the beginning of the period to determine the base period return, and annualizing this quotient on a 365-day basis. The net change in account value reflects: (1) net investment income of the Portfolio attributable to the hypothetical account; and (2) "common" charges and deductions (as explained below) imposed under the Policy which are attributable to the hypothetical account. For purposes of calculating current yields for a Policy, an average per unit administration fee is used based on the \$5.00 current initial administrative charge and a \$7.50 monthly administrative charge deducted monthly on the Policy Processing Day.

The effective yield of the Money Market Subaccount determined on a compounded basis for the same seven-day period may also be quoted. The effective yield is calculated similarly but, when annualized, the income earned by an investment in the Subaccount is assumed to be reinvested. The effective yield will be slightly higher than the yield because of the compounding effect of this assumed reinvestment.

The Money Market Subaccount's yield is affected by changes in interest rates on money market securities, the average portfolio maturity of the underlying Portfolio, the types of quality of portfolio securities held by the underlying Portfolio, and the underlying Portfolio's operating expenses. During extended periods of low interest rates, the yields of the Money Market Subaccount (or any Subaccount investing in a money market portfolio) may also become extremely low and possibly negative. Yields on amounts held in the Money Market Subaccount may also be presented for periods other than a seven-day period.

The current yield and effective yield for the Money Market Subaccount for the seven days ended December 31, 2001 were (0.76%) and (0.76%), respectively.

#### TOTAL RETURNS

The total return of a Subaccount refers to return quotations assuming an investment under a Policy has been held in the Subaccount for various periods of time including, but not limited to, a period measured from the date the Subaccount commenced operations. For periods prior to the date a Subaccount

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commenced operations, performance information for Policies funded by that Subaccount may also be calculated based on the performance of the corresponding Portfolio and the assumption that the Subaccount was in existence for the same periods as those indicated for the Portfolio, with the current level of Policy charges. The average annual total return quotations represent the average annual compounded rates of return that would equate an initial investment of \$1,000 under a Policy to the value of that investment (reflecting only Common Charges, as described below) as of the last day of each of the periods for which total return quotations are provided. The ending date for each period for which total return quotations are provided will normally be for the most recent calendar quarter, considering the type and media of the communication and will be stated in the communication. Average annual total return information shows the average percentage change in the value of an investment in the Subaccount from the beginning date of the measuring period to the end of that period.

Until a Subaccount has been in operation for 10 years, we will include quotes of average annual total return for the period measured from the Subaccount's inception. When a Subaccount has been in operation for 1, 5, and 10 years, respectively, the average annual total return for these periods will be provided. Average annual total returns for other periods of time may, from time to time, also be disclosed. Average annual total return for the Subaccounts may include information for the period before any Policies were registered under the Securities Act of 1933, from the inception of the Subaccounts, with the level of Policy charges currently in effect.

Average annual total returns reflect total underlying Portfolio expenses and certain Policy fees and charges assumed to apply to all Policy Owners, including the initial administrative charge, monthly administrative charge, and insurance charge ("Common Charges"). However, charges such as percent of premium charges, surrender charges, and cost of insurance charges, which are based on certain factors, such as sex, Issue Age or actual age, Premium Class, Policy Year, Face Amount, or net amount at risk, and which therefore vary with each Policy, are not reflected in average annual total returns, nor are the premium tax charge or any charges assessed on withdrawal, transfer, or increase in Face Amount ("Non-Common Charges"). IF NON-COMMON CHARGES WERE DEDUCTED, PERFORMANCE WOULD BE SIGNIFICANTLY LOWER.

Because of the charges and deductions imposed under a Policy, performance data for the Subaccounts will be lower than performance data for their corresponding Portfolios. The performance of a Subaccount will be affected by expense reimbursements and fee waivers applicable to their corresponding Portfolios. Without these reimbursements and waivers, performance would be lower. The Funds have provided all performance information for the Portfolios, including the Portfolio total value information used to calculate the total returns of the Subaccounts for periods prior to the inception of the Subaccounts. Market Street Fund and Gartmore Variable Insurance Trust are affiliated with us; none of the other Funds is affiliated with us. While we have no reason to doubt the accuracy of the figures provided by these non-affiliated Funds, we do not represent that they are true and complete, and disclaim all responsibility for these figures.

PERFORMANCE FOR ANY GIVEN PAST PERIOD IS NOT AN INDICATION OR REPRESENTATION OF FUTURE PERFORMANCE. THE PERFORMANCE OF EACH SUBACCOUNT WILL FLUCTUATE ON A DAILY BASIS.

#### STANDARD & POOR'S

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the licensing of certain trademarks and trade names of S&P and of the S&P 500 Index which is determined, composed and calculated by S&P without regard to NLICA, Market Street, the Policy, or the Equity 500 Index Portfolio. S&P has no obligation to take the needs of NLICA, Market Street, or the Owners of the Policy or the Equity 500 Index Portfolio into consideration in determining, composing or calculating the S&P 500 Index. S&P is not responsible for and has not participated in the determination of the prices and amount of the Policy or the Equity 500 Index Portfolio or the timing of the issuance or sale of the Policy or the Equity 500 Index Portfolio or in the determination or calculation of the equation by which the Policy or the Equity 500 Index Portfolio are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Policy or the Equity 500 Index Portfolio.

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ADDITIONAL INFORMATION

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IMSA

We are a member of the Insurance Marketplace Standards Association ("IMSA"). IMSA members subscribe to a set of ethical standards involving the sales and service of individually sold life insurance and annuities. As a member of IMSA, we may use the IMSA logo and language in advertisements.

POTENTIAL CONFLICTS OF INTEREST

In addition to the Separate Account, the Portfolios may sell shares to other separate investment accounts established by other insurance companies to support variable annuity contracts and variable life insurance policies or qualified retirement plans. It is possible that, in the future, it may become disadvantageous for variable life insurance separate accounts and variable annuity separate accounts to invest in the Portfolios simultaneously. Although neither we nor the Portfolios currently foresee any such disadvantages, either to variable life insurance policy owners or to variable annuity contract owners, each Portfolio's Board of Directors (Trustees) will monitor events in order to identify any material conflicts between the interests of these variable life insurance policy owners and variable annuity contract owners, and will determine what action, if any, it should take. This action could include the sale of Portfolio shares by one or more of the separate accounts, which could have adverse consequences. Material conflicts could result from, for example: (1) changes in state insurance laws; (2) changes in federal income tax laws; or (3) differences in voting instructions between those given by variable life insurance policy owners and those given by variable annuity contract owners.

If a Portfolio's Board of Directors (Trustees) were to conclude that separate portfolios should be established for variable life insurance and variable annuity separate accounts, we will bear the attendant expenses, but variable life insurance policy owners and variable annuity contract owners would no longer have the economies of scale resulting from a larger combined portfolio.

The Portfolios may also sell shares directly to certain pension and retirement plans qualifying under Section 401 of the Code. As a result, there is a possibility that a material conflict may arise between the

interests of Owners of this Policy or other policies or contracts (including policies issued by other companies), and such retirement plans or participants in such retirement plans. In the event of any such material conflicts, we will consider what action may be appropriate, including removing the Portfolio as an investment option under the Policies or replacing the Portfolio with another

portfolio.

#### POLICIES ISSUED IN CONJUNCTION WITH EMPLOYEE BENEFIT PLANS

Policies may be acquired in conjunction with employee benefit plans ("EBS Policies"), including the funding of qualified pension plans meeting the requirements of Section 401 of the Code. For EBS Policies, the maximum mortality rates used to determine the monthly cost of insurance charge are based on the Commissioners' 1980 Standard Ordinary Mortality Tables NB and SB. Under these tables, mortality rates are the same for male and female Insureds of a particular Attained Age and Premium Class. Illustrations reflecting the Premiums and charges for EBS Policies will be provided upon request to purchasers of these Policies. There is no provision for misstatement of sex in the EBS Policies. Also, the rates used to determine the amount payable under a particular settlement option will be the same for male and female Insureds.

#### LEGAL DEVELOPMENTS REGARDING UNISEX ACTUARIAL TABLES

In 1983, the United States Supreme Court held in *Arizona Governing Committee v. Norris* that optional annuity benefits provided under an employee's deferred compensation plan could not, under Title VII of the Civil Rights Act of 1964, vary between men and women on the basis of sex. In that case, the Supreme Court applied its decision only to benefits derived from contributions made on or after August 1, 1983. Subsequent decisions of lower federal courts indicate that, in other factual circumstances, the Title VII prohibition of sex-distinct benefits may apply at an earlier date. In addition, legislative, regulatory, or decisional authority of some states may prohibit the use of sex-distinct mortality tables under certain circumstances. The Policies, other than Policies issued in states which require "unisex" policies (currently Montana) and EBS Policies, are based upon actuarial tables which distinguish between men and women and, thus, the Policy provides different benefits to men and women of the same age. Accordingly, employers and employee organizations should consider, in consultation with legal counsel, the impact of these authorities on any employment-related insurance or benefits program before purchasing the Policy and in determining whether an EBS Policy is appropriate.

#### SAFEKEEPING OF ACCOUNT ASSETS

We hold the Separate Account's assets physically segregated and apart from the general account. We maintain records of all purchases and sale of Portfolio shares by each of the Subaccounts. A fidelity bond in the amount of \$10 million per occurrence and \$20 million in the aggregate covering our officers and employees has been issued by Continental Casualty Company (a subsidiary of CNA).

#### REPORTS TO OWNERS

At least once each year, we will send you a report showing the following information as of the end of the report period:

- X the current Policy Account Value, Guaranteed Account value, Subaccount values, and Loan Account value
- X the current Net Cash Surrender Value
- X the current death benefit
- X the current amount of any Indebtedness

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- X any activity since the last report (e.g., Premiums paid, partial withdrawals, charges and deductions)
- X any other information required by law

We currently send these reports quarterly. In addition, we will send you a statement showing the status of the Policy following the transfer of amounts from one Subaccount to another (excluding automatic rebalancing), the taking of a loan, the repayment of a loan, a partial withdrawal, and the payment of any Premiums (excluding those paid by bank draft or otherwise under the automatic payment plan).

We can prepare a similar report for you at other times for a reasonable fee. We may limit the scope and frequency of these requested reports.

We will send you a semi-annual report containing the financial statements of each Portfolio in which you are invested.

#### RECORDS

We will maintain all records relating to the Separate Account and the Guaranteed Account at our Service Center.



Sutherland Asbill & Brennan LLP of Washington, D.C. has provided advice on certain legal matters relating to the Policy under the federal securities laws.

## EXPERTS

The Financial Statements at December 31, 2001, 2000, and 1999 and for each of the three years in the period ended December 31, 2001 have been included in this SAI, which is a part of the registration statement, in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of that firm as experts in accounting and auditing. The Financial Statements as of September 30, 2002 and for the nine-month period ended September 30, 2002 included in this SAI have not been audited.

Actuarial matters included in the prospectus and/or SAI have been examined by Scott V. Carney, FSA, MAAA, Senior Vice President and Actuary of NLICA.

## ADDITIONAL INFORMATION ABOUT THE COMPANY

We are a stock life insurance company chartered by the Commonwealth of Pennsylvania in 1865. We are subject to regulation by the Insurance Department of the Commonwealth of Pennsylvania, as well as by the insurance departments of all other states and jurisdictions in which we do business. We are engaged in the business of issuing life insurance policies and annuity contracts, and we are currently licensed to do business in 50 states, Puerto Rico, and the District of Columbia.

On October 1, 2002, NLICA (formerly Provident Mutual Life Insurance Company) converted from a mutual insurance company to a stock insurance company and became a wholly-owned subsidiary of Nationwide Financial Services, Inc. ("Nationwide Financial"), pursuant to the terms of a sponsored demutualization. Nationwide Financial, a company whose Class A shares of common stock are traded on the New York Stock Exchange, is an indirect majority-owned subsidiary of Nationwide Corporation, and is the holding company of Nationwide Life Insurance Company and other companies that comprise the retirement savings operations of the Nationwide group of companies.

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We submit annual statements on our operations and finances to insurance officials in all states and jurisdictions in which we do business. We have filed the Policy with insurance officials in those jurisdictions in which the Policy is sold.

We intend to reinsure a portion of the risks assumed under the Policies.

## ADDITIONAL INFORMATION ABOUT THE SEPARATE ACCOUNT

The Money Market Subaccount was originally established as a separate investment account under the provisions of Pennsylvania Insurance Law. On May 1, 2000, the assets of the Provident Mutual Variable Money Market Separate Account were transferred to a corresponding new subaccount of the Separate Account -- the Money Market Subaccount. The Provident Mutual Variable Money Market Separate Account then ceased to exist and the Separate Account changed its name from Provident Mutual Variable Separate Account to Provident Mutual Variable Life Separate Account. On October 1, 2002, in connection with the sponsored demutualization (whereby Provident Mutual Life Insurance Company converted from a mutual insurance company to a stock insurance company, became a wholly-owned subsidiary of Nationwide Financial, and changed its name to Nationwide Life Insurance Company of America), Provident Mutual Variable Life Separate Account changed its name to Nationwide Provident VLI Separate Account 1.

## OTHER INFORMATION

A registration statement has been filed with the SEC under the Securities Act of 1933, as amended, with respect to the Policies. Not all the information set forth in the registration statement, and the amendments and exhibits thereto, has been included in the prospectus and this SAI. Statements contained in this SAI concerning the content of the Policies and other legal instruments are intended to be summaries. For a complete statement of the terms of these documents, reference should be made to the instruments filed with the SEC at 450 Fifth Street, N.W., Washington, DC 20549.

## FINANCIAL STATEMENTS

This SAI contains the audited statements of assets and liabilities of the Separate Account as of December 31, 2001 and the related statements of operations and statements of changes in net assets for each of the three years



in the period then ended. PricewaterhouseCoopers LLP, Two Commerce Square, Suite 1700, 2001 Market Street, Philadelphia PA 19103, served as independent accountants for the Separate Account for the periods reported in these statements.

Our statements of financial condition as of December 31, 2001 and 2000 and the related statements of operations, equity, and cash flows for each of the three years in the period ended December 31, 2001, which are included in this SAI, should be considered only as bearing on our ability to meet our obligations under the Policies. They should not be considered as bearing on the investment performance of the assets held in the Separate Account.

This SAI also includes unaudited financial statements as of September 30, 2002 and for the nine-month period ended September 30, 2002.

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Unaudited Statements of Assets and Liabilities, September 30, 2002  
 -----

<Table>						
<Caption>						
	ALL PRO BROAD	MONEY			MID CAP	
	EQUITY	MARKET	BOND	BALANCED	GROWTH	INTERNATIONAL
	SUBACCOUNT	SUBACCOUNT	SUBACCOUNT	SUBACCOUNT	SUBACCOUNT	SUBACCOUNT

<S>	<C>	<C>	<C>	<C>	<C>	<C>
<b>ASSETS</b>						
Investment in the Market Street Fund, Inc., at fair value:						
All Pro Broad Equity Portfolio.....	\$120,541,356					
Money Market Portfolio.....		\$63,585,560				
Bond Portfolio.....			\$22,521,171			
Balanced Portfolio.....				\$33,981,544		
Mid Cap Growth Portfolio.....					\$47,312,847	
International Portfolio.....						\$41,566,920
<b>Total Assets.....</b>	<b>120,541,356</b>	<b>63,585,560</b>	<b>22,521,171</b>	<b>33,981,544</b>	<b>47,312,847</b>	<b>41,566,920</b>
<b>LIABILITIES</b>						
Payable to Provident Mutual Life Insurance Company.....	138,833	11,202	13,995	17,155	60,000	
<b>NET ASSETS.....</b>	<b>\$120,402,523</b>	<b>\$63,574,358</b>	<b>\$22,507,176</b>	<b>\$33,964,389</b>	<b>\$47,252,847</b>	<b>\$41,566,920</b>
Held for the benefit of policyholders.....	\$120,395,964	\$63,541,687	\$22,486,613	\$33,938,149	\$47,223,873	\$41,563,711
Attributable to Provident Mutual Life Insurance Company.....	6,559	32,671	20,563	26,240	28,974	3,209
	\$120,402,523	\$63,574,358	\$22,507,176	\$33,964,389	\$47,252,847	\$41,566,920

</Table>

See accompanying notes to unaudited financial statements

F-2

The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Assets and Liabilities, September 30, 2002

<Table>

<Caption>

	ALL PRO LARGE CAP GROWTH SUBACCOUNT	ALL PRO LARGE CAP VALUE SUBACCOUNT	ALL PRO SMALL CAP GROWTH SUBACCOUNT	ALL PRO SMALL CAP VALUE SUBACCOUNT	EQUITY 500 INDEX SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
<b>ASSETS</b>					
Investment in the Market Street Fund, Inc., at fair value:					
All Pro Large Cap Growth Portfolio.....	\$17,171,306				
All Pro Large Cap Value Portfolio.....		\$14,550,517			
All Pro Small Cap Growth Portfolio.....			\$18,639,672		
All Pro Small Cap Value Portfolio.....				\$20,925,390	
Equity 500 Index Portfolio.....					\$138,482,606
Receivable from Provident Mutual Life Insurance Company.....					30,000
<b>NET ASSETS.....</b>	<b>\$17,171,306</b>	<b>\$14,550,517</b>	<b>\$18,639,672</b>	<b>\$20,925,390</b>	<b>\$138,512,606</b>
Held for the benefit of policyholders.....	\$17,150,192	\$14,542,847	\$18,625,871	\$20,828,790	\$138,505,977
Attributable to Provident Mutual Life Insurance Company.....	21,114	7,670	13,801	96,600	6,629
	\$17,171,306	\$14,550,517	\$18,639,672	\$20,925,390	\$138,512,606

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statement of Assets and Liabilities, September 30, 2002

<Table>

<Caption>

ZERO COUPON

BOND  
2006 SERIES  
SUBACCOUNT

<S>	<C>
ASSETS	
Investment in the Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A, at fair value:	
2006 Series.....	\$16,718,125
Total Assets.....	16,718,125
LIABILITIES	
Payable to Provident Mutual Life Insurance Company.....	91,022
NET ASSETS.....	\$16,627,103
Held for the benefit of policyholders.....	\$16,601,968
Attributable to Provident Mutual Life Insurance Company.....	25,135
	\$16,627,103

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Assets and Liabilities, September 30, 2002

<Table> <Caption>	FIDELITY EQUITY- INCOME SUBACCOUNT	FIDELITY GROWTH SUBACCOUNT	FIDELITY HIGH INCOME SUBACCOUNT	FIDELITY OVERSEAS SUBACCOUNT	FIDELITY ASSET MANAGER SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Investment in the Variable Insurance Products Fund, at fair value:					
Equity-Income Portfolio.....	\$104,898,567				
Growth Portfolio.....		\$146,247,042			
High Income Portfolio.....			\$13,067,891		
Overseas Portfolio.....				\$34,863,821	
Investment in the Variable Insurance Products Fund II, at fair value:					
Asset Manager Portfolio.....					\$42,811,606
Receivable from Provident Mutual Life Insurance Company.....	19,000	6,000			
NET ASSETS.....	\$104,917,567	\$146,253,042	\$13,067,891	\$34,863,821	\$42,811,606
Held for the benefit of policyholders.....	\$104,908,286	\$146,251,666	\$13,062,435	\$34,860,512	\$42,805,880
Attributable to Provident Mutual Life Insurance Company.....	9,281	1,376	5,456	3,309	5,726
	\$104,917,567	\$146,253,042	\$13,067,891	\$34,863,821	\$42,811,606

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Assets and Liabilities, September 30, 2002

<Table> <Caption>	FIDELITY INVESTMENT	FIDELITY	NEUBERGER BERMAN LIMITED MATURITY	NEUBERGER BERMAN
----------------------	------------------------	----------	--	---------------------

	GRADE BOND SUBACCOUNT	CONTRAFUND SUBACCOUNT	BOND SUBACCOUNT	PARTNERS SUBACCOUNT
<S>	<C>	<C>	<C>	<C>
ASSETS				
Investment in the Variable Insurance Products Fund II, at fair value:				
Investment Grade Bond Portfolio.....	\$41,264,827			
Contrafund Portfolio.....		\$79,900,852		
Investment in the Neuberger Berman Advisers Management Trust, at fair value:				
Limited Maturity Bond Portfolio.....			\$16,051,153	
Partners Portfolio.....				\$19,748,011
Receivable from Provident Mutual Life Insurance Company...		5,000		
NET ASSETS.....	\$41,264,827	\$79,905,852	\$16,051,153	\$19,748,011
Held for the benefit of policyholders.....	\$41,221,560	\$79,900,870	\$16,018,557	\$19,717,696
Attributable to Provident Mutual Life Insurance Company...	43,267	4,982	32,596	30,315
	\$41,264,827	\$79,905,852	\$16,051,153	\$19,748,011

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Assets and Liabilities, September 30, 2002

	VAN ECK WORLDWIDE BOND SUBACCOUNT	VAN ECK WORLDWIDE HARD ASSETS SUBACCOUNT	VAN ECK WORLDWIDE EMERGING MARKETS SUBACCOUNT	VAN ECK WORLDWIDE REAL ESTATE SUBACCOUNT	ALGER AMERICAN SMALL CAPITALIZATION SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Investment in the Van Eck Worldwide Insurance Trust, at fair value:					
Van Eck Worldwide Bond Portfolio.....	\$7,141,122				
Van Eck Worldwide Hard Assets Portfolio.....		\$3,348,774			
Van Eck Worldwide Emerging Markets Portfolio.....			\$13,120,992		
Van Eck Worldwide Real Estate Portfolio.....				\$3,285,381	
Investment in the Alger American Fund, at fair value:					
Alger American Small Capitalization Portfolio.....					\$19,853,517
NET ASSETS.....	\$7,141,122	\$3,348,774	\$13,120,992	\$3,285,381	\$19,853,517
Held for the benefit of policyholders.....	\$7,125,947	\$3,319,918	\$13,090,233	\$3,217,858	\$19,828,030
Attributable to Provident Mutual Life Insurance Company.....	15,175	28,856	30,759	67,523	25,487
	\$7,141,122	\$3,348,774	\$13,120,992	\$3,285,381	\$19,853,517

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Assets and Liabilities, September 30, 2002

	STRONG MID-CAP GROWTH FUND II SUBACCOUNT	STRONG OPPORTUNITY FUND II SUBACCOUNT	DREYFUS APPRECIATION SUBACCOUNT	AMERICAN CENTURY VP INTERNATIONAL SUBACCOUNT	AMERICAN CENTURY VP ULTRA SUBACCOUNT	AMERICAN CENTURY VP VALUE SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>

ASSETS						
Investment in the Strong Variable Insurance Funds, Inc., at fair value:						
Strong Mid Cap Growth Fund II.....	\$5,132,107					
Investment in the Strong Opportunity Fund II, Inc., at fair value:						
Strong Opportunity Fund II.....		\$5,273,261				
Investment in the Dreyfus Variable Investment Fund, at fair value:						
Appreciation Portfolio.....			\$1,259,261			
Investment in the American Century Variable Portfolios, Inc., at fair value:						
VP International Fund.....				\$643,796		
VP Ultra Fund.....					\$87,993	
VP Value Fund.....						\$1,526,056
Receivable from Provident Mutual Life Insurance Company.....						3
NET ASSETS.....	\$5,132,107	\$5,273,261	\$1,259,261	\$643,796	\$87,996	\$1,526,056
Held for the benefit of policyholders.....						
Attributable to Provident Mutual Life Insurance Company.....	\$5,113,511	\$5,193,019	\$1,239,165	\$623,979	\$68,685	\$1,505,605
	18,596	80,242	20,096	19,817	19,311	20,451
	\$5,132,107	\$5,273,261	\$1,259,261	\$643,796	\$87,996	\$1,526,056

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Assets and Liabilities, September 30, 2002  
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<Table>  
<Caption>

	JANUS CAPITAL APPRECIATION SUBACCOUNT	JANUS INTERNATIONAL GROWTH SUBACCOUNT	JANUS GLOBAL TECHNOLOGY SUBACCOUNT	OPPENHEIMER CAPITAL APPRECIATION FUND V/A SUBACCOUNT	OPPENHEIMER GLOBAL SECURITIES FUND V/A SUBACCOUNT	OPPENHEIMER MAIN STREET GROWTH & INCOME FUND V/A SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Janus Aspen Series Funds, at market value:						
Capital Appreciation Portfolio.....	\$176,061					
International Growth Portfolio.....		\$112,247				
Global Technology Portfolio.....			\$29,329			
Oppenheimer Variable Account Funds, at market value:						
Capital Appreciation VA.....				\$275,040		
Global Securities Fund VA.....					\$247,191	
Main Street Growth & Income Fund V/A.....						\$232,658
NET ASSETS.....	\$176,061	\$112,247	\$29,329	\$275,040	\$247,191	\$232,658
Held for the benefit of policyholders.....						
Attributable to Provident Mutual Life Insurance Company.....	\$154,556	\$ 93,576	\$12,207	\$256,532	\$228,224	\$213,173
	21,505	18,671	17,122	18,508	18,967	19,485
	\$176,061	\$112,247	\$29,329	\$275,040	\$247,191	\$232,658

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Operations for the Nine Months Ended September 30, 2002  
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<S>	**ALL PRO BROAD EQUITY SUBACCOUNT	MONEY MARKET SUBACCOUNT	BOND SUBACCOUNT	**BALANCED SUBACCOUNT	**MID CAP GROWTH SUBACCOUNT	INTERNATIONAL SUBACCOUNT
<C>	<C>	<C>	<C>	<C>	<C>	<C>
<b>INVESTMENT INCOME</b>						
Dividends.....	\$ 1,430,014	\$562,884	\$ 907,828	\$ 1,121,681		\$ 514,709
<b>EXPENSES</b>						
Mortality and expense risks.....	741,699	292,138	105,309	180,611	\$ 317,694	256,912
Operating expense reimbursement.....	(18,446)	(1,401)	(2,264)			
Total expenses.....	723,253	290,737	103,045	180,611	317,694	256,912
Net investment income (loss).....	706,761	272,147	804,783	941,070	(317,694)	257,797
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>						
Realized gain distributions						
reinvested.....	17,768,466				310,203	
Net realized (loss) gain from redemption of investment shares.....	(2,673,234)		47,627	129,805	(35,983)	(270,261)
Net realized gain (loss) on investments.....	15,095,232		47,627	129,805	274,220	(270,261)
Net unrealized (depreciation) appreciation of investments:						
Beginning of year.....	(19,840,421)		624,189	(3,300,840)	(1,420,355)	(8,200,329)
End of period.....	(83,865,639)		958,233	(9,073,510)	(20,383,142)	(15,842,038)
Net unrealized (depreciation) appreciation of investments during the period.....	(64,025,218)		334,044	(5,772,670)	(18,962,787)	(7,641,709)
Net realized and unrealized (loss) gain on investments.....	(48,929,986)		381,671	(5,642,865)	(18,688,567)	(7,911,970)
Net (decrease) increase in net assets resulting from operations.....	\$ (48,223,225)	\$272,147	\$1,186,454	\$ (4,701,795)	\$ (19,006,261)	\$ (7,654,173)

\*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Subaccounts were known as the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts, respectively.

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Operations for the Nine Months Ended September 30, 2002

<S>	ALL PRO LARGE CAP GROWTH SUBACCOUNT	ALL PRO LARGE CAP VALUE SUBACCOUNT	ALL PRO SMALL CAP GROWTH SUBACCOUNT	ALL PRO SMALL CAP VALUE SUBACCOUNT	EQUITY 500 INDEX SUBACCOUNT
<C>	<C>	<C>	<C>	<C>	<C>
<b>INVESTMENT INCOME</b>					
Dividends.....		\$ 158,179		\$ 68,628	\$ 2,066,311
<b>EXPENSES</b>					
Mortality and expense risks.....	\$ 113,954	85,687	\$ 135,174	122,994	933,328
Net investment (loss) income.....	(113,954)	72,492	(135,174)	(54,366)	1,132,983
<b>NET REALIZED AND UNREALIZED (LOSS) GAIN ON INVESTMENTS</b>					
Realized gain distributions reinvested.....					
				855,077	
Net realized (loss) gain from redemption of investment shares.....	(1,811,136)	(147,913)	(1,040,083)	380,245	(4,959,087)
Net realized (loss) gain on investments.....	(1,811,136)	(147,913)	(1,040,083)	1,235,322	(4,959,087)
Net unrealized (depreciation) appreciation of					

investments:					
Beginning of year.....	(8,524,824)	91,723	(11,997,704)	2,618,796	(38,529,607)
End of period.....	(14,350,330)	(3,677,786)	(23,014,509)	(4,243,633)	(90,794,095)
Net unrealized depreciation of investments during the period.....	(5,825,506)	(3,769,509)	(11,016,805)	(6,862,429)	(52,264,488)
Net realized and unrealized loss on investments.....	(7,636,642)	(3,917,422)	(12,056,888)	(5,627,107)	(57,223,575)
Net decrease in net assets resulting from operations.....	\$ (7,750,596)	\$ (3,844,930)	\$ (12,192,062)	\$ (5,681,473)	\$ (56,090,592)

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statement of Operations for the Nine Months Ended September 30, 2002  
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<Table>  
<Caption>

	ZERO COUPON BOND 2006 SERIES SUBACCOUNT
<S>	<C>
INVESTMENT INCOME	
Dividends	
EXPENSES	
Mortality and expense risks.....	\$ 99,516
Asset charge.....	4,310
Net investment loss.....	(103,826)
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	
Realized gain distributions reinvested.....	
Net realized gain from redemption of investment shares.....	384,589
Net realized gain on investments.....	384,589
Net unrealized appreciation of investments:	
Beginning of year.....	2,380,730
End of period.....	3,505,337
Net unrealized appreciation of investments during the period.....	1,124,607
Net realized and unrealized gain on investments.....	1,509,196
Net increase in net assets resulting from operations.....	\$1,405,370

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Operations for the Nine Months Ended September 30, 2002  
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<Table>  
<Caption>

	FIDELITY EQUITY-INCOME SUBACCOUNT	FIDELITY GROWTH SUBACCOUNT	FIDELITY HIGH INCOME SUBACCOUNT	FIDELITY OVERSEAS SUBACCOUNT	FIDELITY ASSET MANAGER SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
Dividends.....	\$ 2,170,590	\$ 473,731	\$ 1,664,611	\$ 340,416	\$ 1,874,627
EXPENSES					
Mortality and expense risks.....	692,495	1,037,826	76,890	235,140	258,101

Net investment income (loss).....	1,478,095	(564,095)	1,587,721	105,276	1,616,526
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS					
Realized gain distributions reinvested.....	2,954,414				
Net realized gain (loss) from redemption of investment shares.....	388,125	(681,124)	(3,944,496)	(2,125,803)	(815,458)
Net realized gain (loss) on investments.....	3,342,539	(681,124)	(3,944,496)	(2,125,803)	(815,458)
Net unrealized (depreciation) appreciation of investments:					
Beginning of year.....	(528,037)	(39,045,767)	(4,323,012)	(20,762,878)	(6,094,256)
End of period.....	(39,353,958)	(117,305,535)	(2,578,943)	(29,558,352)	(14,928,753)
Net unrealized (depreciation) appreciation of investments during the period.....	(38,825,921)	(78,259,768)	1,744,069	(8,795,474)	(8,834,497)
Net realized and unrealized loss on investments.....	(35,483,382)	(78,940,892)	(2,200,427)	(10,921,277)	(9,649,955)
Net decrease in net assets resulting from operations.....	\$ (34,005,287)	\$ (79,504,987)	\$ (612,706)	\$ (10,816,001)	\$ (8,033,429)

</Table>

See accompanying notes to unaudited financial statements

F-13

-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Operations for the Nine Months Ended September 30, 2002  
-----

<Table>

<Caption>

	FIDELITY INVESTMENT GRADE BOND SUBACCOUNT	FIDELITY CONTRAFUND SUBACCOUNT	NEUBERGER BERMAN LIMITED MATURITY BOND SUBACCOUNT	NEUBERGER BERMAN PARTNERS SUBACCOUNT
<S>	<C>	<C>	<C>	<C>
INVESTMENT INCOME				
Dividends.....	\$1,308,049	\$ 719,687	\$601,883	\$ 133,461
EXPENSES				
Mortality and expense risks.....	193,810	475,795	73,559	138,601
Net investment income (loss).....	1,114,239	243,892	528,324	(5,140)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Realized gain distributions reinvested.....				
Net realized gain (loss) from redemption of investment shares.....	20,322	(104,092)	(33,262)	(1,136,699)
Net realized gain (loss) on investments.....	20,322	(104,092)	(33,262)	(1,136,699)
Net unrealized appreciation (depreciation) of investments:				
Beginning of year.....	1,396,797	(13,190,335)	326,161	(5,521,743)
End of period.....	2,729,712	(23,331,074)	356,362	(12,706,812)
Net unrealized appreciation (depreciation) of investments during the period.....	1,332,915	(10,140,739)	30,201	(7,185,069)
Net realized and unrealized gain (loss) on investments.....	1,353,237	(10,244,831)	(3,061)	(8,321,768)
Net increase (decrease) in net assets resulting from operations.....	\$2,467,476	\$ (10,000,939)	\$525,263	\$ (8,326,908)

</Table>

See accompanying notes to unaudited financial statements

F-14

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Operations for the Nine Months Ended September 30, 2002  
-----



<Table>  
<Caption>

	VAN ECK WORLDWIDE BOND SUBACCOUNT	VAN ECK WORLDWIDE HARD ASSETS SUBACCOUNT	VAN ECK WORLDWIDE EMERGING MARKETS SUBACCOUNT	VAN ECK WORLDWIDE REAL ESTATE SUBACCOUNT	ALGER AMERICAN SMALL CAPITALIZATION SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
Dividends.....		\$ 27,538	\$ 24,294	\$ 67,500	
EXPENSES					
Mortality and expense risks.....	\$ 29,502	19,014	79,211	14,983	\$ 148,954
Net investment (loss) income.....	(29,502)	8,524	(54,917)	52,517	(148,954)
NET REALIZED AND UNREALIZED (LOSS) GAIN ON INVESTMENTS					
Realized gain distributions reinvested.....					
Net realized (loss) gain from redemption of investment shares.....	(91,154)	(39,211)	(3,764)	20,581	(7,535,883)
Net realized (loss) gain on investments.....	(91,154)	(39,211)	(3,764)	20,581	(7,535,883)
Net unrealized (depreciation) appreciation of investments:					
Beginning of year.....	(663,508)	(63,279)	(4,178,208)	172,118	(24,791,034)
End of period.....	173,781	(444,455)	(6,317,193)	(105,469)	(26,021,449)
Net unrealized appreciation (depreciation) of investments during the period.....	837,289	(381,176)	(2,138,985)	(277,587)	(1,230,415)
Net realized and unrealized gain (loss) on investments.....	746,135	(420,387)	(2,142,749)	(257,006)	(8,766,298)
Net increase (decrease) in net assets resulting from operations.....	\$ 716,633	\$ (411,863)	\$ (2,197,666)	\$ (204,489)	\$ (8,915,252)

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Operations for the Nine Months Ended September 30, 2002

<Table>  
<Caption>

	STRONG MID-CAP GROWTH FUND II SUBACCOUNT	STRONG OPPORTUNITY FUND II SUBACCOUNT	DREYFUS APPRECIATION SUBACCOUNT	AMERICAN CENTURY VP INTERNATIONAL SUBACCOUNT	AMERICAN CENTURY VP ULTRA SUBACCOUNT	AMERICAN CENTURY VP VALUE SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME						
Dividends.....						
EXPENSES						
Mortality and expense risks.....	\$ 37,088	\$ 31,846	\$ 2,014	\$ 845	\$ 62	\$ 2,336
Net investment loss.....	(37,088)	(31,846)	(2,014)	(845)	(62)	(2,336)
NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS						
Realized gain distributions reinvested.....						
Net realized loss from redemption of investment shares.....	(1,798,749)	(462,842)	(5,370)	(1,408)	(404)	(23,403)
Net realized loss on investments.....	(1,798,749)	(462,842)	(5,370)	(1,408)	(404)	(23,403)
Net unrealized depreciation of investments:						
Beginning of year.....	(2,658,078)	(944,556)				
End of period.....	(4,291,270)	(2,852,025)	(204,362)	(125,792)	(14,462)	(229,862)
Net unrealized depreciation of						

investments during the period...	(1,633,192)	(1,907,469)	(204,362)	(125,792)	(14,462)	(229,862)
Net realized and unrealized loss on investments.....	(3,431,941)	(2,370,311)	(209,732)	(127,200)	(14,866)	(253,265)
Net decrease in net assets resulting from operations.....	\$(3,469,029)	\$(2,402,157)	\$(211,746)	\$(128,045)	\$(14,928)	\$(255,601)

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Operations for the Nine Months Ended September 30, 2002  
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	JANUS ASPEN CAPITAL APPRECIATION SUBACCOUNT	JANUS ASPEN INTERNATIONAL GROWTH SUBACCOUNT	JANUS ASPEN GLOBAL TECHNOLOGY SUBACCOUNT	OPPENHEIMER CAPITAL APPRECIATION FUND V/A SUBACCOUNT	OPPENHEIMER GLOBAL SECURITIES FUND V/A SUBACCOUNT	OPPENHEIMER MAIN STREET GROWTH & INCOME FUND V/A SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME						
Dividends.....	\$ 143	\$ 189				
EXPENSES						
Mortality and expense risks.....	148	115	\$ 31	\$ 315	\$ 225	\$ 303
Net investment (loss) income....	(5)	74	(31)	(315)	(225)	(303)
NET REALIZED AND UNREALIZED (LOSS) ON INVESTMENTS						
Realized gain distributions reinvested.....						
Net realized loss from redemption of investment shares.....	(198)	(816)	(6,876)	(6,994)	(7,598)	(387)
Net realized loss on investments.....	(198)	(816)	(6,876)	(6,994)	(7,598)	(387)
Net unrealized depreciation of investments:						
Beginning of year.....						
End of period.....	(13,219)	(18,552)	(7,166)	(38,641)	(21,926)	(35,960)
Net unrealized depreciation of investments during the period.....	(13,219)	(18,552)	(7,166)	(38,641)	(21,926)	(35,960)
Net realized and unrealized loss on investments.....	(13,417)	(19,368)	(14,042)	(45,635)	(29,524)	(36,347)
Net decrease in net assets resulting from operations.....	\$(13,422)	\$(19,294)	\$(14,073)	\$(45,950)	\$(29,749)	\$(36,650)

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Changes in Net Assets for the Nine Months Ended  
September 30, 2002  
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	**ALL PRO BROAD EQUITY SUBACCOUNT	MONEY MARKET SUBACCOUNT	BOND SUBACCOUNT	**BALANCED SUBACCOUNT	**MID CAP GROWTH SUBACCOUNT	INTERNATIONAL SUBACCOUNT
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<Table>

<Caption>

<S>	<C>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS						
Net investment income (loss).....	\$ 706,761	\$ 272,147	\$ 804,783	\$ 941,070	\$ (317,694)	\$ 257,797
Net realized gain (loss) on investments.....	15,095,232		47,627	129,805	274,220	(270,261)
Net unrealized (depreciation) appreciation of investments during the period.....	(64,025,218)		334,044	(5,772,670)	(18,962,787)	(7,641,709)
Net (decrease) increase in net assets from operations.....	(48,223,225)	272,147	1,186,454	(4,701,795)	(19,006,261)	(7,654,173)
FROM VARIABLE LIFE POLICY TRANSACTIONS						
Policyholders' net premiums.....	12,050,379	25,752,879	2,231,058	3,057,240	6,321,127	4,907,876
Cost of insurance and administrative charges.....	(6,575,951)	(5,136,647)	(1,219,029)	(1,988,859)	(3,154,163)	(2,544,393)
Surrenders and forfeitures.....	(7,599,202)	(3,156,175)	(866,111)	(2,275,143)	(2,772,949)	(1,693,375)
Transfers between investment portfolios.....	(3,075,891)	(6,435,032)	1,531,382	(577,106)	(913,564)	1,274,838
Net repayments (withdrawals) due to policy loans.....	687,978	(373,151)	(44,761)	603,176	(138,604)	(3,148)
Withdrawals due to death benefits.....	(133,302)	(50,655)	(42,699)	(136,139)	(17,393)	(61,150)
Net (decrease) increase in net assets derived from policy transactions....	(4,645,989)	10,601,219	1,589,840	(1,316,831)	(675,546)	1,880,648
Capital Contribution from (Return of Capital to) Provident Mutual Life Insurance Company.....	25,000	(25,000)		(75,000)	(250,000)	(50,000)
Total (decrease) increase in net assets.....	(52,844,214)	10,848,366	2,776,294	(6,093,626)	(19,931,807)	(5,823,525)
NET ASSETS						
Beginning of year.....	173,246,737	52,725,992	19,730,882	40,058,015	67,184,654	47,390,445
End of period.....	\$120,402,523	\$63,574,358	\$22,507,176	\$33,964,389	\$47,252,847	\$41,566,920

</Table>

\*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Subaccounts were known as the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts, respectively.

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Changes in Net Assets for the Nine Months Ended  
September 30, 2002

<Table> <Caption>	ALL PRO LARGE CAP GROWTH SUBACCOUNT	ALL PRO LARGE CAP VALUE SUBACCOUNT	ALL PRO SMALL CAP GROWTH SUBACCOUNT	ALL PRO SMALL CAP VALUE SUBACCOUNT	EQUITY 500 INDEX SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS					
Net investment (loss) income.....	\$ (113,954)	\$ 72,492	\$ (135,174)	\$ (54,366)	\$ 1,132,983
Net realized (loss) gain on investments.....	(1,811,136)	(147,913)	(1,040,083)	1,235,322	(4,959,087)
Net unrealized depreciation of investments during the period.....	(5,825,506)	(3,769,509)	(11,016,805)	(6,862,429)	(52,264,488)
Net decrease in net assets from operations.....	(7,750,596)	(3,844,930)	(12,192,062)	(5,681,473)	(56,090,592)
FROM VARIABLE LIFE POLICY TRANSACTIONS					
Policyholders' net premiums.....	4,429,773	3,101,187	4,463,738	3,263,233	28,430,990
Cost of insurance and administrative charges.....	(1,943,211)	(1,221,807)	(1,927,970)	(1,288,312)	(13,567,715)
Surrenders and forfeitures.....	(590,301)	(346,849)	(728,348)	(490,662)	(4,738,495)
Transfers between investment portfolios.....	(495,890)	2,822,095	(262,676)	6,239,624	(4,881,501)
Net repayments (withdrawals) due to policy loans....	7,103	(148,408)	(31,549)	(116,749)	(599,229)
Withdrawals due to death benefits.....	(19,885)	(3,017)	(6,317)	(1,958)	(124,760)
Net increase in net assets derived from policy transactions.....	1,387,589	4,203,201	1,506,878	7,605,176	4,519,290
(Return of capital to) capital contribution from					

Provident Mutual Life Insurance Company.....	(50,000)				50,000
Total (decrease) increase in net assets.....	(6,413,007)	358,271	(10,685,184)	1,923,703	(51,521,302)
NET ASSETS					
Beginning of year.....	23,584,313	14,192,246	29,324,856	19,001,687	190,033,908
End of period.....	\$17,171,306	\$14,550,517	\$ 18,639,672	\$20,925,390	\$138,512,606

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statement of Changes in Net Assets for the Nine Months Ended  
September 30, 2002  
-----

<Table>  
<Caption>

	ZERO COUPON BOND 2006 SERIES SUBACCOUNT
<S>	<C>
FROM OPERATIONS	
Net investment loss.....	\$ (103,826)
Net realized gain on investments.....	384,589
Net unrealized appreciation of investments during the period.....	1,124,607
Net increase in net assets from operations.....	1,405,370
FROM VARIABLE LIFE POLICY TRANSACTIONS	
Policyholders' net premiums.....	1,118,959
Cost of insurance and administrative charges.....	(822,536)
Surrenders and forfeitures.....	(593,865)
Transfers between investment portfolios.....	1,319,407
Net withdrawals due to policy loans.....	(37,205)
Withdrawals due to death benefits.....	(20,852)
Net increase in net assets derived from policy transactions.....	963,908
Total increase in net assets.....	2,369,278
NET ASSETS	
Beginning of year.....	14,257,825
End of period.....	\$16,627,103

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Changes in Net Assets for the Nine Months Ended  
September 30, 2002  
-----

<Table>  
<Caption>

	FIDELITY EQUITY-INCOME SUBACCOUNT	FIDELITY GROWTH SUBACCOUNT	FIDELITY HIGH INCOME SUBACCOUNT	FIDELITY OVERSEAS SUBACCOUNT	FIDELITY ASSET MANAGER SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS					
Net investment income (loss).....	\$ 1,478,095	\$ (564,095)	\$1,587,721	\$ 105,276	\$ 1,616,526
Net realized gain (loss) on investments.....	3,342,539	(681,124)	(3,944,496)	(2,125,803)	(815,458)
Net unrealized (depreciation) appreciation of investments during the period.....	(38,825,921)	(78,259,768)	1,744,069	(8,795,474)	(8,834,497)
Net decrease in net assets from operations.....	(34,005,287)	(79,504,987)	(612,706)	(10,816,001)	(8,033,429)

FROM VARIABLE LIFE POLICY TRANSACTIONS					
Policyholders' net premiums.....	15,651,366	28,364,330	1,886,021	6,578,400	5,711,960
Cost of insurance and administrative charges.....	(8,091,006)	(13,914,749)	(1,153,763)	(2,785,941)	(3,064,552)
Surrenders and forfeitures.....	(4,711,090)	(7,454,329)	(1,021,336)	(1,889,183)	(1,630,852)
Transfers between investment portfolios.....	48,017	(8,239,022)	(1,999,394)	(2,865,191)	(1,418,420)
Net (withdrawals) repayments due to policy loans.....	(291,581)	282,364	128,894	(63,274)	220,778
Withdrawals due to death benefits.....	(175,071)	(192,601)	(23,949)	(44,278)	(58,353)
Net increase (decrease) in net assets derived from policy transactions.....	2,430,635	(1,154,007)	(2,183,527)	(1,069,467)	(239,439)
Capital contribution from Provident Mutual Life Insurance Company.....	50,000	75,000			
Total decrease in net assets.....	(31,524,652)	(80,583,994)	(2,796,233)	(11,885,468)	(8,272,868)
NET ASSETS					
Beginning of year.....	136,442,219	226,837,036	15,864,124	46,749,289	51,084,474
End of period.....	\$104,917,567	\$146,253,042	\$13,067,891	\$ 34,863,821	\$42,811,606

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Changes in Net Assets for the Nine Months Ended  
September 30, 2002  
-----

<Table>  
<Caption>

	FIDELITY INVESTMENT GRADE BOND SUBACCOUNT	FIDELITY CONTRAFUND SUBACCOUNT	NEUBERGER BERMAN LIMITED MATURITY BOND SUBACCOUNT	NEUBERGER BERMAN PARTNERS SUBACCOUNT
<S>	<C>	<C>	<C>	<C>
FROM OPERATIONS				
Net investment income (loss).....	\$1,114,239	\$ 243,892	\$ 528,324	\$ (5,140)
Net realized gain (loss) on investments.....	20,322	(104,092)	(33,262)	(1,136,699)
Net unrealized appreciation (depreciation) of investments during the period.....	1,332,915	(10,140,739)	30,201	(7,185,069)
Net increase (decrease) in net assets from operations.....	2,467,476	(10,000,939)	525,263	(8,326,908)
FROM VARIABLE LIFE POLICY TRANSACTIONS				
Policyholders' net premiums.....	4,559,861	12,621,387	1,674,254	3,136,974
Cost of insurance and administrative charges.....	(2,197,050)	(5,951,556)	(859,593)	(1,769,037)
Surrenders and forfeitures.....	(870,012)	(2,110,996)	(563,091)	(903,446)
Transfers between investment portfolios.....	5,007,034	(4,368,250)	2,747,709	(893,253)
Net withdrawals due to policy loans.....	(298,231)	(270,775)	(161,260)	(79,418)
Withdrawals due to death benefits.....	(54,081)	(86,240)	(11,098)	(66,269)
Net increase in net assets derived from policy transactions.....	6,147,521	(166,430)	2,826,921	(574,449)
Capital contribution from (return of capital to) Provident Mutual Life Insurance Company.....	50,000	25,000		(50,000)
Total increase (decrease) in net assets.....	8,664,997	(10,142,369)	3,352,184	(8,951,357)
NET ASSETS				
Beginning of year.....	32,599,830	90,048,221	12,698,969	28,699,368
End of period.....	\$41,264,827	\$ 79,905,852	\$16,051,153	\$19,748,011

</Table>

See accompanying notes to unaudited financial statements

F-22

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Changes in Net Assets for the Nine Months Ended  
September 30, 2002  
-----

<Table>  
<Caption>

	VAN ECK WORLDWIDE BOND SUBACCOUNT	VAN ECK WORLDWIDE HARD ASSETS SUBACCOUNT	VAN ECK WORLDWIDE EMERGING MARKETS SUBACCOUNT	VAN ECK WORLDWIDE REAL ESTATE SUBACCOUNT	ALGER AMERICAN SMALL CAPITALIZATION SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS					
Net investment (loss) income.....	\$ (29,502)	\$ 8,524	\$ (54,917)	\$ 52,517	\$ (148,954)
Net realized (loss) gain on investments.....	(91,154)	(39,211)	(3,764)	20,581	(7,535,883)
Net unrealized appreciation (depreciation) of investments during the period.....	837,289	(381,176)	(2,138,985)	(277,587)	(1,230,415)
Net increase (decrease) in net assets from operations.....	716,633	(411,863)	(2,197,666)	(204,489)	(8,915,252)
FROM VARIABLE LIFE POLICY TRANSACTIONS					
Policyholders' net premiums.....	696,873	483,354	2,279,089	472,948	4,975,778
Cost of insurance and administrative charges...	(351,199)	(226,738)	(1,096,070)	(204,012)	(2,191,827)
Surrenders and forfeitures.....	(269,776)	(110,202)	(387,608)	(38,513)	(716,727)
Transfers between investment portfolios.....	1,401,069	344,340	1,456,578	1,107,181	(2,616,543)
Net withdrawals due to policy loans.....	(5,983)	(11,210)	(2,309)	(22,872)	(5,286)
Withdrawals due to death benefits.....	(26,565)		(4,506)		(20,422)
Net increase (decrease) in net assets derived from policy transactions.....	1,444,419	479,544	2,245,174	1,314,732	(575,027)
Capital contribution from Provident Mutual Life Insurance Company.....			50,000		50,000
Total increase (decrease) in net assets.....	2,161,052	67,681	97,508	1,110,243	(9,440,279)
NET ASSETS					
Beginning of year.....	4,980,070	3,281,093	13,023,484	2,175,138	29,293,796
End of period.....	\$7,141,122	\$3,348,774	\$13,120,992	\$3,285,381	\$19,853,517

</Table>

See accompanying notes to unaudited financial statements

F-23

The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Changes in Net Assets for the Nine Months Ended  
September 30, 2002

<Table>  
<Caption>

	STRONG MID-CAP GROWTH FUND II SUBACCOUNT	STRONG OPPORTUNITY FUND II SUBACCOUNT	DREYFUS APPRECIATION SUBACCOUNT	AMERICAN CENTURY VP INTERNATIONAL SUBACCOUNT	AMERICAN CENTURY VP ULTRA SUBACCOUNT	AMERICAN CENTURY VP VALUE SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS						
Net investment loss.....	\$ (37,088)	\$ (31,846)	\$ (2,014)	\$ (845)	\$ (62)	\$ (2,336)
Net realized loss on investments.....	(1,798,749)	(462,842)	(5,370)	(1,408)	(404)	(23,403)
Net unrealized depreciation of investments during the period.....	(1,633,192)	(1,907,469)	(204,362)	(125,792)	(14,462)	(229,862)
Net decrease in net assets from operations.....	(3,469,029)	(2,402,157)	(211,746)	(128,045)	(14,928)	(255,601)
FROM VARIABLE LIFE POLICY TRANSACTIONS						
Policyholders' net premiums.....	2,291,291	1,434,155	104,046	53,804	3,824	126,479
Cost of insurance and administrative charges.....	(769,669)	(476,739)	(46,172)	(23,861)	(2,399)	(50,293)
Surrenders and forfeitures.....	(121,286)	(70,296)	(4,291)	(2,135)		(4,302)
Transfers between investment portfolios.....	3,782	1,588,993	1,393,575	719,087	76,499	1,685,918
Net withdrawals due to policy loans....	(39,757)	(7,201)	(1,151)	(54)		(1,145)
Withdrawals due to death benefits.....		(11,708)				
Net increase in net assets derived from policy transactions.....	1,364,361	2,457,204	1,446,007	746,841	77,924	1,756,657

Capital contribution from Provident Mutual Life Insurance Company.....	25,000		25,000	25,000	25,000	25,000
Total (decrease) increase in net assets.....	(2,079,668)	55,047	1,259,261	643,796	87,996	1,526,056
NET ASSETS						
Beginning of year.....	7,211,775	5,218,214				
End of period.....	\$ 5,132,107	\$5,273,261	\$1,259,261	\$ 643,796	\$ 87,996	\$1,526,056

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Unaudited Statements of Changes in Net Assets for the Nine Months Ended  
September 30, 2002

	JANUS ASPEN CAPITAL APPRECIATION SUBACCOUNT	JANUS ASPEN INTERNATIONAL GROWTH SUBACCOUNT	JANUS ASPEN GLOBAL TECHNOLOGY SUBACCOUNT	OPPENHEIMER CAPITAL APPRECIATION FUND V/A SUBACCOUNT	OPPENHEIMER GLOBAL SECURITIES FUND V/A SUBACCOUNT	OPPENHEIMER MAIN STREET GROWTH & INCOME FUND V/A SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS						
Net investment (loss) income.....	\$ (5)	\$ 74	\$ (31)	\$ (315)	\$ (225)	\$ (303)
Net realized loss on investments.....	(198)	(816)	(6,876)	(6,994)	(7,598)	(387)
Net unrealized depreciation of investments during the period.....	(13,219)	(18,552)	(7,166)	(38,641)	(21,926)	(35,960)
Net decrease in net assets from operations.....	(13,422)	(19,294)	(14,073)	(45,950)	(29,749)	(36,650)
FROM VARIABLE LIFE POLICY TRANSACTIONS						
Policyholders' net premiums.....	39,387	27,601	8,024	90,239	39,105	56,295
Cost of insurance and administrative charges.....	(5,659)	(3,709)	(1,854)	(10,316)	(6,614)	(11,459)
Surrenders and forfeitures.....		(67)				
Transfers between investment portfolios.....	130,755	82,716	13,197	217,029	219,449	199,472
Net withdrawals due to policy loans.....			(965)	(962)		
Withdrawals due to death benefits.....						
Net increase in net assets derived from policy transactions.....	164,483	106,541	18,402	295,990	251,940	244,308
Capital contribution from Provident Mutual Life Insurance Company.....	25,000	25,000	25,000	25,000	25,000	25,000
Total increase in net assets.....	176,061	112,247	29,329	275,040	247,191	232,658
NET ASSETS						
Beginning of year.....						
End of period.....	\$176,061	\$112,247	\$ 29,329	\$275,040	\$247,191	\$232,658

</Table>

See accompanying notes to unaudited financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements

1. ORGANIZATION

The Provident Mutual Variable Life Separate Account (Separate Account) was established by Provident Mutual Life Insurance Company (Provident Mutual) under

the provisions of the Pennsylvania Insurance Law. The Separate Account is a separate investment account to which assets are allocated to support the benefits payable under single premium, modified premium, scheduled premium and flexible premium adjustable variable life insurance policies (the Policies). The Market Street Fund All Pro Broad Equity, Money Market, Bond and Balanced Subaccounts are the only subaccounts available with single premium and scheduled premium policies and the Zero Coupon Bond Subaccount is not available with scheduled premium policies.

The Policies are distributed principally through career agents and brokers.

Provident Mutual has structured the Separate Account as unit investment trusts registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. The Variable Separate Account is comprised of twenty-eight Subaccounts: the All Pro Broad Equity (formerly the Growth Subaccount and Growth Separate Account), Money Market (formerly the Money Market Separate Account), Bond (formerly the Bond Separate Account), Balanced (formerly the Managed Subaccount and Managed Separate Account), Mid Cap Growth (formerly the Aggressive Growth Subaccount and Aggressive Growth Separate Account) and International (formerly the International Separate Account) Subaccounts and the All Pro Large Cap Growth, All Pro Large Cap Value, All Pro Small Cap Growth, All Pro Small Cap Value and the Equity 500 Index Subaccounts invest in the corresponding portfolios of the Market Street Fund, Inc. The Zero Coupon Bond 2006 Series Subaccount (formerly the Zero Coupon Bond Separate Account) invests in the 2006 Series Portfolio of the Zero Coupon Trust. Funds are transferred to Merrill Lynch, Pierce, Fenner & Smith (MLPFS), who serves as sponsor of The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A (Zero Coupon Trust). The Fidelity Equity-Income, Fidelity Growth, Fidelity High Income and Fidelity Overseas Subaccounts invest in the corresponding portfolios of the Variable Insurance Products Fund; the Fidelity Asset Manager, Fidelity Investment Grade Bond and Fidelity Contrafund Subaccounts invest in the corresponding portfolios of the Variable Insurance Products Fund II; Neuberger Berman Limited Maturity Bond and Neuberger Berman Partners Subaccounts invest in the corresponding portfolios of the Neuberger Berman Advisers Management Trust; the Van Eck Worldwide Bond, Van Eck Worldwide Hard Assets, Van Eck Worldwide Emerging Markets and Van Eck Worldwide Real Estate Subaccounts invest in the corresponding portfolios of the Van Eck Worldwide Insurance Trust; the Alger American Small Capitalization Subaccount invests in the corresponding portfolio of the Alger American Fund; the Strong Mid Cap Growth Fund II Subaccount invests in the corresponding portfolio of the Strong Variable Insurance Funds, Inc.; the Strong Opportunity Fund II Subaccount invests in the Strong Opportunity Fund II, Inc, the Dreyfus Appreciation Subaccount invests in the corresponding portfolio of the Dreyfus Variable Investment Fund; the American Century VP International, American Century VP Ultra and the American Century VP Value Subaccounts invest in the corresponding portfolios of the American Century Variable Portfolios, Inc.; the Janus Capital Appreciation, Janus International Growth and Janus Global Technology Subaccounts invest in the corresponding portfolios of the Janus Aspen Series Funds; and the Oppenheimer Capital Appreciation, Oppenheimer Global Securities and Oppenheimer Main Street Growth & Income Subaccounts invest in the corresponding portfolios of the Oppenheimer Variable Account Funds.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

#### 1. ORGANIZATION, CONTINUED

At the close of business on January 26, 2001, the assets of the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts were renamed the "All-Pro Broad Equity", "Balanced" and "Mid Cap Growth" Subaccounts, respectively.

Net premiums from in force policies are allocated to the subaccounts in accordance with policyholder instructions and are recorded as variable life policy transactions in the statements of changes in net assets. Such amounts are used to provide money to pay benefits under the policies (Note 4). The Separate Account's assets are the property of Provident Mutual.

Transfers between investment portfolios include transfers between the subaccounts and the Guaranteed Account (not shown), which is part of Provident Mutual's General Account.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Separate Account included in the financial statements.

##### Investment Valuation:

Investment shares are valued at the net asset values of the respective portfolios. Transactions are recorded on the trade date. Dividend income is



recorded on the ex-dividend date.

Realized Gains and Losses:

Realized gains and losses on sales of investment shares are determined using the specific identification basis for financial reporting and income tax purposes.

Federal Income Taxes:

The operations of the Separate Accounts are included in the Federal income tax return of Provident Mutual. Under the provisions of the policies, Provident Mutual has the right to charge the Separate Account for Federal income tax attributable to the Separate Account. No charge is currently being made against the Separate Account for such tax.

Estimates:

The preparation of the accompanying financial statements required management to make estimates and assumptions that affect the reported values of assets and liabilities and the reported amounts from operations and policy transactions during the period. Actual results could differ from those estimates.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS

At September 30, 2002, the investments of the respective Subaccounts are as follows:

<Table>  
<Caption>

	SHARES	COST	FAIR VALUE
<S>	<C>	<C>	<C>
Market Street Fund, Inc.:			
All Pro Broad Equity Portfolio**	12,569,484	\$204,406,995	\$120,541,356
Money Market Portfolio	63,585,560	\$63,585,560	\$63,585,560
Bond Portfolio	2,019,836	\$21,562,938	\$22,521,171
Balanced Portfolio**	2,771,741	\$43,055,054	\$33,981,544
Mid Cap Growth Portfolio**	3,292,474	\$67,695,989	\$47,312,847
International Portfolio	4,417,202	\$57,408,958	\$41,566,920
All Pro Large Cap Growth Portfolio	2,760,660	\$31,521,636	\$17,171,306
All Pro Large Cap Value Portfolio	1,887,227	\$18,228,303	\$14,550,517
All Pro Small Cap Growth Portfolio	2,549,887	\$41,654,181	\$18,639,672
All Pro Small Cap Value Portfolio	2,672,464	\$25,169,023	\$20,925,390
Equity 500 Index Portfolio	24,042,119	\$229,276,701	\$138,482,606
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series	17,797,925	\$13,212,788	\$16,718,125
Variable Insurance Products Fund:			
Equity-Income Portfolio	6,319,191	\$144,252,525	\$104,898,567
Growth Portfolio	6,662,735	\$263,552,577	\$146,247,042
High Income Portfolio	2,363,091	\$15,646,834	\$13,067,891
Overseas Portfolio	3,295,257	\$64,422,173	\$34,863,821
Variable Insurance Products Fund II:			
Asset Manager Portfolio	3,603,671	\$57,740,359	\$42,811,606
Investment Grade Bond Portfolio	3,095,636	\$38,535,115	\$41,264,827
Contrafund Portfolio	4,473,732	\$103,231,926	\$79,900,852
Neuberger Berman Advisers Management Trust:			
Limited Maturity Bond Portfolio	1,201,434	\$15,694,791	\$16,051,153
Partners Portfolio	1,849,065	\$32,454,823	\$19,748,011
Van Eck Worldwide InsuranceTrust:			
Van Eck Worldwide Bond Portfolio	663,673	\$6,967,341	\$7,141,122
Van Eck Worldwide Hard Assets Portfolio	349,559	\$3,793,229	\$3,348,774
Van Eck Worldwide Emerging Markets Portfolio	1,837,674	\$19,438,185	\$13,120,992
Van Eck Worldwide Real Estate Portfolio	324,963	\$3,390,850	\$3,285,381
Alger American Fund: Alger American Small Capitalization Portfolio	1,718,919	\$45,874,966	\$19,853,517
Strong Variable Insurance Funds, Inc.:			
Strong Mid Cap Growth Fund II	528,538	\$9,423,377	\$5,132,107
Strong Opportunity Fund II, Inc.:			
Strong Opportunity Fund II	406,887	\$8,125,286	\$5,273,261
Dreyfus Variable Investment Fund: Appreciation Portfolio	46,178	\$1,463,623	\$1,259,261
American Century Variable Portfolios, Inc.:			
VP International Portfolio	128,246	\$769,588	\$643,796
VP Ultra Portfolio	12,446	\$102,455	\$87,993

VP Value Portfolio.....	270,577	\$1,755,918	\$1,526,056
Janus Aspen Series:			
Capital Appreciation Portfolio.....	10,418	\$189,280	\$176,061
International Growth Portfolio.....	6,786	\$130,799	\$112,247
Global Technology Portfolio.....	12,752	\$36,495	\$29,329
Oppenheimer Variable Account Funds:			
Capital Appreciation Fund VA.....	11,117	\$313,681	\$275,040
Global Securities Fund VA.....	14,347	\$269,117	\$247,191
Main Street Growth & Income Fund VA.....	15,859	\$268,618	\$232,658

</Table>

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\*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Portfolios were known as the Market Street Fund Growth, Managed and Aggressive Growth Portfolios, respectively.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

During the nine months ended September 30, 2002 transactions in investment shares were as follows:

<Table>  
<Caption>

MARKET STREET FUND			
	**ALL PRO BROAD EQUITY PORTFOLIO	MONEY MARKET PORTFOLIO	BOND PORTFOLIO
	2002	2002	2002
<S>	<C>	<C>	<C>
Shares purchased.....	456,449	24,286,826	312,508
Shares received from reinvestment of:			
Dividends.....	106,957	629,652	86,213
Capital gain distributions.....	1,328,980		
Total shares acquired.....	1,892,386	24,916,478	398,721
Total shares redeemed.....	(927,518)	(14,371,964)	(175,594)
Net increase in shares owned.....	964,868	10,544,514	223,127
Shares owned, beginning of year.....	11,604,616	53,041,046	1,796,709
Shares owned, end of year.....	12,569,484	63,585,560	2,019,836
Cost of shares acquired.....	\$24,687,322	\$ 24,916,478	\$4,290,368
Cost of shares redeemed.....	\$13,493,711	\$ 14,371,964	\$1,849,070

</Table>

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\*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity Portfolio was known as the Market Street Fund Growth Portfolio.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

MARKET STREET FUND			
	**BALANCED PORTFOLIO	**MID CAP GROWTH PORTFOLIO	INTERNATIONAL PORTFOLIO
	2002	2002	2002
<S>	<C>	<C>	<C>
Shares purchased.....	107,497	285,866	382,571

Shares received from reinvestment of:			
Dividends.....	81,046		45,997
Capital gain distributions.....		15,803	
	-----	-----	-----
Total shares acquired.....	188,543	301,669	428,568
Total shares redeemed.....	(233,258)	(371,746)	(242,656)
	-----	-----	-----
Net (decrease) increase in shares owned.....	(44,715)	(70,077)	185,912
Shares owned, beginning of year.....	2,816,456	3,362,551	4,231,290
	-----	-----	-----
Shares owned, end of year.....	2,771,741	3,292,474	4,417,202
	=====	=====	=====
Cost of shares acquired.....	\$2,533,039	\$5,489,883	\$4,821,647
	=====	=====	=====
Cost of shares redeemed.....	\$2,913,329	\$6,498,903	\$3,003,463
	=====	=====	=====

</Table>

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\*\* Prior to January 29, 2001, the Market Street Fund Balanced and Market Street Fund Mid Cap Growth Portfolios were known as the Market Street Fund Managed and Market Street Fund Aggressive Growth Portfolios, respectively.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

-----  
3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	MARKET STREET FUND		
	ALL PRO LARGE CAP GROWTH PORTFOLIO	ALL PRO LARGE CAP VALUE PORTFOLIO	ALL PRO SMALL CAP GROWTH PORTFOLIO
	2002	2002	2002
<S>	<C>	<C>	<C>
Shares purchased.....	470,091	539,134	460,754
Shares received from reinvestment of:			
Dividends.....		16,091	
Capital gain distributions.....			
	-----	-----	-----
Total shares acquired.....	470,091	555,225	460,754
Total shares redeemed.....	(329,910)	(104,460)	(334,759)
	-----	-----	-----
Net increase in shares owned.....	140,181	450,765	125,995
Shares owned, beginning of year.....	2,620,479	1,436,462	2,423,892
	-----	-----	-----
Shares owned, end of year.....	2,760,660	1,887,227	2,549,887
	=====	=====	=====
Cost of shares acquired.....	\$3,687,151	\$5,216,376	\$4,728,858
	=====	=====	=====
Cost of shares redeemed.....	\$4,274,652	\$1,088,596	\$4,377,237
	=====	=====	=====

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

-----  
3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	MARKET STREET FUND	THE STRIPPED ("ZERO") U.S. TREASURY SECURITIES FUND PROVIDENT MUTUAL SERIES A
	ALL PRO SMALL CAP	EQUITY 500

	VALUE PORTFOLIO	INDEX PORTFOLIO	2006 SERIES
	2002	2002	2002
<S>	<C>	<C>	<C>
Shares purchased.....	997,675	1,964,108	2,544,306
Shares received from reinvestment of:			
Dividends.....	6,953	255,415	
Capital gain distributions.....	86,634		
Total shares acquired.....	1,091,262	2,219,523	2,544,306
Total shares redeemed.....	(278,063)	(1,575,669)	(1,535,417)
Net increase (decrease) in shares owned.....	813,199	643,854	1,008,889
Shares owned, beginning of year.....	1,859,265	23,398,265	16,789,036
Shares owned, end of year.....	2,672,464	24,042,119	17,797,925
Cost of shares acquired.....	\$10,815,193	\$16,509,871	\$ 2,281,637
Cost of shares redeemed.....	\$ 2,029,061	\$15,756,685	\$ 965,011

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	VARIABLE INSURANCE PRODUCTS FUND		
	EQUITY-INCOME PORTFOLIO	GROWTH PORTFOLIO	HIGH INCOME PORTFOLIO
	2002	2002	2002
<S>	<C>	<C>	<C>
Shares purchased.....	402,037	428,511	604,796
Shares received from reinvestment of:			
Dividends.....	103,312	14,949	293,582
Capital gain distributions.....	140,620		
Total shares acquired.....	645,969	443,460	898,378
Total shares redeemed.....	(322,260)	(527,825)	(1,007,849)
Net increase (decrease) in shares owned.....	323,709	(84,365)	(109,471)
Shares owned, beginning of year.....	5,995,482	6,747,100	2,472,562
Shares owned, end of year.....	6,319,191	6,662,735	2,363,091
Cost of shares acquired.....	\$13,526,267	\$13,075,671	\$ 5,152,395
Cost of shares redeemed.....	\$ 6,198,998	\$15,338,897	\$ 9,677,697

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	VARIABLE INSURANCE PRODUCTS FUND	VARIABLE INSURANCE PRODUCTS FUND II
	ASSET MANAGER	INVESTMENT GRADE

	OVERSEAS PORTFOLIO	PORTFOLIO	BOND PORTFOLIO
	2002	2002	2002
<S>	<C>	<C>	<C>
Shares purchased.....	306,083	265,348	627,018
Shares received from reinvestment of:			
Dividends.....	26,430	136,934	104,144
Capital gain distributions			
Total shares acquired.....	332,513	402,282	731,162
Total shares redeemed.....	(405,360)	(319,250)	(158,733)
Net (decrease) increase in shares owned.....	(72,847)	83,032	572,429
Shares owned, beginning of year.....	3,368,104	3,520,639	2,523,207
Shares owned, end of year.....	3,295,257	3,603,671	3,095,636
Cost of shares acquired.....	\$4,347,300	\$5,453,103	\$9,362,520
Cost of shares redeemed.....	\$7,437,294	\$4,891,474	\$2,030,438

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

	VARIABLE INSURANCE PRODUCTS FUND II		NEUBERGER BERMAN ADVISORS MANAGEMENT TRUST	
	CONTRAFUND PORTFOLIO	LIMITED MATURITY BOND PORTFOLIO	PARTNERS PORTFOLIO	
	2002	2002	2002	
<S>	<C>	<C>	<C>	
Shares purchased.....	293,771	401,030	110,370	
Shares received from reinvestment of:				
Dividends.....	36,813	46,549	9,123	
Capital gain distributions.....				
Total shares acquired.....	330,584	447,579	119,493	
Total shares redeemed.....	(328,696)	(188,904)	(177,671)	
Net increase (decrease) in shares owned.....	1,888	258,675	(58,178)	
Shares owned, beginning of year.....	4,471,844	942,759	1,907,243	
Shares owned, end of year.....	4,473,732	1,201,434	1,849,065	
Cost of shares acquired.....	\$6,509,507	\$5,862,098	\$1,672,917	
Cost of shares redeemed.....	\$6,486,137	\$2,540,115	\$3,539,205	

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

VAN ECK WORLDWIDE INSURANCE TRUST

	2002	2002	2002
<S>	<C>	<C>	<C>
Shares purchased.....	250,382	79,452	401,745
Shares received from reinvestment of:			
Dividends.....		2,543	2,835
Capital gain distributions.....			
	-----	-----	-----
Total shares acquired.....	250,382	81,995	404,580
Total shares redeemed.....	(115,379)	(39,367)	(166,843)
	-----	-----	-----
Net increase (decrease) in shares owned.....	135,003	42,628	237,737
Shares owned, beginning of year.....	528,670	306,931	1,599,937
	-----	-----	-----
Shares owned, end of year.....	663,673	349,559	1,837,674
	=====	=====	=====
Cost of shares acquired.....	\$2,586,563	\$914,296	\$3,669,281
	=====	=====	=====
Cost of shares redeemed.....	\$1,262,800	\$465,439	\$1,432,788
	=====	=====	=====

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	VAN ECK WORLDWIDE INSURANCE TRUST	ALGER AMERICAN FUND
	VAN ECK WORLDWIDE REAL ESTATE PORTFOLIO	ALGER AMERICAN SMALL CAPITALIZATION PORTFOLIO
	2002	2002
<S>	<C>	<C>
Shares purchased.....	140,126	236,640
Shares received from reinvestment of:		
Dividends.....	6,350	
Capital gain distributions		
	-----	-----
Total shares acquired.....	146,476	236,640
Total shares redeemed.....	(21,618)	(285,624)
	-----	-----
Net increase (decrease) in shares owned.....	124,858	(48,984)
Shares owned, beginning of year.....	200,105	1,767,903
	-----	-----
Shares owned, end of year.....	324,963	1,718,919
	=====	=====
Cost of shares acquired.....	\$1,603,496	\$ 3,510,719
	=====	=====
Cost of shares redeemed.....	\$ 215,666	\$11,685,583
	=====	=====

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

STRONG VARIABLE INSURANCE FUNDS, INC.	STRONG OPPORTUNITY FUND II, INC.
---	--

	STRONG MID CAP GROWTH FUND II	STRONG OPPORTUNITY FUND II
	2002	2002
<S>	<C>	<C>
Shares purchased.....	179,307	188,741
Shares received from reinvestment of:		
Dividends.....		
Capital gain distributions.....		
Total shares acquired.....	179,307	188,741
Total shares redeemed.....	(91,048)	(50,143)
Net increase in shares owned.....	88,259	138,598
Shares owned, beginning of year.....	440,279	268,289
Shares owned, end of year.....	528,538	406,887
Cost of shares acquired.....	\$2,542,137	\$3,302,822
Cost of shares redeemed.....	\$2,988,613	\$1,340,306

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

	DREYFUS VARIABLE INVESTMENT FUND	AMERICAN CENTURY VARIABLE PORTFOLIOS, INC.		
	APPRECIATION PORTFOLIO	VP INTERNATIONAL PORTFOLIO	VP ULTRA PORTFOLIO	VP VALUE PORTFOLIO
	2002	2002	2002	2002
<S>	<C>	<C>	<C>	<C>
Shares purchased.....	47,342	129,816	12,692	290,227
Shares received from reinvestment of:				
Dividends.....				
Capital gain distributions.....				
Total shares acquired.....	47,342	129,816	12,692	290,227
Total shares redeemed.....	(1,164)	(1,570)	(246)	(19,650)
Net increase in shares owned.....	46,178	128,246	12,446	270,577
Shares owned, beginning of year.....				
Shares owned, end of year.....	46,178	128,246	12,446	270,577
Cost of shares acquired.....	\$1,503,807	\$779,669	\$104,712	\$1,894,580
Cost of shares redeemed.....	\$ 40,184	\$ 10,081	\$ 2,257	\$ 138,662

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	CAPITAL APPRECIATION PORTFOLIO	INTERNATIONAL GROWTH PORTFOLIO	GLOBAL TECHNOLOGY PORTFOLIO	CAPITAL APPRECIATION FUND V/A	GLOBAL SECURITIES FUND V/A	MAIN STREET GROWTH & INCOME FUND V/A
	2002	2002	2002	2002	2002	2002
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Shares purchased.....	11,257	7,013	26,093	12,243	15,883	15,977
Shares received from reinvestment of:						
Dividends.....	7	9				
Capital gain distributions.....						
Total shares acquired.....	11,264	7,022	26,093	12,243	15,883	15,977
Total shares redeemed.....	(846)	(236)	(13,341)	(1,126)	(1,536)	(118)
Net increase in shares owned.....	10,418	6,786	12,752	11,117	14,347	15,859
Shares owned, beginning of year						
Shares owned, end of year.....	10,418	6,786	12,752	11,117	14,347	15,859
Cost of shares acquired.....	\$206,012	\$136,046	\$80,062	\$351,349	\$303,862	\$270,837
Cost of shares redeemed.....	\$ 16,732	\$ 5,247	\$43,567	\$ 37,668	\$ 34,745	\$ 2,219

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

During the period ended September 30, 2002 the unit activity and unit values were as follows:

<Table>  
<Caption>

VIP I  
2002

	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	1,673.81	(578.56)	1,095.25	\$4,995.80
Money Market Subaccount.....	229.65	(25.01)	204.64	\$2,799.13
Bond Subaccount.....	393.11	(190.60)	202.51	\$4,279.78
Managed Subaccount.....	688.29	(103.15)	585.14	\$3,080.20
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....	5.30	(1.51)	3.79	\$4,412.24

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

OPTIONS  
2002



	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	22,277.98	(914.45)	21,363.53	\$3,356.91
Money Market Subaccount.....	2,692.68	564.46	3,257.14	\$2,055.94
Bond Subaccount.....	2,121.56	28.97	2,150.53	\$2,518.49
Managed Subaccount.....	5,836.51	(278.47)	5,558.04	\$2,661.27
Aggressive Growth Subaccount.....	4,247.93	(391.94)	3,855.99	\$3,566.58
International Subaccount.....	6,189.04	(121.98)	6,067.06	\$1,654.15
All Pro Large Cap Growth Subaccount.....	3,595.88	113.33	3,709.21	\$ 630.97
All Pro Large Cap Value Subaccount.....	1,690.66	320.36	2,011.02	\$ 779.82
All Pro Small Cap Growth Subaccount.....	4,449.31	(342.45)	4,106.86	\$ 735.48
All Pro Small Cap Value Subaccount.....	3,176.95	784.91	3,961.86	\$ 810.65
Equity 500 Index Subaccount.....	7,251.66	(530.88)	6,720.78	\$1,979.25
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....	598.25	24.84	623.09	\$4,033.33
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	7,404.02	(6.52)	7,397.50	\$1,949.97
Growth Subaccount.....	14,991.37	(583.01)	14,408.36	\$1,784.87
High Income Subaccount.....	1,717.81	(762.73)	955.08	\$1,082.51
Overseas Subaccount.....	5,108.77	(359.10)	4,749.67	\$1,000.43
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	5,177.07	(255.94)	4,921.13	\$1,584.45
Investment Grade Bond Subaccount.....	1,572.29	237.29	1,809.58	\$1,751.07
Contrafund Subaccount.....	5,777.33	(307.31)	5,470.02	\$1,589.76
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	659.66	390.68	1,050.34	\$1,527.10
Partners Subaccount.....	2,342.75	(121.55)	2,221.20	\$1,389.73
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	754.46	90.20	844.66	\$1,373.52
Van Eck Worldwide Hard Assets Subaccount.....	551.66	103.20	654.86	\$ 939.71
Van Eck Worldwide Emerging Markets Subaccount.....	3,015.57	1,290.89	4,306.46	\$ 645.17
Van Eck Worldwide Real Estate Subaccount.....	207.16	73.12	280.28	\$ 983.47

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	UNITS OWNED	NET (DECREASE) / INCREASE IN	OPTIONS 2002 UNITS OWNED	UNIT VALUE
--	-------------	---------------------------------	--------------------------------	------------

	BEGINNING OF YEAR	UNITS OWNED	END OF PERIOD	END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Alger American Fund:				
Alger American Small Capitalization Subaccount....	4,709.79	(264.28)	4,445.51	\$ 593.22
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....			--	--
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....			--	--
American Century				
VP International.....			--	--
VP Ultra.....			--	--
VP Value.....			--	--
Oppenheimer				
Capital Appreciation.....			--	--
Global Securities.....			--	--
Main St Growth & Inc.....			--	--
Dreyfus				
Appreciation.....			--	--
Janus				
Capital Appreciation.....			--	--
International Growth.....			--	--
Global Technology.....			--	--

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	SURVIVOR 2002			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	1,541.17	(0.40)	1,540.77	\$3,356.91
Money Market Subaccount.....	3,576.12	855.85	4,431.97	\$2,055.94
Bond Subaccount.....	912.08	(2.54)	909.54	\$2,518.49
Managed Subaccount.....	1,025.17	5.14	1,030.31	\$2,661.27
Aggressive Growth Subaccount.....	1,366.48	(131.21)	1,235.27	\$3,566.58
International Subaccount.....	2,284.92	186.77	2,471.69	\$1,654.15
All Pro Large Cap Growth Subaccount.....	2,534.48	(21.29)	2,513.19	\$ 630.97
All Pro Large Cap Value Subaccount.....	1,460.07	366.81	1,826.88	\$ 779.82
All Pro Small Cap Growth Subaccount.....	2,321.93	(7.57)	2,314.36	\$ 735.48
All Pro Small Cap Value Subaccount.....	2,480.44	1,041.81	3,522.25	\$ 810.65
Equity 500 Index Subaccount.....	11,552.23	(67.00)	11,485.23	\$1,979.25
The Stripped ("Zero") U.S. Treasury Securities Fund,				

Provident Mutual Series A: 2006 Series.....	918.36	10.86	929.22	\$4,033.33
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	8,819.86	209.78	9,029.64	\$1,949.97
Growth Subaccount.....	10,258.44	(143.05)	10,115.39	\$1,784.87
High Income Subaccount.....	2,203.27	70.71	2,273.98	\$1,082.51
Overseas Subaccount.....	5,154.73	(56.13)	5,098.60	\$1,000.43
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	4,188.25	153.54	4,341.79	\$1,584.45
Investment Grade Bond Subaccount.....	3,417.87	390.03	3,807.90	\$1,751.07
Contrafund Subaccount.....	5,141.58	173.90	5,315.48	\$2,068.49
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	1,365.99	135.74	1,501.73	\$1,527.10
Partners Subaccount.....	4,283.56	(244.81)	4,038.75	\$ 680.76
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	673.92	105.74	779.66	\$1,373.52
Van Eck Worldwide Hard Assets Subaccount.....	400.59	81.50	482.09	\$ 939.71
Van Eck Worldwide Emerging Markets Subaccount.....	2,038.14	465.68	2,503.82	\$ 645.17
Van Eck Worldwide Real Estate Subaccount.....	348.90	205.75	554.65	\$ 983.47

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
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3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	SURVIVOR 2002			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Alger American Fund:				
Alger American Small Capitalization Subaccount....	4,062.35	(268.41)	3,793.94	\$ 593.22
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	1,323.99	(346.80)	977.19	\$ 340.30
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	809.35	45.58	854.93	\$ 631.12
American Century				
VP International.....	--	80.85	80.85	\$ 783.62
VP Ultra.....	--	57.92	57.92	\$ 777.53
VP Value.....	--	355.85	355.85	\$ 807.14
Oppenheimer				
Capital Appreciation.....	--	62.71	62.71	\$ 744.65
Global Securities.....	--	35.00	35.00	\$ 759.12
Main St Growth & Inc. ....	--	63.94	63.94	\$ 783.77
Dreyfus				
Appreciation.....	--	133.29	133.29	\$ 798.16
Janus				

Capital Appreciation.....	--	15.65	15.65	\$ 861.89
			=====	
International Growth.....	--	--	--	\$ 747.63
			=====	
Global Technology.....	--	1.88	1.88	\$ 680.77
			=====	

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
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3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	SPECIAL PRODUCT 2002			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	11,498.31	(259.81)	11,238.50	\$183.12
			=====	
Money Market Subaccount.....	14,890.47	15,201.64	30,092.11	\$150.32
			=====	
Bond Subaccount.....	8,056.09	(1,097.98)	6,958.11	\$199.56
			=====	
Managed Subaccount.....	2,134.27	(104.19)	2,030.08	\$203.62
			=====	
Aggressive Growth Subaccount.....	6,919.39	(288.97)	6,630.42	\$238.47
			=====	
International Subaccount.....	11,382.80	(461.82)	10,920.98	\$162.73
			=====	
All Pro Large Cap Growth Subaccount.....	7,043.49	450.77	7,494.26	\$ 62.68
			=====	
All Pro Large Cap Value Subaccount.....	5,664.62	1,358.03	7,022.65	\$ 77.47
			=====	
All Pro Small Cap Growth Subaccount.....	10,707.36	(1,678.71)	9,028.65	\$ 73.06
			=====	
All Pro Small Cap Value Subaccount.....	7,345.41	(76.72)	7,268.69	\$ 80.53
			=====	
Equity 500 Index Subaccount.....	33,485.30	(1,157.20)	32,328.10	\$195.22
			=====	
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....				
	1,611.98	295.53	1,907.51	\$282.34
			=====	
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	30,435.47	(3,713.93)	26,721.54	\$192.33
			=====	
Growth Subaccount.....	38,506.85	(6,836.00)	31,670.85	\$176.05
			=====	
High Income Subaccount.....	4,931.94	(21.12)	4,910.82	\$103.58
			=====	
Overseas Subaccount.....	22,960.69	(2,857.80)	20,102.89	\$ 98.79
			=====	
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	13,979.02	(4,099.12)	9,879.90	\$156.28
			=====	
Investment Grade Bond Subaccount.....	16,833.88	(628.65)	16,205.23	\$172.91
			=====	
Contrafund Subaccount.....	20,895.68	(367.54)	20,528.14	\$157.45
			=====	
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	2,997.65	519.33	3,516.98	\$150.80
			=====	
Partners Subaccount.....	13,944.82	(46.16)	13,898.66	\$ 67.63
			=====	
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	309.40	1,699.15	2,008.55	\$135.63
			=====	
Van Eck Worldwide Hard Assets Subaccount.....	849.59	(115.74)	733.85	\$ 92.79
			=====	
Van Eck Worldwide Emerging Markets Subaccount...	2,911.05	(65.04)	2,846.01	\$ 63.90
			=====	

Van Eck Worldwide Real Estate Subaccount.....	358.99	(42.17)	=====	=====
			316.82	\$ 97.70
			=====	=====

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	SPECIAL PRODUCT 2002			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Alger American Fund:				
Alger American Small Capitalization				
Subaccount.....	5,885.04	5,559.48	11,444.52	\$ 58.75
			=====	=====
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	4,060.56	340.67	4,401.23	\$ 33.91
			=====	=====
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	5,958.05	(168.52)	5,789.53	\$ 62.88
			=====	=====
American Century				
VP International.....	--	--	--	--
			=====	=====
VP Ultra.....	--	--	--	--
			=====	=====
VP Value.....	--	884.34	884.34	\$ 80.66
			=====	=====
Oppenheimer				
Capital Appreciation.....	--	--	--	--
			=====	=====
Global Securities.....	--	196.90	196.90	\$ 75.86
			=====	=====
Main St Growth & Inc.....	--	196.92	196.92	\$ 78.33
			=====	=====
Dreyfus				
Appreciation.....	--	--	--	--
			=====	=====
Janus				
Capital Appreciation.....	--	--	--	--
			=====	=====
International Growth.....	--	--	--	--
			=====	=====
Global Technology.....	--	--	--	--
			=====	=====

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	OPTIONS PLUS 2002			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD

<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	184,848.21	(7,435.16)	177,413.05	\$183.44
			=====	=====
Money Market Subaccount.....	116,932.99	14,627.27	131,560.26	\$150.58
			=====	=====
Bond Subaccount.....	43,586.50	4,792.58	48,379.08	\$199.91
			=====	=====
Managed Subaccount.....	66,053.29	(4,281.62)	61,771.67	\$203.98
			=====	=====
Aggressive Growth Subaccount.....	93,836.35	(2,441.29)	91,395.06	\$238.89
			=====	=====
International Subaccount.....	133,986.96	1,616.65	135,603.61	\$163.01
			=====	=====
All Pro Large Cap Growth Subaccount.....	128,704.45	(3,598.20)	125,106.25	\$ 62.79
			=====	=====
All Pro Large Cap Value Subaccount.....	65,510.00	11,550.91	77,060.91	\$ 77.60
			=====	=====
All Pro Small Cap Growth Subaccount.....	104,295.57	1,231.60	105,527.17	\$ 73.19
			=====	=====
All Pro Small Cap Value Subaccount.....	81,486.12	22,782.66	104,268.78	\$ 80.67
			=====	=====
Equity 500 Index Subaccount.....	361,308.54	(9,690.45)	351,618.09	\$195.56
			=====	=====
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A:				
2006 Series.....	31,901.21	2,701.00	34,602.21	\$282.83
			=====	=====
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	295,603.62	(5,079.30)	290,524.32	\$192.67
			=====	=====
Growth Subaccount.....	432,612.75	(20,023.78)	412,588.97	\$176.36
			=====	=====
High Income Subaccount.....	86,381.08	(14,853.60)	71,527.48	\$103.76
			=====	=====
Overseas Subaccount.....	184,440.35	(8,819.83)	175,620.52	\$ 98.96
			=====	=====
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	144,155.07	(4,873.53)	139,281.54	\$156.55
			=====	=====
Investment Grade Bond Subaccount.....	95,944.64	11,462.64	107,407.28	\$173.21
			=====	=====
Contrafund Subaccount.....	272,908.43	(13,035.02)	259,873.41	\$157.73
			=====	=====
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	48,953.13	5,324.72	54,277.85	\$151.06
			=====	=====
Partners Subaccount.....	174,730.62	(6,302.94)	168,427.68	\$ 67.74
			=====	=====
Van Eck Worldwide InsuranceTrust:				
Van Eck Worldwide Bond Subaccount.....	24,064.97	3,478.79	27,543.76	\$135.87
			=====	=====
Van Eck Worldwide Hard Assets Subaccount.....	16,716.56	855.97	17,572.53	\$ 92.96
			=====	=====
Van Eck Worldwide Emerging Markets Subaccount...	95,968.77	2,565.67	98,534.44	\$ 64.01
			=====	=====
Van Eck Worldwide Real Estate Subaccount.....	8,306.49	4,297.63	12,604.12	\$ 97.87
			=====	=====

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	OPTIONS PLUS 2002			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Alger American Fund:				

Alger American Small Capitalization Subaccount.....	203,973.30	(12,914.53)	191,058.77	\$ 58.86
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	43,204.01	2,595.76	45,799.77	\$ 33.97
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	24,193.75	10,899.10	35,092.85	\$ 62.99
American Century				
VP International.....	--	5,017.76	5,017.76	\$ 78.35
VP Ultra.....	--	95.20	95.20	\$ 77.74
VP Value.....	--	9,665.84	9,665.84	\$ 80.70
Oppenheimer				
Capital Appreciation.....	--	753.82	753.82	\$ 74.45
Global Securities.....	--	1,262.21	1,262.21	\$ 75.90
Main St Growth & Inc.....	--	647.85	647.85	\$ 78.36
Dreyfus				
Appreciation.....	--	9,896.03	9,896.03	\$ 79.80
Janus				
Capital Appreciation.....	--	906.73	906.73	\$ 86.17
International Growth.....	--	415.05	415.05	\$ 74.75
Global Technology.....	--	57.43	57.43	\$ 68.06

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

OPTIONS PREMIER 2002				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	14,762.12	3,761.46	18,523.58	\$183.12
Money Market Subaccount.....	101,961.53	19,541.33	121,502.86	\$150.32
Bond Subaccount.....	9,057.09	3,770.55	12,827.64	\$199.56
Managed Subaccount.....	5,553.80	1,498.19	7,051.99	\$203.62
Aggressive Growth Subaccount.....	14,915.45	6,381.27	21,296.72	\$238.47
International Subaccount.....	11,789.49	7,030.40	18,819.89	\$162.73
All Pro Large Cap Growth Subaccount.....	54,534.26	15,047.70	69,581.96	\$ 62.68
All Pro Large Cap Value Subaccount.....	37,558.66	20,743.25	58,301.91	\$ 77.47
All Pro Small Cap Growth Subaccount.....	51,570.16	15,117.70	66,687.86	\$ 73.06
All Pro Small Cap Value Subaccount.....	37,471.52	25,856.01	63,327.53	\$ 80.53
Equity 500 Index Subaccount.....	95,102.60	27,762.95	122,865.55	\$195.22
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....	--	--	--	--

Variable Insurance Products Fund:				
Equity-Income Subaccount.....	39,854.55	13,894.98	53,749.53	\$192.33
Growth Subaccount.....	99,615.81	22,686.98	122,302.79	\$176.05
High Income Subaccount.....	13,128.32	530.82	13,659.14	\$103.58
Overseas Subaccount.....	43,850.57	5,661.40	49,511.97	\$ 98.79
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	18,489.55	6,099.81	24,589.36	\$156.28
Investment Grade Bond Subaccount.....	33,989.93	15,078.08	49,068.01	\$172.91
Contrafund Subaccount.....	78,774.70	11,245.57	90,020.27	\$157.45
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	12,978.46	7,211.64	20,190.10	\$150.80
Partners Subaccount.....	17,468.50	3,318.08	20,786.58	\$ 67.63
Van Eck Worldwide InsuranceTrust:				
Van Eck Worldwide Bond Subaccount.....	2,513.08	3,195.87	5,708.95	\$135.63
Van Eck Worldwide Hard Assets Subaccount.....	3,303.57	1,632.86	4,936.43	\$ 92.79
Van Eck Worldwide Emerging Markets Subaccount...	24,176.59	6,559.53	30,736.12	\$ 63.90
Van Eck Worldwide Real Estate Subaccount.....	5,317.94	4,616.29	9,934.23	\$ 97.70

</Table>

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

-----				
OPTIONS PREMIER				
2002				
-----				
	UNITS OWNED	NET (DECREASE) /	UNITS OWNED	UNIT VALUE
	BEGINNING OF YEAR	INCREASE IN	END OF PERIOD	END OF PERIOD
		UNITS OWNED		
-----				
<S>	<C>	<C>	<C>	<C>
Alger American Fund:				
Alger American Small Capitalization				
Subaccount.....	42,747.05	9,079.07	51,826.12	\$ 58.75
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	56,266.90	23,078.72	79,345.62	\$ 33.91
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	14,576.80	13,834.69	28,411.49	\$ 62.88
American Century				
VP International.....	--	1,721.81	1,721.81	\$ 78.31
VP Ultra.....	--	204.97	204.97	\$ 77.70
VP Value.....	--	4,276.40	4,276.40	\$ 80.66
Oppenheimer				
Capital Appreciation.....	--	1,666.95	1,666.95	\$ 74.42
Global Securities.....	--	1,159.50	1,159.50	\$ 75.86
Main St Growth & Inc.....	--	853.91	853.91	\$ 78.33
Dreyfus				
Appreciation.....	--	3,705.70	3,705.70	\$ 79.77
Janus				
Capital Appreciation.....	--	585.31	585.31	\$ 86.13



International Growth.....	--	814.50	814.50	\$ 74.72
			=====	=====
Global Technology.....	--	98.61	98.61	\$ 68.03
			=====	=====

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	SURVIVOR OPTIONS PREMIER 2002			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	470.48	6.99	477.47	\$183.12
			=====	=====
Money Market Subaccount.....	7,009.82	1,685.79	8,695.61	\$150.32
			=====	=====
Bond Subaccount.....	130.84	280.74	411.58	\$199.56
			=====	=====
Managed Subaccount.....	131.83	166.42	298.25	\$203.62
			=====	=====
Aggressive Growth Subaccount.....	467.19	49.96	517.15	\$238.47
			=====	=====
International Subaccount.....	397.37	332.62	729.99	\$162.73
			=====	=====
All Pro Large Cap Growth Subaccount.....	1,563.01	1,030.94	2,593.95	\$ 62.68
			=====	=====
All Pro Large Cap Value Subaccount.....	884.71	1,204.41	2,089.12	\$ 77.47
			=====	=====
All Pro Small Cap Growth Subaccount.....	1,432.60	552.32	1,984.92	\$ 73.06
			=====	=====
All Pro Small Cap Value Subaccount.....	1,143.61	749.47	1,893.08	\$ 80.53
			=====	=====
Equity 500 Index Subaccount.....	3,832.65	1,924.15	5,756.80	\$195.22
			=====	=====
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....	--	--	--	--
			=====	=====
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	1,527.37	1,028.03	2,555.40	\$192.33
			=====	=====
Growth Subaccount.....	3,090.90	1,302.61	4,393.51	\$176.05
			=====	=====
High Income Subaccount.....	153.24	248.14	401.38	\$103.58
			=====	=====
Overseas Subaccount.....	1,165.28	271.36	1,436.64	\$ 98.79
			=====	=====
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	910.93	307.37	1,218.30	\$156.28
			=====	=====
Investment Grade Bond Subaccount.....	1,271.97	2,353.78	3,625.75	\$172.91
			=====	=====
Contrafund Subaccount.....	3,666.61	345.74	4,012.35	\$157.45
			=====	=====
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	565.88	185.58	751.46	\$150.80
			=====	=====
Partners Subaccount.....	355.34	237.26	592.60	\$ 67.63
			=====	=====
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	24.96	97.52	122.48	\$135.63
			=====	=====
Van Eck Worldwide Hard Assets Subaccount.....	212.54	23.91	236.45	\$ 92.79
			=====	=====
Van Eck Worldwide Emerging Markets Subaccount.....	916.01	63.02	979.03	\$ 63.90
			=====	=====
Van Eck Worldwide Real Estate Subaccount.....	313.98	166.70	480.68	\$ 97.70
			=====	=====

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	SURVIVOR OPTIONS PREMIER 2002			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Alger American Fund:				
Alger American Small Capitalization Subaccount....	1,442.64	182.72	1,625.36	\$ 58.75
			=====	=====
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	1,419.99	1,027.56	2,447.55	\$ 33.91
			=====	=====
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	645.36	1,342.05	1,987.41	\$ 62.88
			=====	=====
American Century				
VP International.....	--	33.03	33.03	\$ 78.31
			=====	=====
VP Ultra.....	--	4.21	4.21	\$ 77.70
			=====	=====
VP Value.....	--	66.71	66.71	\$ 80.66
			=====	=====
Oppenheimer				
Capital Appreciation.....	--	52.04	52.04	\$ 74.42
			=====	=====
Global Securities.....	--	6.44	6.44	\$ 75.86
			=====	=====
Main St Growth & Inc.....	--	47.35	47.35	\$ 78.33
			=====	=====
Dreyfus				
Appreciation.....	--	61.10	61.10	\$ 79.77
			=====	=====
Janus				
Capital Appreciation.....	--	3.92	3.92	\$ 86.13
			=====	=====
International Growth.....	--	--	--	--
			=====	=====
Global Technology.....	--	4.55	4.55	\$ 68.03
			=====	=====

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	SURVIVOR OPTIONS ELITE 2002			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				

Growth Subaccount.....	386.30	227.93	614.23	\$183.12
Money Market Subaccount.....	21,923.63	(191.39)	21,732.24	\$150.32
Bond Subaccount.....	414.57	717.37	1,131.94	\$199.56
Managed Subaccount.....	231.13	306.27	537.40	\$203.62
Aggressive Growth Subaccount.....	1,156.47	1,048.05	2,204.52	\$238.47
International Subaccount.....	1,809.65	455.90	2,265.55	\$162.73
All Pro Large Cap Growth Subaccount.....	3,785.40	2,082.19	5,867.59	\$ 62.68
All Pro Large Cap Value Subaccount.....	2,064.63	2,337.23	4,401.86	\$ 77.47
All Pro Small Cap Growth Subaccount.....	5,031.06	1,821.98	6,853.04	\$ 73.06
All Pro Small Cap Value Subaccount.....	3,963.43	3,358.83	7,322.26	\$ 80.53
Equity 500 Index Subaccount.....	9,558.39	2,146.68	11,705.07	\$195.22
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....	--	--	--	--
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	3,506.78	1,330.35	4,837.13	\$192.33
Growth Subaccount.....	8,618.51	1,802.94	10,421.45	\$176.05
High Income Subaccount.....	1,186.83	552.29	1,739.12	\$103.58
Overseas Subaccount.....	4,824.88	1,259.88	6,084.76	\$ 98.79
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	3,758.57	1,054.02	4,812.59	\$156.28
Investment Grade Bond Subaccount.....	2,661.12	2,362.14	5,023.26	\$172.91
Contrafund Subaccount.....	6,370.88	1,135.15	7,506.03	\$157.45
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	1,020.42	541.65	1,562.07	\$150.80
Partners Subaccount.....	1,011.98	383.39	1,395.37	\$ 67.63

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Unaudited Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

SURVIVOR OPTIONS ELITE 2002				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF PERIOD	UNIT VALUE END OF PERIOD
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	169.83	489.43	659.26	\$135.63
Van Eck Worldwide Hard Assets Subaccount.....	716.17	37.71	753.88	\$ 92.79
Van Eck Worldwide Emerging Markets Subaccount.....	2,706.02	109.09	2,815.11	\$ 63.90
Van Eck Worldwide Real Estate Subaccount.....	958.18	540.27	1,498.45	\$ 97.70
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	3,141.49	735.85	3,877.34	\$ 58.75
Strong Variable Insurance Funds, Inc.:				

Strong Mid Cap Growth Fund II.....	7,001.47	1,929.48	8,930.95	\$ 33.91
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	1,249.56	2,531.55	3,781.11	\$ 62.88
American Century				
VP International.....	--	384.01	384.01	\$ 78.31
VP Ultra.....	--	--	--	--
VP Value.....	--	207.13	207.13	\$ 80.66
Oppenheimer				
Capital Appreciation.....	--	346.56	346.56	\$ 74.42
Global Securities.....	--	32.54	32.54	\$ 75.86
Main St Growth & Inc.....	--	335.39	335.39	\$ 78.33
Dreyfus				
Appreciation.....	--	534.36	534.36	\$ 79.77
Janus				
Capital Appreciation.....	--	141.47	141.47	\$ 86.13
International Growth.....	--	22.69	22.69	\$ 74.72
Global Technology.....	--	--	--	--

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life and Annuity Company of America  
Notes to Unaudited Financial Statements -- continued  
-----

#### 4. RELATED PARTY TRANSACTIONS

Provident Mutual makes certain deductions from premiums before amounts are allocated to each Separate Account selected by the policyholder. The deductions may include (1) administrative charges, (2) state premium taxes, (3) premium processing charges, (4) premiums for supplementary benefits, (5) premiums for extra mortality risks, (6) sales charges, (7) premiums for optional benefits, (8) a risk charge for the guaranteed minimum death benefit, and (9) Federal tax charges. Premiums adjusted for these deductions are recorded as net premiums in the statement of changes in net assets. See original policy documents for specific charges assessed.

In addition to the aforementioned charges, each Separate Account is charged for mortality and expense risks assumed by Provident Mutual. The annual rates charged to cover these risks range from 0.35% to 0.75% of the net assets held for the benefit of policyholders. For some policyholders, this may be increased on a prospective basis, but cannot exceed 0.90%.

Each Separate Account is also charged by Provident Mutual for the cost of insurance protection. For single premium policies, the charge is accrued daily and deducted annually from the amount invested. For scheduled premium, modified premium and flexible premium adjustable policies, the charge is deducted monthly. The amount of the charge is computed based upon the amount of insurance provided during the year and the insured's attained age. Depending upon the type of policy, additional monthly deductions may be made for (1) administrative charges, (2) minimum death benefit charges, (3) first year policy charges and (4) supplementary charges. See original policy documents for additional monthly charges. These charges are included in the statements of changes in net assets.

During any given policy year, the first four or twelve transfers (depending on the policy) by a policyholder of amounts in the Subaccounts are free of charge. A fee of \$25 is assessed for each additional transfer.

The policies provide for an initial free-look period. If a policy is cancelled within certain time constraints, the policyholder will receive a refund equal to the policy account value plus reimbursements of certain deductions previously made under the policy. Where state law requires a minimum refund equal to gross premiums paid, the refund will instead equal the gross premiums paid on the policy and will not reflect investment experience.

If a policy is surrendered within the first 9-15 policy years (depending on the policy), a contingent deferred sales load charge and/or contingent deferred administrative charge are assessed. These charges are recorded as administrative charges in the statements of changes in net assets.

For scheduled premium and single premium policies, Provident Mutual has agreed to make a daily adjustment to the net rate of return of the Growth, Money Market and Bond Subaccounts to offset completely all Market Street Fund, Inc. expenses charged to the portfolios in which the Subaccounts invest, except for (1) all brokers' commissions, (2) transfer taxes, investment advisory fees and other fees and expenses for services relating to purchases and sales of portfolio investments, and (3) income tax liabilities. The total amounts reimbursed for the Growth, Money Market and Bond Subaccounts for the nine months ended September 30, 2002 and the year ended December 31, 2001 were as follows:

<Table>

<Caption>

	ALL PRO BROAD EQUITY SUBACCOUNT	MONEY MARKET SUBACCOUNT	BOND SUBACCOUNT
	-----	-----	-----
<S>	<C>	<C>	<C>
Nine months ending September 30, 2002.....	\$18,446	\$1,401	\$2,264
Year ending December 31, 2001.....	\$28,549	\$1,733	\$3,203

</Table>

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life and Annuity Company of America  
 Notes to Unaudited Financial Statements -- continued  
 -----

4. RELATED PARTY TRANSACTIONS, CONTINUED

These amounts are shown as an operating expense reimbursement reducing total expenses in the statements of operations.

Provident Mutual makes a daily asset charge against the assets of the Zero Coupon Bond 2006 Series Subaccount. The charge is to reimburse Provident Mutual for the transaction charge paid directly by Provident Mutual to MLPFS on the sale of the Zero Coupon Trust units to the Zero Coupon Bond 2006 Series Subaccount. Provident Mutual pays these amounts from General Account assets. The amount of the asset charge currently is equivalent to an effective annual rate of .25% of the average daily net assets of each Subaccount. This amount may be increased in the future, but in no event will it exceed an effective annual rate of .50%. The charge will be cost based (taking into account the loss of interest) with no anticipated element of profit for Provident Mutual.

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Report of Independent Accountants  
 -----

To the Policyholders and  
 Board of Directors of  
 Provident Mutual Life Insurance  
 Company:

In our opinion, the accompanying statements of assets and liabilities of the Provident Mutual Variable Life Separate Account (comprising twenty-eight subaccounts, hereafter collectively referred to as the "Separate Account") and the related statements of operations and of changes in net assets present fairly, in all material respects, the financial position of the Separate Account at December 31, 2001, and the results of its operations and changes in its net assets for each of the three years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the management of the Separate Account; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2001 by correspondence with the custodian, provide a reasonable basis for our opinion.

Philadelphia, Pennsylvania  
January 18, 2002

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Assets and Liabilities, December 31, 2001  
-----

<Table>  
<Caption>

	ALL PRO BROAD EQUITY SUBACCOUNT	MONEY MARKET SUBACCOUNT	BOND SUBACCOUNT	BALANCED SUBACCOUNT	MID CAP GROWTH SUBACCOUNT	INTERNATIONAL SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Investment in the Market Street Fund, Inc., at fair value:						
All Pro Broad Equity Portfolio.....	\$173,372,963					
Money Market Portfolio.....		\$53,041,046				
Bond Portfolio.....			\$19,745,829			
Balanced Portfolio.....				\$40,134,504		
Mid Cap Growth Portfolio.....					\$67,284,654	
International Portfolio.....						\$47,390,445
Dividends receivable.....		66,767				
Total Assets.....	173,372,963	53,107,813	19,745,829	40,134,504	67,284,654	47,390,445
LIABILITIES						
Payable to Provident Mutual Life Insurance Company.....	126,226	381,821	14,947	76,489	100,000	
NET ASSETS.....	\$173,246,737	\$52,725,992	\$19,730,882	\$40,058,015	\$67,184,654	\$47,390,445
Held for the benefit of policyholders... Attributable to Provident Mutual Life Insurance Company.....	\$173,185,747	\$52,596,697	\$19,710,550	\$39,942,125	\$66,892,976	\$47,308,575
	60,990	129,295	20,332	115,890	291,678	81,870
	\$173,246,737	\$52,725,992	\$19,730,882	\$40,058,015	\$67,184,654	\$47,390,445

</Table>

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Assets and Liabilities, December 31, 2001  
-----

<Table>  
<Caption>

	ALL PRO LARGE CAP GROWTH SUBACCOUNT	ALL PRO LARGE CAP VALUE SUBACCOUNT	ALL PRO SMALL CAP GROWTH SUBACCOUNT	ALL PRO SMALL CAP VALUE SUBACCOUNT	EQUITY 500 INDEX SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Investment in the Market Street Fund, Inc., at fair value:					
All Pro Large Cap Growth Portfolio.....	\$23,584,313				
All Pro Large Cap Value Portfolio.....		\$14,192,246			
All Pro Small Cap Growth Portfolio.....			\$29,304,856		
All Pro Small Cap Value Portfolio.....				\$19,001,687	
Equity 500 Index Portfolio.....					\$189,993,908
Receivable from Provident Mutual Life Insurance Company.....			20,000		40,000
NET ASSETS.....	\$23,584,313	\$14,192,246	\$29,324,856	\$19,001,687	\$190,033,908
Held for the benefit of policyholders..... Attributable to Provident Mutual Life Insurance	\$23,477,074	\$14,160,003	\$29,313,379	\$18,955,712	\$190,020,756

Company.....	107,239	32,243	11,477	45,975	13,152
	-----	-----	-----	-----	-----
	\$23,584,313	\$14,192,246	\$29,324,856	\$19,001,687	\$190,033,908
	=====	=====	=====	=====	=====

</Table>

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Assets and Liabilities, December 31, 2001  
-----

<Table>  
<Caption>

	ZERO COUPON BOND 2006 SERIES SUBACCOUNT
<S>	<C>
ASSETS	
Investment in the Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A, at fair value:	
2006 Series.....	\$14,276,892
	-----
LIABILITIES	
Payable to Provident Mutual Life Insurance Company.....	19,067
	-----
NET ASSETS.....	\$14,257,825
	=====
Held for the benefit of policyholders.....	\$14,229,997
Attributable to Provident Mutual Life Insurance Company.....	27,828
	-----
	\$14,257,825
	=====

</Table>

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Assets and Liabilities, December 31, 2001  
-----

<Table>  
<Caption>

	FIDELITY EQUITY- INCOME SUBACCOUNT	FIDELITY GROWTH SUBACCOUNT	FIDELITY HIGH INCOME SUBACCOUNT	FIDELITY OVERSEAS SUBACCOUNT	FIDELITY ASSET MANAGER SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Investment in the Variable Insurance Products Fund, at fair value:					
Equity-Income Portfolio.....	\$136,397,219				
Growth Portfolio.....		\$226,770,036			
High Income Portfolio.....			\$15,849,124		
Overseas Portfolio.....				\$46,749,289	
Investment in the Variable Insurance Products Fund II, at fair value:					
Asset Manager Portfolio.....					\$51,084,474
Receivable from Provident Mutual Life Insurance Company.....	45,000	67,000	15,000		
	-----	-----	-----	-----	-----
NET ASSETS.....	\$136,442,219	\$226,837,036	\$15,864,124	\$46,749,289	\$51,084,474
	=====	=====	=====	=====	=====
Held for the benefit of policyholders.....	\$136,433,163	\$226,827,837	\$15,851,604	\$46,719,391	\$51,047,025
Attributable to Provident Mutual Life Insurance Company.....	9,056	9,199	12,520	29,898	37,449
	-----	-----	-----	-----	-----
	\$136,442,219	\$226,837,036	\$15,864,124	\$46,749,289	\$51,084,474
	=====	=====	=====	=====	=====

</Table>

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Statements of Assets and Liabilities, December 31, 2001  
 -----

<Table>  
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	FIDELITY INVESTMENT GRADE BOND SUBACCOUNT	FIDELITY CONTRAFUND SUBACCOUNT	NEUBERGER BERMAN LIMITED MATURITY BOND SUBACCOUNT	NEUBERGER BERMAN PARTNERS SUBACCOUNT
<S>	<C>	<C>	<C>	<C>
ASSETS				
Investment in the Variable Insurance Products Fund II, at fair value:				
Investment Grade Bond Portfolio.....	\$32,599,830			
Contrafund Portfolio.....		\$90,018,221		
Investment in the Neuberger Berman Advisers Management Trust, at fair value:				
Limited Maturity Bond Portfolio.....			\$12,698,969	
Partners Portfolio.....				\$28,799,368
Receivable from Provident Mutual Life Insurance Company....		30,000		
Total Assets.....	32,599,830	90,048,221	12,698,969	28,799,368
LIABILITIES				
Payable to Provident Mutual Life Insurance Company.....				100,000
NET ASSETS.....	\$32,599,830	\$90,048,221	\$12,698,969	\$28,699,368
Held for the benefit of policyholders.....	\$32,598,489	\$90,034,681	\$12,664,205	\$28,575,139
Attributable to Provident Mutual Life Insurance Company....	1,341	13,540	34,764	124,229
	\$32,599,830	\$90,048,221	\$12,698,969	\$28,699,368

</Table>

See accompanying notes to financial statements

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Statements of Assets and Liabilities, December 31, 2001  
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<Table>  
 <Caption>

	VAN ECK WORLDWIDE BOND SUBACCOUNT	VAN ECK WORLDWIDE HARD ASSETS SUBACCOUNT	VAN ECK WORLDWIDE EMERGING MARKETS SUBACCOUNT	VAN ECK WORLDWIDE REAL ESTATE SUBACCOUNT	ALGER AMERICAN SMALL CAPITALIZATION SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Investment in the Van Eck Worldwide Insurance Trust, at fair value:					
Van Eck Worldwide Bond Portfolio.....	\$4,980,070				
Van Eck Worldwide Hard Assets Portfolio.....		\$3,281,093			
Van Eck Worldwide Emerging Markets Portfolio.....			\$13,023,484		
Van Eck Worldwide Real Estate Portfolio.....				\$2,175,138	
Investment in the Alger American Fund, at fair value:					
Alger American Small Capitalization Portfolio.....					\$29,258,796
Receivable from Provident Mutual Life Insurance Company.....					35,000
NET ASSETS.....	\$4,980,070	\$3,281,093	\$13,023,484	\$2,175,138	\$29,293,796
Held for the benefit of policyholders.....	\$4,961,946	\$3,247,589	\$12,998,551	\$2,136,670	\$29,281,783
Attributable to Provident Mutual Life Insurance Company.....	18,124	33,504	24,933	38,468	12,013
	\$4,980,070	\$3,281,093	\$13,023,484	\$2,175,138	\$29,293,796



</Table>

See accompanying notes to financial statements

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Assets and Liabilities, December 31, 2001  
-----

<Table>  
<Caption>

	STRONG MID-CAP GROWTH FUND II SUBACCOUNT	STRONG OPPORTUNITY FUND II SUBACCOUNT
<S>	<C>	<C>
ASSETS		
Investment in the Strong Variable Insurance Funds, Inc., at fair value:		
Strong Mid Cap Growth Fund II.....	\$7,211,775	
Investment in the Strong Opportunity Fund II, Inc., at fair value:		
Strong Opportunity Fund II.....		\$5,218,214
NET ASSETS.....	\$7,211,775	\$5,218,214
	=====	=====
Held for the benefit of policyholders.....	\$7,205,496	\$5,178,523
Attributable to Provident Mutual Life Insurance Company.....	6,279	39,691
	-----	-----
	\$7,211,775	\$5,218,214
	=====	=====

</Table>

See accompanying notes to financial statements

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 2001  
-----

<Table>  
<Caption>

	**ALL PRO BROAD EQUITY SUBACCOUNT	MONEY MARKET SUBACCOUNT	BOND SUBACCOUNT	**BALANCED SUBACCOUNT	**MID CAP GROWTH SUBACCOUNT	INTERNATIONAL SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME						
Dividends.....	\$ 4,715,103	\$1,659,110	\$ 980,066	\$ 1,567,812	\$ 9,305,175	\$ 2,032,796
EXPENSES						
Mortality and expense risks.....	1,141,470	324,204	118,344	265,971	432,936	336,583
Operating expense reimbursement.....	(28,549)	(1,733)	(3,203)			
Total expenses.....	1,112,921	322,471	115,141	265,971	432,936	336,583
Net investment income.....	3,602,182	1,336,639	864,925	1,301,841	8,872,239	1,696,213
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Realized gain distributions reinvested.....	16,622,132			2,219,359	6,821,120	3,104,335
Net realized gain (loss) from redemption of investment shares.....	1,830,683		2,438	574,205	938,370	(317,617)
Net realized gain on investments.....	18,452,815		2,438	2,793,564	7,759,490	2,786,718
Net unrealized appreciation (depreciation) of investments:						
Beginning of year.....	29,874,071		367,008	4,130,462	17,994,836	3,076,995
End of year.....	(19,840,421)		624,189	(3,300,840)	(1,420,355)	(8,200,329)
Net unrealized (depreciation)						

appreciation of investments during the year.....	(49,714,492)	-----	257,181	-----	(7,431,302)	-----	(19,415,191)	-----	(11,277,324)
Net realized and unrealized (loss) gain on investments.....	(31,261,677)	-----	259,619	-----	(4,637,738)	-----	(11,655,701)	-----	(8,490,606)
Net (decrease) increase in net assets resulting from operations.....	\$ (27,659,495)	\$ 1,336,639	\$ 1,124,544	\$ (3,335,897)	\$ (2,783,462)	\$ (6,794,393)			

</Table>

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 \*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Subaccounts were known as the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts, respectively.

See accompanying notes to financial statements

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-----  
 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Statements of Operations for the Year Ended December 31, 2001  
 -----

<Table>  
 <Caption>

	ALL PRO LARGE CAP GROWTH SUBACCOUNT	ALL PRO LARGE CAP VALUE SUBACCOUNT	ALL PRO SMALL CAP GROWTH SUBACCOUNT	ALL PRO SMALL CAP VALUE SUBACCOUNT	EQUITY 500 INDEX SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
Dividends.....	\$ 12,615	\$ 112,908		\$ 62,019	\$ 2,208,807
EXPENSES					
Mortality and expense risks.....	160,720	84,914	\$ 208,356	98,037	1,310,330
Net investment (loss) income.....	(148,105)	27,994	(208,356)	(36,018)	898,477
NET REALIZED AND UNREALIZED (LOSS) GAIN ON INVESTMENTS					
Realized gain distributions reinvested.....					
Net realized (loss) gain from redemption of investment shares.....	(800,159)	(137,667)	482,637	810,535	(1,541,166)
Net realized (loss) gain on investments.....	(800,159)	(137,667)	482,637	810,535	(1,541,166)
Net unrealized (depreciation) appreciation of investments:					
Beginning of year.....	(3,603,720)	46,211	(6,435,030)	1,513,533	(13,252,242)
End of year.....	(8,524,824)	91,723	(11,997,704)	2,618,796	(38,529,607)
Net unrealized (depreciation) appreciation of investments during the year.....	(4,921,104)	45,512	(5,562,674)	1,105,263	(25,277,365)
Net realized and unrealized (loss) gain on investments.....	(5,721,263)	(92,155)	(5,080,037)	1,915,798	(26,818,531)
Net (decrease) increase in net assets resulting from operations.....	\$ (5,869,368)	\$ (64,161)	\$ (5,288,393)	\$ 1,879,780	\$ (25,920,054)

</Table>

See accompanying notes to financial statements

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-----  
 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Statement of Operations for the Year Ended December 31, 2001  
 -----

<Table>  
 <Caption>

ZERO COUPON BOND  
 2006 SERIES  
 SUBACCOUNT  
 -----

<S>	<C>
INVESTMENT INCOME	
Dividends	
EXPENSES	
Mortality and expense risks.....	\$ 123,063
Asset charge.....	5,381
	-----
Net investment loss.....	(128,444)
	-----
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	
Realized gain distributions reinvested.....	
Net realized gain from redemption of investment shares.....	695,057
	-----
Net realized gain on investments.....	695,057
	-----
Net unrealized appreciation of investments:	
Beginning of year.....	1,946,917
End of year.....	2,380,730
	-----
Net unrealized appreciation of investments during the year.....	433,813
	-----
Net realized and unrealized gain on investments.....	1,128,870
	-----
Net increase in net assets resulting from operations.....	\$1,000,426
	=====

</Table>

See accompanying notes to financial statements

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 2001  
-----

<Table>					
<Caption>					
	FIDELITY	FIDELITY	FIDELITY	FIDELITY	FIDELITY
	EQUITY-	GROWTH	HIGH	OVERSEAS	ASSET
	INCOME	SUBACCOUNT	INCOME	SUBACCOUNT	MANAGER
	SUBACCOUNT		SUBACCOUNT		SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
Dividends.....	\$ 2,267,244	\$ 183,348	\$ 2,224,121	\$ 2,642,036	\$ 2,130,865
EXPENSES					
Mortality and expense risks.....	957,256	1,642,695	118,887	347,940	359,323
	-----	-----	-----	-----	-----
Net investment income (loss).....	1,309,988	(1,459,347)	2,105,234	2,294,096	1,771,542
	-----	-----	-----	-----	-----
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS					
Realized gain distributions reinvested.....	6,369,875	17,234,698		4,176,122	799,074
Net realized gain (loss) from redemption of investment shares.....	1,187,043	3,739,150	(4,880,695)	(1,734,265)	(103,386)
	-----	-----	-----	-----	-----
Net realized gain (loss) on investments.....	7,556,918	20,973,848	(4,880,695)	2,441,857	695,688
	-----	-----	-----	-----	-----
Net unrealized appreciation (depreciation) of investments:					
Beginning of year.....	16,230,724	29,587,051	(5,061,854)	(3,661,472)	(1,105,991)
End of year.....	(528,037)	(39,045,767)	(4,323,012)	(20,762,878)	(6,094,256)
	-----	-----	-----	-----	-----
Net unrealized (depreciation) appreciation of investments during the year.....	(16,758,761)	(68,632,818)	738,842	(17,101,406)	(4,988,265)
	-----	-----	-----	-----	-----
Net realized and unrealized loss on investments....	(9,201,843)	(47,658,970)	(4,141,853)	(14,659,549)	(4,292,577)
	-----	-----	-----	-----	-----
Net decrease in net assets resulting from operations.....	\$ (7,891,855)	\$ (49,118,317)	\$ (2,036,619)	\$ (12,365,453)	\$ (2,521,035)
	=====	=====	=====	=====	=====

</Table>

See accompanying notes to financial statements

F-69

-----  
The Provident Mutual Variable Life Separate Account  
-----

of Provident Mutual Life Insurance Company  
 Statements of Operations for the Year Ended December 31, 2001

<Table>  
 <Caption>

	FIDELITY INVESTMENT GRADE BOND SUBACCOUNT	FIDELITY CONTRAFUND SUBACCOUNT	NEUBERGER BERMAN LIMITED MATURITY BOND SUBACCOUNT	NEUBERGER BERMAN PARTNERS SUBACCOUNT
<S>	<C>	<C>	<C>	<C>
INVESTMENT INCOME				
Dividends.....	\$1,283,759	\$ 676,392	\$554,408	\$ 107,524
EXPENSES				
Mortality and expense risks.....	195,444	615,325	73,131	196,957
Net investment income (loss).....	1,088,315	61,067	481,277	(89,433)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Realized gain distributions reinvested.....		2,387,267		1,021,477
Net realized gain (loss) from redemption of investment shares.....	63,179	517,220	(46,575)	(702,707)
Net realized gain (loss) on investments.....	63,179	2,904,487	(46,575)	318,770
Net unrealized appreciation (depreciation) of investments:				
Beginning of year.....	628,599	2,017,762	(11,624)	(4,307,086)
End of year.....	1,396,797	(13,190,335)	326,161	(5,521,743)
Net unrealized appreciation (depreciation) of investments during the year.....	768,198	(15,208,097)	337,785	(1,214,657)
Net realized and unrealized gain (loss) on investments.....	831,377	(12,303,610)	291,210	(895,887)
Net increase (decrease) in net assets resulting from operations.....	\$1,919,692	\$ (12,242,543)	\$772,487	\$ (985,320)

</Table>

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Statements of Operations for the Year Ended December 31, 2001

<Table>  
 <Caption>

	VAN ECK WORLDWIDE BOND SUBACCOUNT	VAN ECK WORLDWIDE HARD ASSETS SUBACCOUNT	VAN ECK WORLDWIDE EMERGING MARKETS SUBACCOUNT	VAN ECK WORLDWIDE REAL ESTATE SUBACCOUNT	ALGER AMERICAN SMALL CAPITALIZATION SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
Dividends.....	\$ 238,251	\$ 39,666		\$ 39,011	\$ 14,847
EXPENSES					
Mortality and expense risks.....	37,215	24,103	\$ 88,598	11,345	270,567
Net investment income (loss).....	201,036	15,563	(88,598)	27,666	(255,720)
NET REALIZED AND UNREALIZED (LOSS) GAIN ON INVESTMENTS					
Realized gain distributions reinvested.....					
Net realized (loss) gain from redemption of investment shares.....	(124,000)	(140,045)	345,572	25,253	(4,295,124)
Net realized (loss) gain on investments.....	(124,000)	(140,045)	345,572	25,253	(4,295,124)
Net unrealized (depreciation) appreciation of investments:					
Beginning of year.....	(285,554)	223,533	(3,633,159)	132,489	(18,008,924)
End of year.....	(663,508)	(63,279)	(4,178,208)	172,118	(24,791,034)
Net unrealized (depreciation) appreciation of investments during the year.....	(377,954)	(286,812)	(545,049)	39,629	(6,782,110)

Net realized and unrealized (loss) gain on investments.....	(501,954)	(426,857)	(199,477)	64,882	(11,077,234)
Net (decrease) increase in net assets resulting from operations.....	\$ (300,918)	\$ (411,294)	\$ (288,075)	\$ 92,548	\$ (11,332,954)

</Table>

See accompanying notes to financial statements

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 2001  
-----

<Table>  
<Caption>

	STRONG MID-CAP GROWTH FUND II SUBACCOUNT	STRONG OPPORTUNITY FUND II SUBACCOUNT
<S>	<C>	<C>
INVESTMENT INCOME		
Dividends.....		\$ 18,806
EXPENSES		
Mortality and expense risks.....	\$ 44,342	23,706
Net investment loss.....	(44,342)	(4,900)
NET REALIZED AND UNREALIZED (LOSS) GAIN ON INVESTMENTS		
Realized gain distributions reinvested.....		769,954
Net realized loss from redemption of investment shares.....	(1,401,247)	(76,806)
Net realized (loss) gain on investments.....	(1,401,247)	693,148
Net unrealized depreciation of investments:		
Beginning of year.....	(1,726,217)	(191,343)
End of year.....	(2,658,078)	(944,556)
Net unrealized depreciation of investments during the year.....	(931,861)	(753,213)
Net realized and unrealized loss on investments.....	(2,333,108)	(60,065)
Net decrease in net assets resulting from operations.....	\$ (2,377,450)	\$ (64,965)

</Table>

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 2000  
-----

<Table>  
<Caption>

	GROWTH SUBACCOUNT	MONEY MARKET SUBACCOUNT	BOND SUBACCOUNT	MANAGED SUBACCOUNT	AGGRESSIVE GROWTH SUBACCOUNT	INTERNATIONAL SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME						
Dividends.....	\$ 3,103,302	\$ 2,397,365	\$ 875,572	\$ 1,444,529	\$ 1,190,607	\$ 1,378,416
EXPENSES						
Mortality and expense risks.....	1,298,099	281,934	98,857	279,129	360,962	353,516
Operating expense reimbursement.....	(32,698)	(1,754)	(2,901)			
Total expenses.....	1,265,401	280,180	95,956	279,129	360,962	353,516
Net investment income.....	1,837,901	2,117,185	779,616	1,165,400	829,645	1,024,900
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS						

Realized gain distributions reinvested....	13,859,576		2,193,962	2,489,984	5,468,188	
Net realized gain from redemption of investment shares.....	8,444,696	75,031	1,257,138	1,783,250	936,021	
Net realized gain on investments.....	22,304,272	75,031	3,451,100	4,273,234	6,404,209	
Net unrealized appreciation (depreciation) of investments:						
Beginning of year.....	36,701,349	(64,965)	5,401,466	6,812,200	12,279,992	
End of year.....	29,874,071	367,008	4,130,462	17,994,836	3,076,995	
Net unrealized (depreciation) appreciation of investments during the year.....	(6,827,278)	431,973	(1,271,004)	11,182,636	(9,202,997)	
Net realized and unrealized gain (loss) on investments.....	15,476,994	507,004	2,180,096	15,455,870	(2,798,788)	
Net increase (decrease) in net assets resulting from operations.....	\$17,314,895	\$2,117,185	\$1,286,620	\$ 3,345,496	\$16,285,515	\$ (1,773,888)

</Table>

See accompanying notes to financial statements

F-73

-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 2000  
-----

<Table> <Caption>	ALL PRO LARGE CAP GROWTH SUBACCOUNT	ALL PRO LARGE CAP VALUE SUBACCOUNT	ALL PRO SMALL CAP GROWTH SUBACCOUNT	ALL PRO SMALL CAP VALUE SUBACCOUNT	**EQUITY 500 INDEX SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
Dividends.....	\$ 510,054	\$ 81,485	\$ 632,678	\$ 14,357	
EXPENSES					
Mortality and expense risks.....	186,273	67,624	263,074	47,115	\$ 1,413,611
Net investment income (loss).....	323,781	13,861	369,604	(32,758)	(1,413,611)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS					
Realized gain distributions reinvested.....	396,668		108,294		
Net realized gain (loss) from redemption of investment shares.....	214,246	(68,402)	2,953,142	138,567	55,132,897
Net realized gain (loss) on investments.....	610,914	(68,402)	3,061,436	138,567	55,132,897
Net unrealized appreciation (depreciation) of investments:					
Beginning of year.....	3,039,361	(180,205)	8,930,477	12,537	61,065,199
End of year.....	(3,603,720)	46,211	(6,435,030)	1,513,533	(13,252,242)
Net unrealized (depreciation) appreciation of investments during the year.....	(6,643,081)	226,416	(15,365,507)	1,500,996	(74,317,441)
Net realized and unrealized (loss) gain on investments.....	(6,032,167)	158,014	(12,304,071)	1,639,563	(19,184,544)
Net (decrease) increase in net assets resulting from operations.....	\$ (5,708,386)	\$ 171,875	\$ (11,934,467)	\$1,606,805	\$ (20,598,155)

</Table>

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\*\* Prior to February 7, 2000, this subaccount was known as Fidelity Index 500 Subaccount.

See accompanying notes to financial statements

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company

&lt;Table&gt;

&lt;Caption&gt;

	ZERO COUPON BOND 2006 SERIES SUBACCOUNT
<S>	<C>
INVESTMENT INCOME	
Dividends	
EXPENSES	
Mortality and expense risks.....	\$ 85,187
Asset charge.....	27,595
Net investment loss.....	(112,782)
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	
Realized gain distributions reinvested	
Net realized gain from redemption of investment shares.....	634,480
Net realized gain on investments.....	634,480
Net unrealized appreciation of investments:	
Beginning of year.....	892,107
End of year.....	1,946,917
Net unrealized appreciation of investments during the year.....	1,054,810
Net realized and unrealized gain on investments.....	1,689,290
Net increase in net assets resulting from operations.....	\$1,576,508

&lt;/Table&gt;

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 2000

&lt;Table&gt;

&lt;Caption&gt;

	FIDELITY EQUITY- INCOME SUBACCOUNT	FIDELITY GROWTH SUBACCOUNT	FIDELITY HIGH INCOME SUBACCOUNT	FIDELITY OVERSEAS SUBACCOUNT	FIDELITY ASSET MANAGER SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
Dividends.....	\$ 2,234,379	\$ 295,490	\$ 1,267,459	\$ 788,522	\$ 1,794,917
EXPENSES					
Mortality and expense risks.....	907,578	1,993,708	128,341	418,858	387,542
Net investment income (loss).....	1,326,801	(1,698,218)	1,139,118	369,664	1,407,375
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS					
Realized gain distributions reinvested.....	8,417,892	29,401,209		4,965,560	4,228,702
Net realized gain (loss) from redemption of investment shares.....	4,186,451	4,541,566	(1,613,681)	354,486	1,075,060
Net realized gain (loss) on investments.....	12,604,343	33,942,775	(1,613,681)	5,320,046	5,303,762
Net unrealized appreciation (depreciation) of investments:					
Beginning of year.....	20,802,103	96,649,271	(1,079,956)	15,070,694	8,174,749
End of year.....	16,230,724	29,587,051	(5,061,854)	(3,661,472)	(1,105,991)
Net unrealized depreciation of investments during the year.....	(4,571,379)	(67,062,220)	(3,981,898)	(18,732,166)	(9,280,740)
Net realized and unrealized gain (loss) on investments.....	8,032,964	(33,119,445)	(5,595,579)	(13,412,120)	(3,976,978)
Net increase (decrease) in net assets resulting from					

operations..... \$ 9,359,765 \$ (34,817,663) \$ (4,456,461) \$ (13,042,456) \$ (2,569,603)

</Table>

See accompanying notes to financial statements

F-76

-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 2000  
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<Table>  
<Caption>

	FIDELITY INVESTMENT GRADE BOND SUBACCOUNT	FIDELITY CONTRAFUND SUBACCOUNT	NEUBERGER BERMAN LIMITED MATURITY BOND SUBACCOUNT	NEUBERGER BERMAN PARTNERS SUBACCOUNT
<S>	<C>	<C>	<C>	<C>
INVESTMENT INCOME				
Dividends.....	\$1,301,510	\$ 292,744	\$ 572,203	\$ 225,688
EXPENSES				
Mortality and expense risks.....	145,446	643,313	57,239	199,008
Net investment income (loss).....	1,156,064	(350,569)	514,964	26,680
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Realized gain distributions reinvested.....		10,626,589		4,799,637
Net realized (loss) gain from redemption of investment shares.....	(35,853)	1,280,418	(201,813)	(850,874)
Net realized (loss) gain on investments.....	(35,853)	11,907,007	(201,813)	3,948,763
Net unrealized (depreciation) appreciation of investments:				
Beginning of year.....	(344,879)	20,480,366	(167,931)	(361,993)
End of year.....	628,599	2,017,762	(11,624)	(4,307,086)
Net unrealized appreciation (depreciation) of investments during the year.....	973,478	(18,462,604)	156,307	(3,945,093)
Net realized and unrealized gain (loss) on investments.....	937,625	(6,555,597)	(45,506)	3,670
Net increase (decrease) in net assets resulting from operations.....	\$2,093,689	\$ (6,906,166)	\$ 469,458	\$ 30,350

</Table>

See accompanying notes to financial statements

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 2000  
-----

<Table>  
<Caption>

	VAN ECK WORLDWIDE BOND SUBACCOUNT	VAN ECK WORLDWIDE HARD ASSETS SUBACCOUNT	VAN ECK WORLDWIDE EMERGING MARKETS SUBACCOUNT	VAN ECK WORLDWIDE REAL ESTATE SUBACCOUNT	ALGER AMERICAN SMALL CAPITALIZATION SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
Dividends.....	\$ 268,111	\$ 32,358		\$ 16,681	
EXPENSES					
Mortality and expense risks.....	38,766	21,566	\$ 127,899	6,759	\$ 328,830
Net investment income (loss).....	229,345	10,792	(127,899)	9,922	(328,830)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS					
Realized gain distributions reinvested.....					15,745,222



Net realized (loss) gain from redemption of investment shares.....	(59,420)	(289,865)	578,453	14,548	(1,278,008)
Net realized (loss) gain on investments.....	(59,420)	(289,865)	578,453	14,548	14,467,214
Net unrealized (depreciation) appreciation of investments:					
Beginning of year.....	(184,365)	(383,792)	5,968,786	(18,916)	9,761,610
End of year.....	(285,554)	223,533	(3,633,159)	132,489	(18,008,924)
Net unrealized (depreciation) appreciation of investments during the year.....	(101,189)	607,325	(9,601,945)	151,405	(27,770,534)
Net realized and unrealized (loss) gain on investments.....	(160,609)	317,460	(9,023,492)	165,953	(13,303,320)
Net increase (decrease) in net assets resulting from operations.....	\$ 68,736	\$ 328,252	\$ (9,151,391)	\$175,875	\$ (13,632,150)

</Table>

See accompanying notes to financial statements

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 2000  
-----

<Table>  
<Caption>

	STRONG MID-CAP GROWTH FUND II SUBACCOUNT	STRONG OPPORTUNITY FUND II SUBACCOUNT
<S>	<C>	<C>
INVESTMENT INCOME		
Dividends.....		\$ 3,796
EXPENSES		
Mortality and expense risks.....	\$ 12,143	3,380
Net investment (loss) income.....	(12,143)	416
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS		
Realized gain distributions reinvested.....	410,487	194,279
Net realized gain (loss) from redemption of investment shares.....	61	(6,879)
Net realized gain on investments.....	410,548	187,400
Net unrealized depreciation of investments:		
Beginning of year.....		
End of year.....	(1,726,217)	(191,343)
Net unrealized depreciation of investments during the year.....	(1,726,217)	(191,343)
Net realized and unrealized loss on investments.....	(1,315,669)	(3,943)
Net decrease in net assets resulting from operations.....	\$ (1,327,812)	\$ (3,527)

</Table>

See accompanying notes to financial statements

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-----  
The Variable Separate Accounts  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 1999  
-----

<Table>  
<Caption>

	GROWTH SEPARATE	MONEY MARKET SEPARATE	BOND SEPARATE	AGGRESSIVE GROWTH SEPARATE	INTERNATIONAL SEPARATE
--	--------------------	-----------------------------	------------------	----------------------------------	---------------------------

	ACCOUNT	ACCOUNT	ACCOUNT	ACCOUNT	ACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
Dividends.....	\$ 778,682	\$1,756,713	\$ 211,268	\$ 202,553	\$ 501,072
EXPENSES					
Mortality and expense risks.....	1,443,038	256,368	96,941	255,677	317,732
Operating expense reimbursement.....	(8,226)		(1,010)		
Total expenses.....	1,434,812	256,368	95,931	255,677	317,732
Net investment (loss) income.....	(656,130)	1,500,345	115,337	(53,124)	183,340
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS					
Realized gain distributions reinvested.....	4,548,806		165,995	5,023,061	2,570,840
Net realized gain from redemption of investment shares...	8,675,587		79,237	1,321,430	872,905
Net realized gain on investments.....	13,224,393		245,232	6,344,491	3,443,745
Net unrealized appreciation (depreciation) of investments:					
Beginning of year.....	43,642,825		888,223	7,593,499	3,974,294
End of year.....	36,701,349		(64,965)	6,812,200	12,279,992
Net unrealized (depreciation) appreciation of investments during the year.....	(6,941,476)		(953,188)	(781,299)	8,305,698
Net realized and unrealized gain (loss) on investments...	6,282,917		(707,956)	5,563,192	11,749,443
Net increase (decrease) in net assets resulting from operations.....	\$ 5,626,787	\$1,500,345	\$ (592,619)	\$5,510,068	\$11,932,783

</Table>

See accompanying notes to financial statements

F-80

-----  
The Variable Separate Accounts  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 1999  
-----

<Table>  
<Caption>

	VARIABLE SEPARATE ACCOUNT				
	MANAGED SUBACCOUNT	ALL PRO LARGE CAP GROWTH SUBACCOUNT	ALL PRO LARGE CAP VALUE SUBACCOUNT	ALL PRO SMALL CAP GROWTH SUBACCOUNT	ALL PRO SMALL CAP VALUE SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
Dividends.....	\$ 302,530	\$ 925	\$ 23,532		\$ 6,660
EXPENSES					
Mortality and expense risks.....	286,127	106,933	47,263	\$ 74,986	26,977
Total expenses.....	286,127	106,933	47,263	74,986	26,977
Net investment income (loss).....	16,403	(106,008)	(23,731)	(74,986)	(20,317)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS					
Realized gain distributions reinvested.....	2,063,055				
Net realized gain (loss) from redemption of investment shares.....	1,222,115	937,158	141,631	1,098,185	(295,056)
Net realized gain (loss) on investments.....	3,285,170	937,158	141,631	1,098,185	(295,056)
Net unrealized appreciation (depreciation) of investments:					
Beginning of year.....	8,871,564	511,417	139,747	403,798	13,283
End of year.....	5,401,466	3,039,361	(180,205)	8,930,477	12,537
Net unrealized (depreciation) appreciation of investments during the year.....	(3,470,098)	2,527,944	(319,952)	8,526,679	(746)
Net realized and unrealized (loss) gain on investments.....	(184,928)	3,465,102	(178,321)	9,624,864	(295,802)
Net (decrease) increase in net assets resulting from operations.....	\$ (168,525)	\$3,359,094	\$ (202,052)	\$9,549,878	\$ (316,119)

</Table>

See accompanying notes to financial statements

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-----  
The Variable Separate Accounts  
of Provident Mutual Life Insurance Company  
Statement of Operations for the Year Ended December 31, 1999  
-----

<Table>  
<Caption>

	ZERO COUPON BOND SEPARATE ACCOUNT
	2006 SERIES SUBACCOUNT
<S>	<C>
EXPENSES	
Mortality and expense risks.....	\$ 86,998
Asset charge.....	31,129
Net investment loss.....	(118,127)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	
Net realized gain from redemption of investment shares.....	504,592
Net realized gain on investments.....	504,592
Net unrealized appreciation (depreciation) of investments:	
Beginning of year.....	2,163,181
End of year.....	892,107
Net unrealized depreciation of investments during the year.....	(1,271,074)
Net realized and unrealized loss on investments.....	(766,482)
Net decrease in net assets resulting from operations.....	\$ (884,609)

</Table>

See accompanying notes to financial statements

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-----  
The Variable Separate Accounts  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 1999  
-----

<Table>  
<Caption>

	VARIABLE SEPARATE ACCOUNT					
	FIDELITY EQUITY- INCOME SUBACCOUNT	FIDELITY GROWTH SUBACCOUNT	FIDELITY HIGH INCOME SUBACCOUNT	FIDELITY OVERSEAS SUBACCOUNT	FIDELITY ASSET MANAGER SUBACCOUNT	FIDELITY INDEX 500 SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME						
Dividends.....	\$ 1,814,813	\$ 305,785	\$ 1,730,285	\$ 553,518	\$1,677,436	\$ 1,349,680
EXPENSES						
Mortality and expense risks.....	910,936	1,425,114	132,829	286,833	365,980	1,156,047
Net investment income (loss).....	903,877	(1,119,329)	1,597,456	266,685	1,311,456	193,633
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Realized gain distributions reinvested.....	4,011,692	19,226,224	64,683	892,772	2,124,752	915,854
Net realized gain (loss) from redemption of investment shares.....	4,627,304	5,621,556	(530,612)	1,306,076	968,771	3,885,258
Net realized gain (loss) on investments....	8,638,996	24,847,780	(465,929)	2,198,848	3,093,523	4,801,112

Net unrealized appreciation (depreciation) of investments:						
Beginning of year.....	23,637,997	52,781,625	(1,380,446)	1,662,167	7,302,249	35,771,600
End of year.....	20,802,103	96,649,271	(1,079,956)	15,070,694	8,174,749	61,065,199
Net unrealized (depreciation) appreciation of investments during the year.....	(2,835,894)	43,867,646	300,490	13,408,527	872,500	25,293,599
Net realized and unrealized gain (loss) on investments.....	5,803,102	68,715,426	(165,439)	15,607,375	3,966,023	30,094,711
Net increase in net assets resulting from operations.....	\$ 6,706,979	\$67,596,097	\$ 1,432,017	\$15,874,060	\$5,277,479	\$30,288,344

</Table>

See accompanying notes to financial statements

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-----  
The Variable Separate Accounts  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 1999  
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<Table>  
<Caption>

VARIABLE SEPARATE ACCOUNT

	FIDELITY INVESTMENT GRADE BOND SUBACCOUNT	FIDELITY CONTRAFUND (R) SUBACCOUNT	NEUBERGER BERMAN BALANCED SUBACCOUNT	NEUBERGER BERMAN GROWTH SUBACCOUNT	NEUBERGER BERMAN LIMITED MATURITY BOND SUBACCOUNT	NEUBERGER BERMAN PARTNERS SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME						
Dividends.....	\$ 528,797	\$ 237,081	\$ 122,080		\$ 391,039	\$ 23,039
EXPENSES						
Mortality and expense risks.....	115,042	441,651	16,908	\$ 66,971	54,078	142,567
Net investment income (loss).....	413,755	(204,570)	105,172	(66,971)	336,961	(119,528)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Realized gain distributions reinvested....	165,897	1,738,597	180,860	1,572,930		40,068
Net realized gain (loss) from redemption of investment shares.....	188,073	940,747	(89,916)	(1,300,114)	(50,951)	140,214
Net realized gain (loss) on investments....	353,970	2,679,344	90,944	272,816	(50,951)	180,282
Net unrealized appreciation (depreciation) of investments:						
Beginning of year.....	688,242	8,740,185	277,919	829,761	56,889	62,679
End of year.....	(344,879)	20,480,366			(167,931)	(361,993)
Net unrealized (depreciation) appreciation of investments during the year.....	(1,033,121)	11,740,181	(277,919)	(829,761)	(224,820)	(424,672)
Net realized and unrealized (loss) gain on investments.....	(679,151)	14,419,525	(186,975)	(556,945)	(275,771)	(244,390)
Net (decrease) increase in net assets resulting from operations.....	\$ (265,396)	\$14,214,955	\$ (81,803)	\$ (623,916)	\$ 61,190	\$ (363,918)

</Table>

See accompanying notes to financial statements

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-----  
The Variable Separate Accounts  
of Provident Mutual Life Insurance Company  
Statements of Operations for the Year Ended December 31, 1999  
-----

<Table>  
<Caption>

VARIABLE SEPARATE ACCOUNT

	AMERICAN CENTURY VP CAPITAL APPRECIATION SUBACCOUNT	VAN ECK WORLDWIDE BOND SUBACCOUNT	VAN ECK WORLDWIDE HARD ASSETS SUBACCOUNT	VAN ECK WORLDWIDE EMERGING MARKETS SUBACCOUNT	VAN ECK WORLDWIDE REAL ESTATE SUBACCOUNT	ALGER AMERICAN SMALL CAPITALIZATION SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME						
Dividends.....		\$ 221,562	\$ 32,546		\$ 8,422	
EXPENSES						
Mortality and expense risks.....	\$ 17,307	39,696	17,883	\$ 69,910	3,504	\$ 213,671
Net investment (loss) income.....	(17,307)	181,866	14,663	(69,910)	4,918	(213,671)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Realized gain distributions reinvested....		98,996				3,576,725
Net realized (loss) gain from redemption of investment shares.....	(302,618)	(6,791)	(325,178)	(1,010,030)	(17,087)	1,130,238
Net realized (loss) gain on investments....	(302,618)	92,205	(325,178)	(1,010,030)	(17,087)	4,706,963
Net unrealized (depreciation) appreciation of investments:						
Beginning of year.....	(901,802)	590,559	(1,136,100)	(3,646,142)	(12,423)	1,898,815
End of year.....		(184,365)	(383,792)	5,968,786	(18,916)	9,761,610
Net unrealized appreciation (depreciation) of investments during the year.....	901,802	(774,924)	752,308	9,614,928	(6,493)	7,862,795
Net realized and unrealized gain (loss) on investments.....	599,184	(682,719)	427,130	8,604,898	(23,580)	12,569,758
Net increase (decrease) in net assets resulting from operations.....	\$ 581,877	\$ (500,853)	\$ 441,793	\$ 8,534,988	\$ (18,662)	\$12,356,087

</Table>

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 2001

	**ALL PRO BROAD EQUITY SUBACCOUNT	MONEY MARKET SUBACCOUNT	BOND SUBACCOUNT	**BALANCED SUBACCOUNT	**MID CAP GROWTH SUBACCOUNT	INTERNATIONAL SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS						
Net investment income.....	\$ 3,602,182	\$ 1,336,639	\$ 864,925	\$ 1,301,841	\$ 8,872,239	\$ 1,696,213
Net realized gain on investments.....	18,452,815		2,438	2,793,564	7,759,490	2,786,718
Net unrealized (depreciation) appreciation of investments during the year.....	(49,714,492)		257,181	(7,431,302)	(19,415,191)	(11,277,324)
Net increase (decrease) in net assets from operations.....	(27,659,495)	1,336,639	1,124,544	(3,335,897)	(2,783,462)	(6,794,393)
FROM VARIABLE LIFE POLICY TRANSACTIONS						
Policyholders' net premiums.....	17,443,741	52,802,510	2,776,563	4,471,235	7,996,366	6,749,925
Cost of insurance and administrative charges.....	(9,098,987)	(6,371,514)	(1,298,060)	(2,589,297)	(3,877,243)	(3,177,886)
Surrenders and forfeitures.....	(11,921,016)	(2,907,975)	(867,921)	(2,592,399)	(3,023,516)	(2,338,723)
Transfers between investment portfolios.....	(2,320,455)	(29,628,056)	2,462,209	247,160	1,862,616	966,941
Net repayments (withdrawals) due to policy loans.....	577,076	(2,405,733)	(20,407)	228,625	(188,795)	(233,154)
Withdrawals due to death benefits.....	(862,297)	(103,591)	(56,280)	(143,386)	(42,071)	(102,579)
Net (decrease) increase in net assets derived from policy transactions....	(6,181,938)	11,385,641	2,996,104	(378,062)	2,727,357	1,864,524
Return of capital to Provident Mutual Life Insurance Company.....				(52,000)	(100,000)	
Total (decrease) increase in net						

assets.....	(33,841,433)	12,722,280	4,120,648	(3,765,959)	(156,105)	(4,929,869)
NET ASSETS						
Beginning of year.....	207,088,170	40,003,712	15,610,234	43,823,974	67,340,759	52,320,314
End of year.....	\$173,246,737	\$ 52,725,992	\$19,730,882	\$40,058,015	\$ 67,184,654	\$ 47,390,445

</Table>

\*\*\*\*\*  
 \*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Subaccounts were known as the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts, respectively.

See accompanying notes to financial statements

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-----  
 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Statements of Changes in Net Assets for the Year Ended December 31, 2001  
 -----

	ALL PRO LARGE CAP GROWTH SUBACCOUNT	ALL PRO LARGE CAP VALUE SUBACCOUNT	ALL PRO SMALL CAP GROWTH SUBACCOUNT	ALL PRO SMALL CAP VALUE SUBACCOUNT	EQUITY 500 INDEX SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS					
Net investment (loss) income.....	\$ (148,105)	\$ 27,994	\$ (208,356)	\$ (36,018)	\$ 898,477
Net realized (loss) gain on investments.....	(800,159)	(137,667)	482,637	810,535	(1,541,166)
Net unrealized (depreciation) appreciation of investments during the year.....	(4,921,104)	45,512	(5,562,674)	1,105,263	(25,277,365)
Net (decrease) increase in net assets from operations.....	(5,869,368)	(64,161)	(5,288,393)	1,879,780	(25,920,054)
FROM VARIABLE LIFE POLICY TRANSACTIONS					
Policyholders' net premiums.....	6,534,705	3,452,239	6,823,293	3,186,538	40,465,543
Cost of insurance and administrative charges.....	(2,605,137)	(1,194,377)	(2,711,261)	(1,014,770)	(17,562,124)
Surrenders and forfeitures.....	(777,030)	(500,168)	(1,470,076)	(703,684)	(6,088,449)
Transfers between investment portfolios.....	867,602	1,761,076	(2,068,246)	5,906,135	3,670,024
Net (withdrawals) repayments due to policy loans.....	(83,903)	(154,091)	(134,699)	(12,782)	406,368
Withdrawals due to death benefits.....	(40,301)	(21,953)	(43,584)	(25,699)	(359,328)
Net increase in net assets derived from policy transactions.....	3,895,936	3,342,726	395,427	7,335,738	20,532,034
Capital contribution from Provident Mutual Life Insurance Company.....			20,000		40,000
Total (decrease) increase in net assets.....	(1,973,432)	3,278,565	(4,872,966)	9,215,518	(5,348,020)
NET ASSETS					
Beginning of year.....	25,557,745	10,913,681	34,197,822	9,786,169	195,381,928
End of year.....	\$23,584,313	\$14,192,246	\$29,324,856	\$19,001,687	\$190,033,908

</Table>

See accompanying notes to financial statements

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-----  
 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Statements of Changes in Net Assets for the Year Ended December 31, 2001  
 -----

	ZERO COUPON BOND 2006 SERIES SUBACCOUNT
<S>	<C>
FROM OPERATIONS	
Net investment loss.....	\$ (128,444)

Net realized gain on investments.....	695,057
Net unrealized appreciation of investments during the year.....	433,813
	-----
Net increase in net assets from operations.....	1,000,426
	-----
FROM VARIABLE LIFE POLICY TRANSACTIONS	
Policyholders' net premiums.....	1,569,994
Cost of insurance and administrative charges.....	(1,047,315)
	-----
Surrenders and forfeitures.....	(647,481)
Transfers between investment portfolios.....	597,063
Net withdrawals due to policy loans.....	(188,235)
Withdrawals due to death benefits.....	(29,055)
	-----
Net increase in net assets derived from policy transactions.....	254,971
	-----
Total increase in net assets.....	1,255,397
NET ASSETS	
Beginning of year.....	13,002,428
	-----
End of year.....	\$14,257,825
	=====

</Table>

See accompanying notes to financial statements

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 2001  
-----

<Table>

<Caption>	FIDELITY EQUITY- INCOME SUBACCOUNT	FIDELITY GROWTH SUBACCOUNT	FIDELITY HIGH INCOME SUBACCOUNT	FIDELITY OVERSEAS SUBACCOUNT	FIDELITY ASSET MANAGER SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS					
Net investment income (loss).....	\$ 1,309,988	\$ (1,459,347)	\$ 2,105,234	\$ 2,294,096	\$ 1,771,542
Net realized gain (loss) on investments.....	7,556,918	20,973,848	(4,880,695)	2,441,857	695,688
Net unrealized (depreciation) appreciation of investments during the year.....	(16,758,761)	(68,632,818)	738,842	(17,101,406)	(4,988,265)
	-----	-----	-----	-----	-----
Net decrease in net assets from operations.....	(7,891,855)	(49,118,317)	(2,036,619)	(12,365,453)	(2,521,035)
	-----	-----	-----	-----	-----
FROM VARIABLE LIFE POLICY TRANSACTIONS					
Policyholders' net premiums.....	20,811,738	42,489,841	2,968,756	9,906,830	7,334,965
Cost of insurance and administrative charges.....	(10,254,353)	(19,179,817)	(1,563,792)	(3,875,821)	(3,951,440)
Surrenders and forfeitures.....	(5,526,500)	(8,282,712)	(821,825)	(1,598,519)	(1,815,210)
Transfers between investment portfolios.....	2,680,581	(2,958,731)	(271,717)	(1,194,456)	(1,441,699)
Net (withdrawals) repayments due to policy loans...	(404,075)	(632,365)	(128,937)	(183,168)	86,842
Withdrawals due to death benefits.....	(383,879)	(642,481)	(7,088)	(74,141)	(100,608)
	-----	-----	-----	-----	-----
Net increase in net assets derived from policy transactions.....	6,923,512	10,793,735	175,397	2,980,725	112,850
	-----	-----	-----	-----	-----
Capital contribution from Provident Mutual Life Insurance Company.....	45,000	67,000	15,000		
	-----	-----	-----	-----	-----
Total decrease in net assets.....	(923,343)	(38,257,582)	(1,846,222)	(9,384,728)	(2,408,185)
NET ASSETS					
Beginning of year.....	137,365,562	265,094,618	17,710,346	56,134,017	53,492,659
	-----	-----	-----	-----	-----
End of year.....	\$136,442,219	\$226,837,036	\$15,864,124	\$ 46,749,289	\$51,084,474
	=====	=====	=====	=====	=====

</Table>

See accompanying notes to financial statements

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 2001  
-----

<Table>  
<Caption>

	FIDELITY INVESTMENT GRADE BOND SUBACCOUNT	FIDELITY CONTRAFUND SUBACCOUNT	NEUBERGER BERMAN LIMITED MATURITY BOND SUBACCOUNT	NEUBERGER BERMAN PARTNERS SUBACCOUNT
<S>	<C>	<C>	<C>	<C>
FROM OPERATIONS				
Net investment income (loss).....	\$1,088,315	\$ 61,067	\$ 481,277	\$ (89,433)
Net realized gain (loss) on investments.....	63,179	2,904,487	(46,575)	318,770
Net unrealized appreciation (depreciation) of investments during the year.....	768,198	(15,208,097)	337,785	(1,214,657)
Net increase (decrease) in net assets from operations.....	1,919,692	(12,242,543)	772,487	(985,320)
FROM VARIABLE LIFE POLICY TRANSACTIONS				
Policyholders' net premiums.....	5,283,919	18,886,321	2,096,762	4,771,387
Cost of insurance and administrative charges.....	(2,173,197)	(7,899,008)	(852,713)	(2,371,355)
Surrenders and forfeitures.....	(1,114,775)	(2,440,601)	(707,699)	(906,013)
Transfers between investment portfolios.....	6,143,207	815,927	3,008,877	(141,335)
Net withdrawals due to policy loans.....	(325,287)	(189,220)	(136,943)	(152,840)
Withdrawals due to death benefits.....	(55,420)	(171,607)	(7,092)	(61,086)
Net increase in net assets derived from policy transactions.....	7,758,447	9,001,812	3,401,192	1,138,758
Capital contribution from (return of capital to) Provident Mutual Life Insurance Company.....		30,000		(100,000)
Total increase (decrease) in net assets.....	9,678,139	(3,210,731)	4,173,679	53,438
NET ASSETS				
Beginning of year.....	22,921,691	93,258,952	8,525,290	28,645,930
End of year.....	\$32,599,830	\$ 90,048,221	\$12,698,969	\$28,699,368

</Table>

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 2001

<Table>  
<Caption>

	VAN ECK WORLDWIDE BOND SUBACCOUNT	VAN ECK WORLDWIDE HARD ASSETS SUBACCOUNT	VAN ECK WORLDWIDE EMERGING MARKETS SUBACCOUNT	VAN ECK WORLDWIDE REAL ESTATE SUBACCOUNT	ALGER AMERICAN SMALL CAPITALIZATION SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS					
Net investment income (loss).....	\$ 201,036	\$ 15,563	\$ (88,598)	\$ 27,666	\$ (255,720)
Net realized (loss) gain on investments.....	(124,000)	(140,045)	345,572	25,253	(4,295,124)
Net unrealized (depreciation) appreciation of investments during the year.....	(377,954)	(286,812)	(545,049)	39,629	(6,782,110)
Net (decrease) increase in net assets from operations.....	(300,918)	(411,294)	(288,075)	92,548	(11,332,954)
FROM VARIABLE LIFE POLICY TRANSACTIONS					
Policyholders' net premiums.....	854,165	720,438	3,406,814	532,389	7,858,035
Cost of insurance and administrative charges.....	(444,851)	(290,605)	(1,380,076)	(146,436)	(3,098,390)
Surrenders and forfeitures.....	(402,911)	(111,824)	(437,188)	(50,687)	(1,069,072)
Transfers between investment portfolios.....	(297,473)	(389,124)	(1,263,185)	431,336	247,311
Net (withdrawals) repayments due to policy loans.....	(11,004)	12,201	(36,134)	(327)	(13,331)
Withdrawals due to death benefits.....	(13,000)	(9,395)	(20,035)	(7,475)	(30,823)
Net (decrease) increase in net assets derived from policy transactions.....	(315,074)	(68,309)	270,196	758,800	3,893,730
Capital contribution from Provident Mutual Life Insurance Company.....					35,000



Total (decrease) increase in net assets.....	(615,992)	(479,603)	(17,879)	851,348	(7,404,224)
NET ASSETS					
Beginning of year.....	5,596,062	3,760,696	13,041,363	1,323,790	36,698,020
End of year.....	\$4,980,070	\$3,281,093	\$13,023,484	\$2,175,138	\$ 29,293,796

</Table>

See accompanying notes to financial statements

F-91

-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 2001  
-----

<Table>  
<Caption>

	STRONG MID-CAP GROWTH FUND II SUBACCOUNT	STRONG OPPORTUNITY FUND II SUBACCOUNT
<S>	<C>	<C>
FROM OPERATIONS		
Net investment (loss).....	\$ (44,342)	\$ (4,900)
Net realized (loss) gain on investments.....	(1,401,247)	693,148
Net unrealized depreciation of investments during the year.....	(931,861)	(753,213)
Net decrease in net assets from operations.....	(2,377,450)	(64,965)
FROM VARIABLE LIFE POLICY TRANSACTIONS		
Policyholders' net premiums.....	3,023,718	1,091,786
Cost of insurance and administrative charges.....	(896,668)	(335,315)
Surrenders and forfeitures.....	(102,952)	(32,582)
Transfers between investment portfolios.....	1,742,679	2,936,482
Net withdrawals due to policy loans.....	(90,345)	(43,280)
Withdrawals due to death benefits.....	(5,156)	(22,421)
Net increase in net assets derived from policy transactions.....	3,671,276	3,594,670
Total increase in net assets.....	1,293,826	3,529,705
NET ASSETS		
Beginning of year.....	5,917,949	1,688,509
End of year.....	\$ 7,211,775	\$5,218,214

</Table>

See accompanying notes to financial statements

F-92

-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 2000  
-----

<Table>  
<Caption>

	GROWTH SUBACCOUNT	MONEY MARKET SUBACCOUNT	BOND SUBACCOUNT	MANAGED SUBACCOUNT	AGGRESSIVE GROWTH SUBACCOUNT	INTERNATIONAL SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS						
Net investment income.....	\$ 1,837,901	\$ 2,117,185	\$ 779,616	\$ 1,165,400	\$ 829,645	\$ 1,024,900
Net realized gain on investments.....	22,304,272		75,031	3,451,100	4,273,234	6,404,209
Net unrealized (depreciation) appreciation of investments during the year.....	(6,827,278)		431,973	(1,271,004)	11,182,636	(9,202,997)
Net increase (decrease) in net assets from operations.....	17,314,895	2,117,185	1,286,620	3,345,496	16,285,515	(1,773,888)
FROM VARIABLE LIFE POLICY TRANSACTIONS						
Policyholders' net premiums.....	20,256,737	49,754,978	2,344,822	4,551,508	6,669,727	7,149,801

Cost of insurance and administrative charges.....	(9,728,899)	(5,557,693)	(1,082,625)	(2,589,856)	(3,026,557)	(3,082,377)
Surrenders and forfeitures.....	(13,457,052)	(2,772,264)	(991,772)	(2,305,722)	(2,831,225)	(2,444,454)
Transfers between investment portfolios...	(25,877,394)	(45,006,275)	(675,825)	(3,798,088)	9,052,429	(1,475,003)
Net withdrawals due to policy loans.....	(1,949,626)	(437,134)	(40,685)	(375,531)	(856,551)	(515,057)
Withdrawals due to death benefits.....	(456,077)	(554,367)	(101,498)	(175,792)	(25,384)	(42,455)
Net (decrease) increase in net assets derived from policy transactions.....	(31,212,311)	(4,572,755)	(547,583)	(4,693,481)	8,982,439	(409,545)
Total (decrease) increase in net assets...	(13,897,416)	(2,455,570)	739,037	(1,347,985)	25,267,954	(2,183,433)
NET ASSETS						
Beginning of year.....	220,985,586	42,459,282	14,871,197	45,171,959	42,072,805	54,503,747
End of year.....	\$207,088,170	\$ 40,003,712	\$15,610,234	\$43,823,974	\$67,340,759	\$52,320,314

</Table>

See accompanying notes to financial statements

F-93

-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 2000  
-----

<Table>

	ALL PRO LARGE CAP GROWTH SUBACCOUNT	ALL PRO LARGE CAP VALUE SUBACCOUNT	ALL PRO SMALL CAP GROWTH SUBACCOUNT	ALL PRO SMALL CAP VALUE SUBACCOUNT	**EQUITY 500 INDEX SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS					
Net investment income (loss).....	\$ 323,781	\$ 13,861	\$ 369,604	\$ (32,758)	\$ (1,413,611)
Net realized gain (loss) on investments.....	610,914	(68,402)	3,061,436	138,567	55,132,897
Net unrealized (depreciation) appreciation of investments during the year.....	(6,643,081)	226,416	(15,365,507)	1,500,996	(74,317,441)
Net (decrease) increase in net assets from operations.....	(5,708,386)	171,875	(11,934,467)	1,606,805	(20,598,155)
FROM VARIABLE LIFE POLICY TRANSACTIONS					
Policyholders' net premiums.....	6,524,372	2,281,805	8,230,107	1,835,632	42,319,738
Cost of insurance and administrative charges.....	(2,286,881)	(831,205)	(2,426,943)	(517,974)	(16,446,733)
Surrenders and forfeitures.....	(1,131,527)	(393,923)	(1,488,301)	(94,789)	(7,391,335)
Transfers between investment portfolios.....	4,847,660	908,113	18,398,922	2,676,844	(487,095)
Net withdrawals due to policy loans.....	(317,018)	(93,881)	(612,931)	(78,578)	(2,635,279)
Withdrawals due to death benefits.....	(7,688)	(11,086)	(16,561)	(700)	(184,312)
Net increase in net assets derived from policy transactions.....	7,628,918	1,859,823	22,084,293	3,820,435	15,174,984
Total increase in net assets.....	1,920,532	2,031,698	10,149,826	5,427,240	(5,423,171)
NET ASSETS					
Beginning of year.....	23,637,213	8,881,983	24,047,996	4,358,929	200,805,099
End of year.....	\$25,557,745	\$10,913,681	\$ 34,197,822	\$9,786,169	\$195,381,928

</Table>

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\*\* Prior to February 7, 2000, this subaccount was known as Fidelity Index 500 Subaccount.

See accompanying notes to financial statements

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statement of Changes in Net Assets for the Year Ended December 31, 2000  
-----

<Table>

ZERO COUPON BOND	
------------------	--

2006 SERIES  
SUBACCOUNT

<S>	<C>
FROM OPERATIONS	
Net investment loss.....	\$ (112,782)
Net realized gain on investments.....	634,480
Net unrealized appreciation of investments during the year.....	1,054,810
Net increase in net assets from operations.....	1,576,508
FROM VARIABLE LIFE POLICY TRANSACTIONS	
Policyholders' net premiums.....	1,732,187
Cost of insurance and administrative charges.....	(1,000,554)
Surrenders and forfeitures.....	(267,636)
Transfers between investment portfolios.....	(1,761,119)
Net withdrawals due to policy loans.....	(106,868)
Withdrawals due to death benefits.....	(27,805)
Net decrease in net assets derived from policy transactions.....	(1,431,795)
Total increase in net assets.....	144,713
NET ASSETS	
Beginning of year.....	12,857,715
End of year.....	\$13,002,428

</Table>

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 2000

<Table> <Caption>	FIDELITY EQUITY- INCOME SUBACCOUNT	FIDELITY GROWTH SUBACCOUNT	FIDELITY HIGH INCOME SUBACCOUNT	FIDELITY OVERSEAS SUBACCOUNT	FIDELITY ASSET MANAGER SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS					
Net investment income (loss).....	\$ 1,326,801	\$ (1,698,218)	\$ 1,139,118	\$ 369,664	\$ 1,407,375
Net realized gain (loss) on investments.....	12,604,343	33,942,775	(1,613,681)	5,320,046	5,303,762
Net unrealized depreciation of investments during the year.....	(4,571,379)	(67,062,220)	(3,981,898)	(18,732,166)	(9,280,740)
Net increase (decrease) in net assets from operations.....	9,359,765	(34,817,663)	(4,456,461)	(13,042,456)	(2,569,603)
FROM VARIABLE LIFE POLICY TRANSACTIONS					
Policyholders' net premiums.....	22,561,568	44,737,332	3,492,600	10,422,907	8,574,024
Cost of insurance and administrative charges.....	(9,784,715)	(17,791,302)	(1,536,820)	(3,762,747)	(3,887,794)
Surrenders and forfeitures.....	(4,931,122)	(13,157,327)	(743,306)	(1,987,769)	(2,642,118)
Transfers between investment portfolios.....	(12,653,248)	24,977,490	1,950,235	9,929,814	(2,317,031)
Net withdrawals due to policy loans.....	(1,925,000)	(4,066,647)	(194,085)	(652,825)	(494,858)
Withdrawals due to death benefits.....	(353,585)	(379,117)	(38,758)	(212,393)	(126,543)
Net (decrease) increase in net assets derived from policy transactions.....	(7,086,102)	34,320,429	2,929,866	13,736,987	(894,320)
Total increase (decrease) in net assets.....	2,273,663	(497,234)	(1,526,595)	694,531	(3,463,923)
NET ASSETS					
Beginning of year.....	135,091,899	265,591,852	19,236,941	55,439,486	56,956,582
End of year.....	\$137,365,562	\$265,094,618	\$17,710,346	\$56,134,017	\$53,492,659

</Table>

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 2000

<Table>  
<Caption>

	FIDELITY INVESTMENT GRADE BOND SUBACCOUNT	FIDELITY CONTRAFUND SUBACCOUNT	NEUBERGER BERMAN LIMITED MATURITY BOND SUBACCOUNT	NEUBERGER BERMAN PARTNERS SUBACCOUNT
<S>	<C>	<C>	<C>	<C>
FROM OPERATIONS				
Net investment income (loss).....	\$1,156,064	\$ (350,569)	\$ 514,964	\$ 26,680
Net realized (loss) gain on investments.....	(35,853)	11,907,007	(201,813)	3,948,763
Net unrealized appreciation (depreciation) of investments during the year.....	973,478	(18,462,604)	156,307	(3,945,093)
Net increase (decrease) in net assets from operations.....	2,093,689	(6,906,166)	469,458	30,350
FROM VARIABLE LIFE POLICY TRANSACTIONS				
Policyholders' net premiums.....	3,574,894	20,346,367	1,812,352	5,300,658
Cost of insurance and administrative charges.....	(1,653,583)	(7,216,396)	(671,457)	(2,353,465)
Surrenders and forfeitures.....	(757,834)	(2,842,608)	(179,563)	(1,118,754)
Transfers between investment portfolios.....	1,116,971	8,418,514	(1,604,489)	(2,784,854)
Net withdrawals due to policy loans.....	(198,216)	(1,307,425)	(97,190)	(214,768)
Withdrawals due to death benefits.....	(7,272)	(379,940)	(158)	(35,785)
Net increase (decrease) in net assets derived from policy transactions.....	2,074,960	17,018,512	(740,505)	(1,206,968)
Total increase (decrease) in net assets.....	4,168,649	10,112,346	(271,047)	(1,176,618)
NET ASSETS				
Beginning of year.....	18,753,042	83,146,606	8,796,337	29,822,548
End of year.....	\$22,921,691	\$ 93,258,952	\$ 8,525,290	\$28,645,930

</Table>

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 2000

<Table>  
<Caption>

	VAN ECK WORLDWIDE BOND SUBACCOUNT	VAN ECK WORLDWIDE HARD ASSETS SUBACCOUNT	VAN ECK WORLDWIDE EMERGING MARKETS SUBACCOUNT	VAN ECK WORLDWIDE REAL ESTATE SUBACCOUNT	ALGER AMERICAN SMALL CAPITALIZATION SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS					
Net investment income (loss).....	\$ 229,345	\$ 10,792	\$ (127,899)	\$ 9,922	\$ (328,830)
Net realized (loss) gain on investments.....	(59,420)	(289,865)	578,453	14,548	14,467,214
Net unrealized (depreciation) appreciation of investments during the year.....	(101,189)	607,325	(9,601,945)	151,405	(27,770,534)
Net increase (decrease) in net assets from operations.....	68,736	328,252	(9,151,391)	175,875	(13,632,150)
FROM VARIABLE LIFE POLICY TRANSACTIONS					
Policyholders' net premiums.....	1,006,931	671,987	4,412,821	323,980	8,928,616
Cost of insurance and administrative charges.....	(432,030)	(265,274)	(1,439,787)	(92,316)	(3,111,350)
Surrenders and forfeitures.....	(211,884)	(122,718)	(422,605)	(26,195)	(1,692,382)
Transfers between investment portfolios.....	(603,371)	476,548	851,168	253,655	5,480,223
Net withdrawals due to policy loans.....	(57,969)	(70,520)	(233,650)	(24,653)	(465,025)
Withdrawals due to death benefits.....	(18,273)	(1,234)	(18,551)	(139)	(41,335)
Net (decrease) increase in net assets derived from policy transactions.....	(316,596)	688,789	3,149,396	434,332	9,098,747
Total (decrease) increase in net assets.....	(247,860)	1,017,041	(6,001,995)	610,207	(4,533,403)
NET ASSETS					
Beginning of year.....	5,843,922	2,743,655	19,043,358	713,583	41,231,423

End of year.....	\$5,596,062	\$3,760,696	\$13,041,363	\$1,323,790	\$ 36,698,020
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</Table>

See accompanying notes to financial statements

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 2000  
-----

<Table>  
<Caption>

	STRONG MID-CAP GROWTH FUND II SUBACCOUNT	STRONG OPPORTUNITY FUND II SUBACCOUNT
<S>	<C>	<C>
FROM OPERATIONS		
Net investment (loss) income.....	\$ (12,143)	\$ 416
Net realized gain on investments.....	410,548	187,400
Net unrealized depreciation of investments during the year.....	(1,726,217)	(191,343)
Net decrease in net assets from operations.....	(1,327,812)	(3,527)
FROM VARIABLE LIFE POLICY TRANSACTIONS		
Policyholders' net premiums.....	1,162,681	216,193
Cost of insurance and administrative charges.....	(199,096)	(37,922)
Surrenders and forfeitures.....	(8,933)	(1,802)
Transfers between investment portfolios.....	6,295,274	1,497,262
Net withdrawals due to policy loans.....	(29,165)	(6,695)
Net increase in net assets derived from policy transactions.....	7,220,761	1,667,036
Capital contribution from Provident Mutual Life Insurance Company.....	25,000	25,000
Total increase in net assets.....	5,917,949	1,688,509
NET ASSETS		
Beginning of year.....		
End of year.....	\$ 5,917,949	\$1,688,509

</Table>

See accompanying notes to financial statements

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-----  
The Variable Separate Accounts  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 1999  
-----

<Table>  
<Caption>

	GROWTH SEPARATE ACCOUNT	MONEY MARKET SEPARATE ACCOUNT	BOND SEPARATE ACCOUNT	AGGRESSIVE GROWTH SEPARATE ACCOUNT	INTERNATIONAL SEPARATE ACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS					
Net investment (loss) income.....	\$ (656,130)	\$ 1,500,345	\$ 115,337	\$ (53,124)	\$ 183,340
Net realized gain on investments.....	13,224,393		245,232	6,344,491	3,443,745
Net unrealized (depreciation) appreciation of investments during the year.....	(6,941,476)		(953,188)	(781,299)	8,305,698
Net increase (decrease) in net assets from operations.....	5,626,787	1,500,345	(592,619)	5,510,068	11,932,783
FROM VARIABLE LIFE POLICY TRANSACTIONS					
Policyholders' net premiums.....	25,559,470	45,254,470	2,928,215	6,725,432	7,926,796

Cost of insurance and administrative charges.....	(11,000,645)	(4,882,943)	(1,170,041)	(2,733,161)	(3,081,714)
Surrenders and forfeitures.....	(13,471,793)	(2,245,501)	(1,146,196)	(2,039,064)	(1,675,257)
Transfers between investment portfolios.....	(15,622,188)	(29,928,701)	(784,382)	(4,058,353)	(4,171,437)
Net (withdrawals) repayments due to policy loans.....	(1,509,720)	(55,132)	333,554	(257,031)	(333,439)
Withdrawals due to death benefits.....	(328,808)	(105,788)	(39,302)	(28,015)	(49,046)
Net increase (decrease) in net assets derived from policy transactions.....	(16,373,684)	8,036,405	121,848	(2,390,192)	(1,384,097)
Total (decrease) increase in net assets.....	(10,746,897)	9,536,750	(470,771)	3,119,876	10,548,686
NET ASSETS					
Beginning of year.....	231,732,483	32,922,532	15,341,968	38,952,929	43,955,061
End of year.....	\$220,985,586	\$ 42,459,282	\$14,871,197	\$42,072,805	\$54,503,747

</Table>

See accompanying notes to financial statements

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-----  
The Variable Separate Accounts  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 1999  
-----

<Table>  
<Caption>

	VARIABLE SEPARATE ACCOUNT				
	MANAGED SUBACCOUNT	ALL PRO LARGE CAP GROWTH SUBACCOUNT	ALL PRO LARGE CAP VALUE SUBACCOUNT	ALL PRO SMALL CAP GROWTH SUBACCOUNT	ALL PRO SMALL CAP VALUE SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS					
Net investment income (loss).....	\$ 16,403	\$ (106,008)	\$ (23,731)	\$ (74,986)	\$ (20,317)
Net realized gain (loss) on investments.....	3,285,170	937,158	141,631	1,098,185	(295,056)
Net unrealized (depreciation) appreciation of investments during the year.....	(3,470,098)	2,527,944	(319,952)	8,526,679	(746)
Net (decrease) increase in net assets from operations....	(168,525)	3,359,094	(202,052)	9,549,878	(316,119)
FROM VARIABLE LIFE POLICY TRANSACTIONS					
Policyholders' net premiums.....	5,336,853	3,974,650	1,765,693	2,424,562	1,267,496
Cost of insurance and administrative charges.....	(2,630,602)	(1,316,182)	(580,616)	(697,076)	(343,372)
Surrenders and forfeitures.....	(1,794,972)	(510,138)	(118,076)	(263,663)	(53,089)
Transfers between investment portfolios.....	3,744,142	14,042,452	4,604,631	8,628,255	670,018
Net withdrawals due to policy loans.....	(237,231)	(169,856)	(83,273)	(180,314)	(19,891)
Withdrawals due to death benefits.....	(110,679)	(12,140)		(6,005)	
Net increase in net assets derived from policy transactions.....	4,307,511	16,008,786	5,588,359	9,905,759	1,521,162
Capital contribution from Provident Mutual Life Insurance Company.....				25,000	
Total increase in net assets.....	4,138,986	19,367,880	5,386,307	19,480,637	1,205,043
NET ASSETS					
Beginning of year.....	41,032,973	4,269,333	3,495,676	4,567,359	3,153,886
End of year.....	\$45,171,959	\$23,637,213	\$8,881,983	\$24,047,996	\$4,358,929

</Table>

See accompanying notes to financial statements

F-101

-----  
The Variable Separate Accounts  
of Provident Mutual Life Insurance Company  
Statement of Changes in Net Assets for the Year Ended December 31, 1999  
-----

<Table>

<Caption>

ZERO COUPON BOND  
SEPARATE ACCOUNT

	2006 SERIES SUBACCOUNT
<S>	<C>
FROM OPERATIONS	
Net investment loss.....	\$ (118,127)
Net realized gain on investments.....	504,592
Net unrealized depreciation of investments during the year.....	(1,271,074)
Net decrease in net assets from operations.....	(884,609)
FROM VARIABLE LIFE POLICY TRANSACTIONS	
Policyholders' net premiums.....	2,272,109
Cost of insurance and administrative charges.....	(1,094,364)
Surrenders and forfeitures.....	(276,872)
Transfers between investment portfolios.....	288,024
Net repayments due to policy loans.....	10,863
Withdrawals due to death benefits.....	(16,728)
Net increase in net assets derived from policy transactions.....	1,183,032
Return of capital to Provident Mutual Life Insurance Company.....	(30,000)
Total increase in net assets.....	268,423
NET ASSETS	
Beginning of year.....	12,589,292
End of year.....	\$12,857,715

</Table>

See accompanying notes to financial statements

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The Variable Separate Accounts  
of Provident Mutual Life Insurance Company  
Statements of Changes in Net Assets for the Year Ended December 31, 1999

	VARIABLE SEPARATE ACCOUNT					
	FIDELITY EQUITY- INCOME SUBACCOUNT	FIDELITY GROWTH SUBACCOUNT	FIDELITY HIGH INCOME SUBACCOUNT	FIDELITY OVERSEAS SUBACCOUNT	FIDELITY ASSET MANAGER SUBACCOUNT	FIDELITY INDEX 500 SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS						
Net investment income (loss).....	\$ 903,877	\$ (1,119,329)	\$ 1,597,456	\$ 266,685	\$ 1,311,456	\$ 193,633
Net realized gain (loss) on investments....	8,638,996	24,847,780	(465,929)	2,198,848	3,093,523	4,801,112
Net unrealized (depreciation) appreciation of investments during the year.....	(2,835,894)	43,867,646	300,490	13,408,527	872,500	25,293,599
Net increase in net assets from operations.....	6,706,979	67,596,097	1,432,017	15,874,060	5,277,479	30,288,344
FROM VARIABLE LIFE POLICY TRANSACTIONS						
Policyholders' net premiums.....	26,300,878	36,742,390	4,187,437	8,759,380	8,961,592	42,870,989
Cost of insurance and administrative charges.....	(10,154,078)	(13,681,370)	(1,605,749)	(2,892,929)	(3,769,280)	(14,259,424)
Surrenders and forfeitures.....	(3,592,990)	(7,044,356)	(516,102)	(1,126,817)	(2,114,552)	(4,999,798)
Transfers between investment portfolios....	(3,881,832)	15,811,209	(3,043,663)	498,950	(1,063,797)	19,021,170
Net withdrawals due to policy loans.....	(1,209,316)	(2,498,144)	(118,715)	(314,727)	(322,758)	(2,757,490)
Withdrawals due to death benefits.....	(127,564)	(73,911)	(7,992)	(54,224)	(183,435)	(144,419)
Net increase in net assets derived from policy transactions.....	7,335,098	29,255,818	(1,104,784)	4,869,633	1,507,770	39,731,028
Total increase in net assets.....	14,042,077	96,851,915	327,233	20,743,693	6,785,249	70,019,372
NET ASSETS						
Beginning of year.....	121,049,822	168,739,937	18,909,708	34,695,793	50,171,333	130,785,727
End of year.....	\$135,091,899	\$265,591,852	\$19,236,941	\$55,439,486	\$56,956,582	\$200,805,099

</Table>

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 The Variable Separate Accounts  
 of Provident Mutual Life Insurance Company  
 Statements of Changes in Net Assets for the Year Ended December 31, 1999  
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<Table>  
 <Caption>

	VARIABLE SEPARATE ACCOUNT					
	FIDELITY INVESTMENT GRADE BOND SUBACCOUNT	FIDELITY CONTRAFUND (R) SUBACCOUNT	NEUBERGER BERMAN BALANCED SUBACCOUNT	NEUBERGER BERMAN GROWTH SUBACCOUNT	NEUBERGER BERMAN LIMITED MATURITY BOND SUBACCOUNT	NEUBERGER BERMAN PARTNERS SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS						
Net investment income (loss).....	\$ 413,755	\$ (204,570)	\$ 105,172	\$ (66,971)	\$ 336,961	\$ (119,528)
Net realized gain (loss) on investments.....	353,970	2,679,344	90,944	272,816	(50,951)	180,282
Net unrealized (depreciation) appreciation of investments during the year.....	(1,033,121)	11,740,181	(277,919)	(829,761)	(224,820)	(424,672)
Net (decrease) increase in net assets from operations.....	(265,396)	14,214,955	(81,803)	(623,916)	61,190	(363,918)
FROM VARIABLE LIFE POLICY TRANSACTIONS						
Policyholders' net premiums.....	4,032,775	17,802,373	565,791	1,959,156	2,091,724	4,323,983
Cost of insurance and administrative charges.....	(1,422,000)	(5,378,405)	(246,888)	(781,892)	(584,928)	(1,732,241)
Surrenders and forfeitures.....	(363,847)	(1,262,113)	(99,384)	(382,062)	(81,946)	(835,368)
Transfers between investment portfolios.....	2,875,172	12,332,491	(7,607,944)	(30,210,653)	734,126	26,875,968
Net withdrawals due to policy loans.....	(91,716)	(729,208)	(26,232)	(119,608)	(7,993)	(145,504)
Withdrawals due to death benefits.....	(2,577)	(10,570)	(275)	(18,835)		(21,808)
Net increase (decrease) in net assets derived from policy transactions.....	5,027,807	22,754,568	(7,414,932)	(29,553,894)	2,150,983	28,465,030
Total increase (decrease) in net assets.....	4,762,411	36,969,523	(7,496,735)	(30,177,810)	2,212,173	28,101,112
NET ASSETS						
Beginning of year.....	13,990,631	46,177,083	7,496,735	30,177,810	6,584,164	1,721,436
End of year.....	\$18,753,042	\$83,146,606	--	--	\$8,796,337	\$29,822,548

</Table>

See accompanying notes to financial statements

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 The Variable Separate Accounts  
 of Provident Mutual Life Insurance Company  
 Statements of Changes in Net Assets for the Year Ended December 31, 1999  
 -----

<Table>  
 <Caption>

	VARIABLE SEPARATE ACCOUNT					
	AMERICAN CENTURY VP CAPITAL APPRECIATION SUBACCOUNT	VAN ECK WORLDWIDE BOND SUBACCOUNT	VAN ECK WORLDWIDE HARD ASSETS SUBACCOUNT	VAN ECK WORLDWIDE EMERGING MARKETS SUBACCOUNT	VAN ECK WORLDWIDE REAL ESTATE SUBACCOUNT	ALGER AMERICAN SMALL CAPITALIZATION SUBACCOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS						
Net investment (loss) income.....	\$ (17,307)	\$ 181,866	\$ 14,663	\$ (69,910)	\$ 4,918	\$ (213,671)
Net realized (loss) gain on investments.....	(302,618)	92,205	(325,178)	(1,010,030)	(17,087)	4,706,963
Net unrealized appreciation (depreciation) of investments during						



the year.....	901,802	(774,924)	752,308	9,614,928	(6,493)	7,862,795
Net increase (decrease) in net assets from operations.....	581,877	(500,853)	441,793	8,534,988	(18,662)	12,356,087
FROM VARIABLE LIFE POLICY TRANSACTIONS						
Policyholders' net premiums.....	726,731	1,312,452	714,639	2,966,545	242,709	7,735,292
Cost of insurance and administrative charges.....	(275,934)	(477,757)	(245,907)	(949,758)	(59,562)	(2,568,433)
Surrenders and forfeitures.....	(114,281)	(230,911)	(400,502)	(468,935)	(2,705)	(748,345)
Transfers between investment portfolios.....	(8,445,347)	59,808	175,667	2,993,928	122,943	(4,251,852)
Net withdrawals due to policy loans...	(33,028)	(22,317)	(10,258)	(256,405)	(13,070)	(271,486)
Withdrawals due to death benefits.....	(19,365)	(3,213)	(65)	(10,061)		(14,375)
Net (decrease) increase in net assets derived from policy transactions....	(8,161,224)	638,062	233,574	4,275,314	290,315	(119,199)
Total (decrease) increase in net assets.....	(7,579,347)	137,209	675,367	12,810,302	271,653	12,236,888
NET ASSETS						
Beginning of year.....	7,579,347	5,706,713	2,068,288	6,233,056	441,930	28,994,535
End of year.....	--	\$5,843,922	\$2,743,655	\$19,043,358	\$713,583	\$41,231,423

</Table>

See accompanying notes to financial statements

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements  
-----

1. ORGANIZATION

The Provident Mutual Variable Life Separate Account (Separate Account) was established by Provident Mutual Life Insurance Company (Provident Mutual) under the provisions of the Pennsylvania Insurance Law. The Separate Account is a separate investment account to which assets are allocated to support the benefits payable under single premium, modified premium, scheduled premium and flexible premium adjustable variable life insurance policies (the Policies). The Market Street Fund All Pro Broad Equity, Money Market, Bond and Balanced Subaccounts are the only subaccounts available with single premium and scheduled premium policies and the Zero Coupon Bond Subaccount is not available with scheduled premium policies.

The Policies are distributed principally through career agents and brokers.

Provident Mutual has structured the Separate Account as unit investment trusts registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. The Variable Separate Account is comprised of twenty-eight Subaccounts: the All Pro Broad Equity (formerly the Growth Subaccount and Growth Separate Account), Money Market (formerly the Money Market Separate Account), Bond (formerly the Bond Separate Account), Balanced (formerly the Managed Subaccount and Managed Separate Account), Mid Cap Growth (formerly the Aggressive Growth Subaccount and Aggressive Growth Separate Account) and International (formerly the International Separate Account) Subaccounts and the All Pro Large Cap Growth, All Pro Large Cap Value, All Pro Small Cap Growth, All Pro Small Cap Value and the Equity 500 Index Subaccounts invest in the corresponding portfolios of the Market Street Fund, Inc. The Zero Coupon Bond 2006 Series Subaccount (formerly the Zero Coupon Bond Separate Account) invests in the 2006 Series Portfolio of the Zero Coupon Trust. Funds are transferred to Merrill Lynch, Pierce, Fenner & Smith (MLPFS), who serves as sponsor of The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A (Zero Coupon Trust). The Fidelity Equity-Income, Fidelity Growth, Fidelity High Income and Fidelity Overseas Subaccounts invest in the corresponding portfolios of the Variable Insurance Products Fund; the Fidelity Asset Manager, Fidelity Investment Grade Bond and Fidelity Contrafund Subaccounts invest in the corresponding portfolios of the Variable Insurance Products Fund II; Neuberger Berman Limited Maturity Bond and Neuberger Berman Partners Subaccounts invest in the corresponding portfolios of the Neuberger Berman Advisers Management Trust; the Van Eck Worldwide Bond, Van Eck Worldwide Hard Assets, Van Eck Worldwide Emerging Markets and Van Eck Worldwide Real Estate Subaccounts invest in the corresponding portfolios of the Van Eck Worldwide Insurance Trust; the Alger American Small Capitalization Subaccount invests in the corresponding portfolio of the Alger American Fund; the Strong Mid Cap Growth Fund II Subaccount invests in the corresponding portfolio of the Strong Variable Insurance Funds, Inc.; and the Strong Opportunity Fund II Subaccount invests in the Strong Opportunity Fund II, Inc.

At the close of business on April 30, 1999, the Neuberger Berman Growth Subaccount, Neuberger Berman Balanced Subaccount and American Century VP Capital Appreciation Subaccount were terminated and the investments were transferred to the Neuberger Berman Partners Subaccount, the Managed Subaccount and the All Pro Large Cap Growth Subaccount, respectively. In addition, the assets of the Provident Mutual Managed Separate Account were transferred to a newly established subaccount (the "Managed Subaccount") of the Variable Separate Account, and the Provident Mutual Managed Separate Account ceased to exist. At the close of business on February 7, 2000, the Fidelity Index 500 Subaccount was terminated and the investments were transferred to the newly established Market Street Fund Equity 500 Index Subaccount. At the close of business on April 30, 2000, the assets of the Growth,

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

1. ORGANIZATION, CONTINUED

Money Market, Bond, Aggressive Growth, International and Zero Coupon Bond Separate Accounts were transferred to newly established subaccounts (the "Growth", "Money Market", "Bond", "Aggressive Growth", "International" and "Zero Coupon Bond 2006 Series" Subaccounts), and the Provident Mutual Growth, Money Market, Bond, Aggressive Growth, International and Zero Coupon Bond Separate Accounts ceased to exist. At the close of business on January 26, 2001, the assets of the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts were renamed the "All-Pro Broad Equity", "Balanced" and "Mid Cap Growth" Subaccounts, respectively.

Net premiums from in force policies are allocated to the subaccounts in accordance with policyholder instructions and are recorded as variable life policy transactions in the statements of changes in net assets. Such amounts are used to provide money to pay benefits under the policies (Note 4). The Separate Account's assets are the property of Provident Mutual.

Transfers between investment portfolios include transfers between the subaccounts and the Guaranteed Account (not shown), which is part of Provident Mutual's General Account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Separate Account in the financial statements.

Investment Valuation:

Investment shares are valued at the net asset values of the respective portfolios. Transactions are recorded on the trade date. Dividend income is recorded on the ex-dividend date.

Realized Gains and Losses:

Realized gains and losses on sales of investment shares are determined using the specific identification basis for financial reporting and income tax purposes.

Federal Income Taxes:

The operations of the Separate Account are included in the Federal income tax return of Provident Mutual. Under the provisions of the policies, Provident Mutual has the right to charge the Separate Account for Federal income tax attributable to the Separate Account. No charge is currently being made against the Separate Account for such tax.

Estimates:

The preparation of the accompanying financial statements required management to make estimates and assumptions that affect the reported values of assets and liabilities and the reported amounts from operations and policy transactions during the period. Actual results could differ from those estimates.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS

At December 31, 2001, the investments of the respective Subaccounts are as follows:

<Table>

<Caption>

	SHARES	COST	FAIR VALUE
<S>	<C>	<C>	<C>
Market Street Fund, Inc.:			
All Pro Broad Equity Portfolio**	11,604,616	\$193,213,384	\$173,372,963
Money Market Portfolio	53,041,046	\$53,041,046	\$53,041,046
Bond Portfolio	1,796,709	\$19,121,640	\$19,745,829
Balanced Portfolio**	2,816,456	\$43,435,344	\$40,134,504
Mid Cap Growth Portfolio**	3,362,551	\$68,705,009	\$67,284,654
International Portfolio	4,231,290	\$55,590,774	\$47,390,445
All Pro Large Cap Growth Portfolio	2,620,479	\$32,109,137	\$23,584,313
All Pro Large Cap Value Portfolio	1,436,462	\$14,100,523	\$14,192,246
All Pro Small Cap Growth Portfolio	2,423,892	\$41,302,560	\$29,304,856
All Pro Small Cap Value Portfolio	1,859,265	\$16,382,891	\$19,001,687
Equity 500 Index Portfolio	23,398,265	\$228,523,515	\$189,993,908
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A:			
2006 Series	16,789,036	\$11,896,162	\$14,276,892
Variable Insurance Products Fund:			
Equity-Income Portfolio	5,995,482	\$136,925,256	\$136,397,219
Growth Portfolio	6,747,100	\$265,815,803	\$226,770,036
High Income Portfolio	2,472,562	\$20,172,136	\$15,849,124
Overseas Portfolio	3,368,104	\$67,512,167	\$46,749,289
Variable Insurance Products Fund II:			
Asset Manager Portfolio	3,520,639	\$57,178,730	\$51,084,474
Investment Grade Bond Portfolio	2,523,207	\$31,203,033	\$32,599,830
Contrafund Portfolio	4,471,844	\$103,208,556	\$90,018,221
Neuberger Berman Advisers Management Trust:			
Limited Maturity Bond Portfolio	942,759	\$12,372,808	\$12,698,969
Partners Portfolio	1,907,243	\$34,321,111	\$28,799,368
Van Eck Worldwide Insurance Trust:			
Van Eck Worldwide Bond Portfolio	528,670	\$5,643,578	\$4,980,070
Van Eck Worldwide Hard Assets Portfolio	306,931	\$3,344,372	\$3,281,093
Van Eck Worldwide Emerging Markets Portfolio	1,599,937	\$17,201,692	\$13,023,484
Van Eck Worldwide Real Estate Portfolio	200,105	\$2,003,020	\$2,175,138
Alger American Fund:			
Alger American Small Capitalization Portfolio	1,767,903	\$54,049,830	\$29,258,796
Strong Variable Insurance Funds, Inc.:			
Strong Mid Cap Growth Fund II	440,279	\$9,869,853	\$7,211,775
Strong Opportunity Fund II, Inc.:			
Strong Opportunity Fund II	268,289	\$6,162,770	\$5,218,214

</Table>

\*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Portfolios were known as the Market Street Fund Growth, Managed and Aggressive Growth Portfolios, respectively.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

During the years ended December 31, 2001, 2000 and 1999, transactions in investment shares were as follows:

<Table>

<Caption>

	MARKET STREET FUND, INC.					
	ALL PRO BROAD EQUITY PORTFOLIO**			MONEY MARKET PORTFOLIO		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	2001	2000	1999	2001	2000	1999
Shares purchased	564,800	352,303	583,435	36,002,871	28,166,719	53,950,916
Shares received from reinvestment of:						
Dividends	283,871	176,726	42,000	1,800,588	2,379,876	1,691,216
Capital gain distributions	1,000,730	789,270	245,351			

Total shares acquired.....	1,849,401	1,318,299	870,786	37,803,459	30,546,595	55,642,132
Total shares redeemed.....	(1,048,515)	(2,189,094)	(1,515,691)	(23,953,242)	(33,214,626)	(44,726,560)
Net increase (decrease) in shares owned.....	800,886	(870,795)	(644,905)	13,850,217	(2,668,031)	10,915,572
Shares owned, beginning of year.....	10,803,730	11,674,525	12,319,430	39,190,829	41,858,860	30,943,288
Shares owned, end of year.....	11,604,616	10,803,730	11,674,525	53,041,046	39,190,829	41,858,860
Cost of shares acquired.....	\$29,809,872	\$23,257,169	\$16,420,199	\$ 37,803,459	\$ 30,546,595	\$ 55,642,132
Cost of shares redeemed.....	\$13,937,950	\$30,329,856	\$20,214,904	\$ 23,953,242	\$ 33,214,626	\$ 44,726,560

</Table>

\*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity Portfolio was known as the Market Street Fund Growth Portfolio.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

MARKET STREET FUND, INC.

	BOND PORTFOLIO			BALANCED PORTFOLIO**		
	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Shares purchased.....	395,936	141,183	219,210	197,409	108,384	539,252
Shares received from reinvestment of:						
Dividends.....	94,784	88,175	19,418	103,281	93,558	18,094
Capital gain distributions.....			15,257	146,203	142,096	123,388
Total shares acquired.....	490,720	229,358	253,885	446,893	344,038	680,734
Total shares redeemed.....	(125,879)	(204,269)	(215,948)	(241,912)	(424,341)	(311,045)
Net increase (decrease) in shares owned...	364,841	25,089	37,937	204,981	(80,303)	369,689
Shares owned, beginning of year.....	1,431,868	1,406,779	1,368,842	2,611,475	2,691,778	2,322,089
Shares owned, end of year.....	1,796,709	1,431,868	1,406,779	2,816,456	2,611,475	2,691,778
Cost of shares acquired.....	\$5,208,910	\$2,335,637	\$2,715,463	\$6,639,380	\$5,368,466	\$11,647,117
Cost of shares redeemed.....	\$1,341,938	\$2,029,655	\$2,236,958	\$2,920,241	\$5,445,752	\$ 4,036,595

</Table>

\*\* Prior to January 29, 2001, the Market Street Fund Balanced Portfolio was known as the Market Street Fund Managed Portfolio.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

MARKET STREET FUND, INC.

	MID CAP GROWTH PORTFOLIO**			INTERNATIONAL PORTFOLIO		
	2001	2000	1999	2001	2000	1999

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Shares purchased.....	412,474	553,798	185,830	509,399	348,266	319,053	
Shares received from reinvestment of:							
Dividends.....	474,270	59,501	10,780	159,937	96,867	38,250	
Capital gain distributions.....	347,661	124,437	267,326	244,243	384,272	196,247	
Total shares acquired.....	1,234,405	737,736	463,936	913,579	829,405	553,550	
Total shares redeemed.....	(302,051)	(222,550)	(326,786)	(379,838)	(399,467)	(459,590)	
Net increase in shares owned.....	932,354	515,186	137,150	533,741	429,938	93,960	
Shares owned, beginning of year.....	2,430,197	1,915,011	1,777,861	3,697,549	3,267,611	3,173,651	
Shares owned, end of year.....	3,362,551	2,430,197	1,915,011	4,231,290	3,697,549	3,267,611	
Cost of shares acquired.....	\$24,189,217	\$17,627,767	\$8,790,532	\$11,066,937	\$11,598,459	\$7,718,908	
Cost of shares redeemed.....	\$ 4,830,131	\$ 3,542,449	\$4,889,357	\$ 4,719,482	\$ 4,578,895	\$5,475,920	

</Table>

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\*\* Prior to January 29, 2001, the Market Street Fund Mid Cap Growth Portfolio was known as the Market Street Fund Aggressive Growth Portfolio.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

MARKET STREET FUND, INC.

	ALL PRO LARGE CAP GROWTH PORTFOLIO			ALL PRO LARGE CAP VALUE PORTFOLIO		
	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Shares purchased.....	641,620	726,694	1,590,971	634,872	393,209	798,762
Shares received from reinvestment of:						
Dividends.....	1,119	36,329	77	11,604	8,392	2,375
Capital gain distributions.....		28,253				
Total shares acquired.....	642,739	791,276	1,591,048	646,476	401,601	801,137
Total shares redeemed.....	(244,673)	(169,216)	(353,425)	(294,873)	(206,720)	(264,257)
Net increase in shares owned.....	398,066	622,060	1,237,623	351,603	194,881	536,880
Shares owned, beginning of year.....	2,222,413	1,600,353	362,730	1,084,859	889,978	353,098
Shares owned, end of year.....	2,620,479	2,222,413	1,600,353	1,436,462	1,084,859	889,978
Cost of shares acquired.....	\$6,017,785	\$10,703,722	\$20,489,418	\$6,302,942	\$3,829,181	\$8,205,291
Cost of shares redeemed.....	\$3,070,113	\$ 2,140,109	\$ 3,649,482	\$3,069,889	\$2,023,899	\$2,499,032

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

MARKET STREET FUND, INC.

	ALL PRO SMALL CAP GROWTH PORTFOLIO			ALL PRO SMALL CAP VALUE PORTFOLIO		
--	------------------------------------	--	--	-----------------------------------	--	--

	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Shares purchased.....	538,732	1,405,068	1,022,760	1,182,780	676,864	625,357
Shares received from reinvestment of:						
Dividends.....		35,365		7,031	1,953	815
Capital gain distributions.....		6,053				
Total shares acquired.....	538,732	1,446,486	1,022,760	1,189,811	678,817	626,172
Total shares redeemed.....	(492,992)	(343,852)	(210,238)	(403,591)	(181,588)	(432,645)
Net increase in shares owned.....	45,740	1,102,634	812,522	786,220	497,229	193,527
Shares owned, beginning of year.....	2,378,152	1,275,518	462,996	1,073,045	575,816	382,289
Shares owned, end of year.....	2,423,892	2,378,152	1,275,518	1,859,265	1,073,045	575,816
Cost of shares acquired.....	\$6,437,536	\$28,719,866	\$12,843,503	\$11,178,951	\$5,272,425	\$4,753,608
Cost of shares redeemed.....	\$5,767,828	\$ 3,174,533	\$ 1,889,545	\$ 3,068,696	\$1,346,181	\$3,547,819

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	MARKET STREET FUND, INC.		
	EQUITY 500 INDEX PORTFOLIO**		
	2001	2000	1999
<S>	<C>	<C>	<C>
Shares purchased.....	3,243,764	21,829,106	302,321
Shares received from reinvestment of:			
Dividends.....	242,194		9,640
Capital gain distributions.....			6,542
Total shares acquired.....	3,485,958	21,829,106	318,503
Total shares redeemed.....	(961,831)	(2,154,449)	(44,939)
Net increase in shares owned.....	2,524,127	19,674,657	273,564
Shares owned, beginning of year.....	20,874,138	1,199,481	925,917
Shares owned, end of year.....	23,398,265	20,874,138	1,199,481
Cost of shares acquired.....	\$29,507,655	\$220,709,156	\$47,794,724
Cost of shares redeemed.....	\$ 9,618,310	\$151,814,886	\$ 3,068,951

</Table>

-----  
\*\* Prior to February 7, 2000, these funds were invested in the Index 500  
Portfolio of the Fidelity Variable Insurance Products Fund II.  
-----

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

THE STRIPPED ("ZERO") U.S.  
TREASURY SECURITIES FUND

PROVIDENT MUTUAL SERIES A

2006 SERIES

	2001	2000	1999
<S>	<C>	<C>	<C>
Shares purchased.....	2,831,248	2,449,429	4,327,831
Shares received from reinvestment of:			
Dividends.....			
Capital gain distributions.....			
Total shares acquired.....	2,831,248	2,449,429	4,327,831
Total shares redeemed.....	(2,836,493)	(4,300,190)	(2,887,477)
Net (decrease) increase in shares owned.....	(5,245)	(1,850,761)	1,440,354
Shares owned, beginning of year.....	16,794,281	18,645,042	17,204,688
Shares owned, end of year.....	16,789,036	16,794,281	18,645,042
Cost of shares acquired.....	\$ 2,339,759	\$ 1,767,579	\$ 2,991,373
Cost of shares redeemed.....	\$ 1,631,209	\$ 2,367,794	\$ 1,489,161

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

VARIABLE INSURANCE PRODUCTS FUND

	EQUITY-INCOME PORTFOLIO			GROWTH PORTFOLIO		
	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Shares purchased.....	565,240	374,832	719,492	616,164	806,224	827,868
Shares received from reinvestment of:						
Dividends.....	93,765	100,557	76,317	4,472	5,892	7,340
Capital gain distributions.....	263,436	378,843	168,701	420,358	586,265	461,503
Total shares acquired.....	922,441	854,232	964,510	1,040,994	1,398,381	1,296,711
Total shares redeemed.....	(309,622)	(726,019)	(472,051)	(367,081)	(160,290)	(222,256)
Net increase in shares owned.....	612,819	128,213	492,459	673,913	1,238,091	1,074,455
Shares owned, beginning of year.....	5,382,663	5,254,450	4,761,991	6,073,187	4,835,096	3,760,641
Shares owned, end of year.....	5,995,482	5,382,663	5,254,450	6,747,100	6,073,187	4,835,096
Cost of shares acquired.....	\$21,704,697	\$19,540,858	\$24,176,018	\$39,267,051	\$69,994,547	\$57,528,953
Cost of shares redeemed.....	\$ 5,914,279	\$12,695,816	\$ 7,298,047	\$ 8,958,815	\$ 3,429,561	\$ 4,544,684

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

VARIABLE INSURANCE PRODUCTS FUND

HIGH INCOME PORTFOLIO

OVERSEAS PORTFOLIO

	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Shares purchased.....	1,110,242	874,746	432,957	468,336	694,619	994,457
Shares received from reinvestment of:						
Dividends.....	281,178	121,521	159,916	149,015	32,237	28,799
Capital gain distributions.....			5,978	235,540	203,008	46,450
Total shares acquired.....	1,391,420	996,267	598,851	852,891	929,864	1,069,706
Total shares redeemed.....	(1,083,937)	(532,067)	(538,016)	(292,892)	(142,148)	(779,780)
Net increase in shares owned.....	307,483	464,200	60,835	559,999	787,716	289,926
Shares owned, beginning of year.....	2,165,079	1,700,879	1,640,044	2,808,105	2,020,389	1,730,463
Shares owned, end of year.....	2,472,562	2,165,079	1,700,879	3,368,104	2,808,105	2,020,389
Cost of shares acquired.....	\$ 9,895,076	\$9,333,533	\$6,614,866	\$13,843,286	\$22,193,797	\$21,885,640
Cost of shares redeemed.....	\$12,495,140	\$6,878,230	\$6,588,123	\$ 6,126,608	\$ 2,767,100	\$14,550,474

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

VARIABLE INSURANCE PRODUCTS FUND II

	ASSET MANAGER PORTFOLIO			INVESTMENT GRADE BOND PORTFOLIO		
	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Shares purchased.....	348,142	306,478	351,224	949,845	342,044	675,996
Shares received from reinvestment of:						
Dividends.....	139,455	109,714	99,374	105,921	114,975	43,097
Capital gain distributions.....	52,295	258,478	125,874			13,520
Total shares acquired.....	539,892	674,670	576,472	1,055,766	457,019	732,613
Total shares redeemed.....	(362,544)	(382,080)	(288,510)	(353,186)	(178,582)	(269,947)
Net increase in shares owned.....	177,348	292,590	287,962	702,580	278,437	462,666
Shares owned, beginning of year.....	3,343,291	3,050,701	2,762,739	1,820,627	1,542,190	1,079,524
Shares owned, end of year.....	3,520,639	3,343,291	3,050,701	2,523,207	1,820,627	1,542,190
Cost of shares acquired.....	\$7,932,432	\$11,106,273	\$9,992,859	\$13,263,465	\$5,386,000	\$8,987,181
Cost of shares redeemed.....	\$5,352,352	\$ 5,289,456	\$4,080,110	\$ 4,353,524	\$2,190,829	\$3,191,649

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

VARIABLE INSURANCE PRODUCTS FUND II

CONTRAFUND PORTFOLIO

2001 2000 1999



<S>	<C>	<C>	<C>
Shares purchased.....	668,066	792,062	986,112
Shares received from reinvestment of:			
Dividends.....	30,689	11,503	9,903
Capital gain distributions.....	108,315	417,548	72,623
Total shares acquired.....	807,070	1,221,113	1,068,638
Total shares redeemed.....	(263,573)	(145,137)	(105,673)
Net increase in shares owned.....	543,497	1,075,976	962,965
Shares owned, beginning of year.....	3,928,347	2,852,371	1,889,406
Shares owned, end of year.....	4,471,844	3,928,347	2,852,371
Cost of shares acquired.....	\$16,722,885	\$30,906,339	\$26,975,993
Cost of shares redeemed.....	\$ 4,755,519	\$ 2,331,389	\$ 1,746,651

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	NEUBERGER BERMAN ADVISERS MANAGEMENT TRUST	
	BALANCED PORTFOLIO	GROWTH PORTFOLIO
	1999	1999
<S>	<C>	<C>
Shares purchased.....	17,829	26,947
Shares received from reinvestment of:		
Dividends.....	8,150	
Capital gain distributions.....	12,073	67,916
Total shares acquired.....	38,052	94,863
Total shares redeemed.....	(496,849)	(1,242,745)
Net decrease in shares owned.....	(458,797)	(1,147,882)
Shares owned, beginning of year.....	458,797	1,147,882
Shares owned, end of year.....	--	--
Cost of shares acquired.....	\$ 583,945	\$ 2,239,647
Cost of shares redeemed.....	\$7,802,761	\$31,587,696

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	NEUBERGER BERMAN ADVISERS MANAGEMENT TRUST					
	LIMITED MATURITY BOND PORTFOLIO			PARTNERS PORTFOLIO		
	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>

Shares purchased.....	372,065	133,210	251,277	210,167	161,204	1,583,081
Shares received from reinvestment of:						
Dividends.....	43,551	46,220	30,080	6,928	15,076	1,276
Capital gain distributions.....				65,817	320,617	2,219
Total shares acquired.....	415,616	179,430	281,357	282,912	496,897	1,586,576
Total shares redeemed.....	(120,184)	(196,479)	(93,404)	(146,122)	(244,904)	(159,053)
Net increase (decrease) in shares owned.....	295,432	(17,049)	187,953	136,790	251,993	1,427,523
Shares owned, beginning of year.....	647,327	664,376	476,423	1,770,453	1,518,460	90,937
Shares owned, end of year.....	942,759	647,327	664,376	1,907,243	1,770,453	1,518,460
Cost of shares acquired.....	\$5,468,129	\$2,276,020	\$3,715,187	\$4,278,843	\$7,646,961	\$31,490,739
Cost of shares redeemed.....	\$1,632,235	\$2,703,374	\$1,278,194	\$2,910,748	\$4,878,486	\$ 2,964,955

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

AMERICAN CENTURY  
VARIABLE PORTFOLIOS, INC.

AMERICAN CENTURY VP  
CAPITAL APPRECIATION PORTFOLIO

1999

<S>	<C>
Shares purchased.....	31,966
Shares received from reinvestment of:	
Dividends.....	
Capital gain distributions.....	
Total shares acquired.....	31,966
Total shares redeemed.....	(872,248)
Net decrease in shares owned.....	(840,282)
Shares owned, beginning of year.....	840,282
Shares owned, end of year.....	--
Cost of shares acquired.....	\$ 292,072
Cost of shares redeemed.....	\$8,773,221

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

VAN ECK WORLDWIDE INSURANCE TRUST

VAN ECK WORLDWIDE  
BOND PORTFOLIO

VAN ECK WORLDWIDE  
HARD ASSETS PORTFOLIO

	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>

Shares purchased.....	87,391	63,769	121,129	52,363	108,808	79,012
Shares received from reinvestment of:						
Dividends.....	24,139	26,919	19,183	3,378	3,138	3,644
Capital gain distributions.....			8,571			
Total shares acquired.....	111,530	90,688	148,883	55,741	111,946	82,656
Total shares redeemed.....	(122,500)	(97,720)	(66,927)	(60,384)	(50,706)	(57,136)
Net (decrease) increase in shares owned.....	(10,970)	(7,032)	81,956	(4,643)	61,240	25,520
Shares owned, beginning of year.....	539,640	546,672	464,716	311,574	250,334	224,814
Shares owned, end of year.....	528,670	539,640	546,672	306,931	311,574	250,334
Cost of shares acquired.....	\$1,078,748	\$ 907,491	\$1,652,349	\$627,424	\$1,256,384	\$835,618
Cost of shares redeemed.....	\$1,316,786	\$1,054,162	\$ 740,216	\$820,215	\$ 846,668	\$912,559

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

VAN ECK WORLDWIDE INSURANCE TRUST

	VAN ECK WORLDWIDE EMERGING MARKETS PORTFOLIO			VAN ECK WORLDWIDE REAL ESTATE PORTFOLIO		
	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Shares purchased.....	257,581	671,653	733,811	93,967	65,696	59,682
Shares received from reinvestment of:						
Dividends.....				3,787	1,902	911
Capital gain distributions.....						
Total shares acquired.....	257,581	671,653	733,811	97,754	67,598	60,593
Total shares redeemed.....	(230,788)	(433,948)	(273,801)	(22,300)	(20,934)	(28,930)
Net increase in shares owned.....	26,793	237,705	460,010	75,454	46,664	31,663
Shares owned, beginning of year.....	1,573,144	1,335,439	875,429	124,651	77,987	46,324
Shares owned, end of year.....	1,599,937	1,573,144	1,335,439	200,105	124,651	77,987
Cost of shares acquired.....	\$2,035,079	\$8,545,370	\$7,071,940	\$1,018,396	\$649,890	\$575,134
Cost of shares redeemed.....	\$1,507,909	\$4,945,420	\$3,876,567	\$ 206,677	\$191,088	\$296,987

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

ALGER AMERICAN FUND

ALGER AMERICAN SMALL  
CAPITALIZATION PORTFOLIO

	2001	2000	1999
<S>	<C>	<C>	<C>
Shares purchased.....	397,172	389,343	222,683

Shares received from reinvestment of:			
Dividends.....	779		
Capital gain distributions.....		591,703	90,321
	-----	-----	-----
Total shares acquired.....	397,951	981,046	313,004
Total shares redeemed.....	(192,331)	(166,386)	(224,797)
	-----	-----	-----
Net increase in shares owned.....	205,620	814,660	88,207
Shares owned, beginning of year.....	1,562,283	747,623	659,416
	-----	-----	-----
Shares owned, end of year.....	1,767,903	1,562,283	747,623
	=====	=====	=====
Cost of shares acquired.....	\$7,028,556	\$30,721,535	\$13,302,764
	=====	=====	=====
Cost of shares redeemed.....	\$7,685,670	\$ 7,484,404	\$ 8,928,671
	=====	=====	=====

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	STRONG VARIABLE INSURANCE FUNDS, INC.		STRONG OPPORTUNITY FUND II, INC.	
	STRONG MID CAP GROWTH FUND II		STRONG OPPORTUNITY FUND II	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Shares purchased.....	278,785	232,247	171,513	63,730
Shares received from reinvestment of:				
Dividends.....			960	160
Capital gain distributions.....		18,718	39,647	8,593
	-----	-----	-----	-----
Total shares acquired.....	278,785	250,965	212,120	72,483
Total shares redeemed.....	(88,631)	(840)	(14,362)	(1,952)
	-----	-----	-----	-----
Net increase in shares owned.....	190,154	250,125	197,758	70,531
Shares owned, beginning of year.....	250,125		70,531	
	-----	-----	-----	-----
Shares owned, end of year.....	440,279	250,125	268,289	70,531
	=====	=====	=====	=====
Cost of shares acquired.....	\$5,191,767	\$7,670,135	\$4,682,940	\$1,934,702
	=====	=====	=====	=====
Cost of shares redeemed.....	\$2,966,080	\$ 25,969	\$ 400,022	\$ 54,850
	=====	=====	=====	=====

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

During the years ended December 31, 2001, 2000 and 1999, the unit activity and unit values were as follows:

<Table>  
<Caption>

SPVL/VLI 2001				
	UNITS OWNED	NET (DECREASE) / INCREASE IN	UNITS OWNED	UNIT VALUE
	BEGINNING OF YEAR	UNITS OWNED	END OF YEAR	END OF YEAR
	-----	-----	-----	-----

<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
All Pro Broad Equity Subaccount**.....	1,791.69	(117.88)	1,673.81	\$4,675.16
			=====	=====
Money Market Subaccount.....	246.24	(16.59)	229.65	\$2,044.02
			=====	=====
Bond Subaccount.....	380.91	12.20	393.11	\$2,379.86
			=====	=====
Balanced Subaccount**.....	703.25	(14.96)	688.29	\$3,020.62
			=====	=====
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A:				
2006 Series.....	6.71	(1.41)	5.30	\$3,674.63
			=====	=====

</Table>

<Table>  
<Caption>

SPVL/VLI  
2000

	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	1,929.40	(137.71)	1,791.69	\$5,398.65
			=====	=====
Money Market Subaccount.....	253.47	(7.23)	246.24	\$1,983.74
			=====	=====
Bond Subaccount.....	409.69	(28.78)	380.91	\$2,228.82
			=====	=====
Managed Subaccount.....	746.44	(43.19)	703.25	\$3,268.67
			=====	=====
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A:				
2006 Series.....	9.72	(3.01)	6.71	\$3,407.66
			=====	=====

</Table>

<Table>  
<Caption>

SPVL/VLI  
1999

	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	2,009.06	(79.66)	1,929.40	\$4,950.09
			=====	=====
Money Market Subaccount.....	294.11	(40.64)	253.47	\$1,880.19
			=====	=====
Bond Subaccount.....	443.28	(33.59)	409.69	\$2,045.48
			=====	=====
Managed Subaccount.....	762.26	(15.82)	746.44	\$3,021.78
			=====	=====
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A:				
2006 Series.....	10.08	(0.36)	9.72	\$2,989.02
			=====	=====

</Table>

\*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity and  
Balanced Subaccounts were known as the Market Street Fund Growth and Managed  
Subaccounts, respectively.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	OPTIONS 2001			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
All Pro Broad Equity Subaccount**.....	23,713.01	(1,435.03)	22,277.98	\$4,675.16
			=====	=====
Money Market Subaccount.....	2,640.25	52.43	2,692.68	\$2,044.02
			=====	=====
Bond Subaccount.....	2,140.71	(19.15)	2,121.56	\$2,379.86
			=====	=====
Balanced Subaccount**.....	6,199.95	(363.44)	5,836.51	\$3,020.62
			=====	=====
Mid Cap Growth Subaccount**.....	4,529.35	(281.42)	4,247.93	\$4,965.48
			=====	=====
International Subaccount.....	6,457.63	(268.59)	6,189.04	\$1,956.30
			=====	=====
All Pro Large Cap Growth Subaccount.....	3,327.78	268.10	3,595.88	\$ 917.10
			=====	=====
All Pro Large Cap Value Subaccount.....	1,092.55	598.11	1,690.66	\$ 992.69
			=====	=====
All Pro Small Cap Growth Subaccount.....	4,584.87	(135.56)	4,449.31	\$1,221.90
			=====	=====
All Pro Small Cap Value Subaccount.....	2,320.02	856.93	3,176.95	\$1,011.82
			=====	=====
Equity 500 Index Subaccount.....	7,164.29	87.37	7,251.66	\$2,772.54
			=====	=====
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A:				
2006 Series.....	569.17	29.08	598.25	\$3,674.63
			=====	=====
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	7,886.74	(482.72)	7,404.02	\$2,580.06
			=====	=====
Growth Subaccount.....	15,691.32	(699.95)	14,991.37	\$2,739.28
			=====	=====
High Income Subaccount.....	1,813.87	(96.06)	1,717.81	\$1,127.22
			=====	=====
Overseas Subaccount.....	5,435.66	(326.89)	5,108.77	\$1,308.23
			=====	=====
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	5,383.84	(206.77)	5,177.07	\$1,871.48
			=====	=====
Investment Grade Bond Subaccount.....	1,430.19	142.10	1,572.29	\$1,638.32
			=====	=====
Contrafund Subaccount.....	6,065.12	(287.79)	5,777.33	\$1,785.27
			=====	=====
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	544.92	114.74	659.66	\$1,471.49
			=====	=====
Partners Subaccount.....	2,397.41	(54.66)	2,342.75	\$1,964.35
			=====	=====
Growth Subaccount.....	--	--	--	--
			=====	=====
Balanced Subaccount.....	--	--	--	--
			=====	=====

</Table>

\*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Subaccounts were known as the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts, respectively.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
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3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	OPTIONS 2001			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide InsuranceTrust:				
Van Eck Worldwide Bond Subaccount.....	852.21	(97.75)	754.46	\$1,207.87
			=====	=====
Van Eck Worldwide Hard Assets Subaccount.....	580.31	(28.65)	551.66	\$1,044.63
			=====	=====
Van Eck Worldwide Emerging Markets Subaccount.....	2,868.25	147.32	3,015.57	\$ 737.56
			=====	=====
Van Eck Worldwide Real Estate Subaccount.....	128.67	78.49	207.16	\$1,030.18
			=====	=====
Alger American Fund:				
Alger American Small Capitalization Subaccount....	4,544.77	165.02	4,709.79	\$ 853.86
			=====	=====
American Century Fund:				
American Century Subaccount.....	--	--	--	--
			=====	=====

</Table>

\*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Subaccounts were known as the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts, respectively.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	OPTIONS 2000			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	28,279.16	(4,566.15)	23,713.01	\$5,398.65
			=====	=====
Money Market Subaccount.....	3,884.08	(1,243.83)	2,640.25	\$1,983.74
			=====	=====
Bond Subaccount.....	2,395.43	(254.72)	2,140.71	\$2,228.82
			=====	=====
Managed Subaccount.....	6,945.83	(745.88)	6,199.95	\$3,268.67
			=====	=====
Aggressive Growth Subaccount.....	4,083.26	446.09	4,529.35	\$5,197.59
			=====	=====
International Subaccount.....	6,755.01	(297.38)	6,457.63	\$2,239.75
			=====	=====
All Pro Large Cap Growth Subaccount.....	2,714.51	613.26	3,327.78	\$1,178.36
			=====	=====
All Pro Large Cap Value Subaccount.....	906.48	186.07	1,092.55	\$1,006.19
			=====	=====
All Pro Small Cap Growth Subaccount.....	3,083.75	1,501.12	4,584.87	\$1,462.14
			=====	=====
All Pro Small Cap Value Subaccount.....	781.84	1,538.18	2,320.02	\$ 902.54
			=====	=====
Equity 500 Index Subaccount**.....	6,961.60	202.69	7,164.29	\$3,178.73
			=====	=====

The Stripped ("Zero") U.S. Treasury Securities  
Fund, Provident Mutual Series A:

2006 Series.....	595.11	(25.94)	569.17	\$3,407.66
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	8,737.36	(850.62)	7,886.74	\$2,730.98
Growth Subaccount.....	14,985.59	705.73	15,691.32	\$3,346.46
High Income Subaccount.....	999.24	814.63	1,813.87	\$1,284.74
Overseas Subaccount.....	4,340.12	1,095.54	5,435.66	\$1,669.52
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	5,938.03	(554.19)	5,383.84	\$1,963.06
Investment Grade Bond Subaccount.....	1,451.96	(21.77)	1,430.19	\$1,519.59
Contrafund Subaccount.....	5,125.08	940.04	6,065.12	\$2,046.65
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	569.17	(24.25)	544.92	\$1,360.87
Partners Subaccount.....	2,469.28	(71.87)	2,397.41	\$2,033.70
Growth Subaccount.....	--	--	--	--
Balanced Subaccount.....	--	--	--	--

</Table>

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 \*\* Prior to February 7, 2000, this subaccount was known as Fidelity Index 500 Subaccount.  
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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----

3. INVESTMENTS, CONTINUED

<Table>  
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	OPTIONS 2000			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	875.65	(23.44)	852.21	\$1,280.62
Van Eck Worldwide Hard Assets Subaccount.....	533.81	46.50	580.31	\$1,173.62
Van Eck Worldwide Emerging Markets Subaccount.....	3,914.53	(1,046.28)	2,868.25	\$ 755.69
Van Eck Worldwide Real Estate Subaccount.....	73.79	54.88	128.67	\$ 983.91
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	3,928.01	616.76	4,544.77	\$1,218.68
American Century Fund:				
American Century Subaccount.....	--	--	--	--

</Table>

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----



3. INVESTMENTS, CONTINUED

<Table>  
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	OPTIONS 1999			
<S>	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<C>	<C>	<C>	<C>	<C>
<b>Market Street Fund, Inc.:</b>				
Growth Subaccount.....	31,023.44	(2,744.28)	28,279.16	\$4,950.09
Money Market Subaccount.....	2,568.84	1,315.24	3,884.08	\$1,880.19
Bond Subaccount.....	2,523.05	(127.62)	2,395.43	\$2,045.48
Managed Subaccount.....	7,184.38	(238.55)	6,945.83	\$3,021.78
Aggressive Growth Subaccount.....	4,551.72	(468.46)	4,083.26	\$3,779.45
International Subaccount.....	7,345.79	(590.78)	6,755.01	\$2,318.23
All Pro Large Cap Growth Subaccount.....	1,123.59	1,590.92	2,714.51	\$1,462.61
All Pro Large Cap Value Subaccount.....	988.06	(81.58)	906.48	\$ 994.70
All Pro Small Cap Growth Subaccount.....	1,663.37	1,420.38	3,083.75	\$1,864.27
All Pro Small Cap Value Subaccount.....	984.82	(202.98)	781.84	\$ 751.05
<b>The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....</b>				
	587.22	7.89	595.11	\$2,989.02
<b>Variable Insurance Products Fund:</b>				
Equity-Income Subaccount.....	8,903.50	(166.14)	8,737.36	\$2,533.97
Growth Subaccount.....	14,157.30	828.29	14,985.59	\$3,781.76
High Income Subaccount.....	938.49	60.75	999.24	\$1,667.10
Overseas Subaccount.....	4,349.49	(9.37)	4,340.12	\$2,076.27
<b>Variable Insurance Products Fund II:</b>				
Asset Manager Subaccount.....	6,134.86	(196.83)	5,938.03	\$2,055.58
Index 500 Subaccount.....	5,712.74	1,248.86	6,961.60	\$3,522.24
Investment Grade Bond Subaccount.....	1,122.78	329.18	1,451.96	\$1,374.48
Contrafund Subaccount.....	3,724.83	1,400.25	5,125.08	\$2,204.94
<b>Neuberger Berman Advisers Management Trust:</b>				
Limited Maturity Bond Subaccount.....	473.79	95.38	569.17	\$1,282.03
Partners Subaccount.....	--	2,469.28	2,469.28	\$2,031.62
Growth Subaccount.....	2,727.26	(2,727.26)	--	--
Balanced Subaccount.....	703.17	(703.17)	--	--

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>

<Caption>

OPTIONS 1999				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	867.57	8.08	875.65	\$1,264.55
Van Eck Worldwide Hard Assets Subaccount.....	493.07	40.74	533.81	\$1,059.73
Van Eck Worldwide Emerging Markets Subaccount.....	1,744.09	2,170.44	3,914.53	\$1,307.70
Van Eck Worldwide Real Estate Subaccount.....	20.90	52.89	73.79	\$ 833.77
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	4,338.04	(410.03)	3,928.01	\$1,683.97
American Century Fund:				
American Century Subaccount.....	5,826.51	(5,826.51)	--	--

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

SURVIVOR OPTIONSPLUS 2001				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
All Pro Broad Equity Subaccount**.....	1,432.35	108.82	1,541.17	\$4,675.16
Money Market Subaccount.....	3,153.82	422.30	3,576.12	\$2,044.02
Bond Subaccount.....	802.22	109.86	912.08	\$2,379.86
Balanced Subaccount**.....	1,034.99	(9.82)	1,025.17	\$3,020.62
Mid Cap Growth Subaccount**.....	1,267.52	98.96	1,366.48	\$4,965.48
International Subaccount.....	2,149.04	135.88	2,284.92	\$1,956.30
All Pro Large Cap Growth Subaccount.....	2,359.57	174.91	2,534.48	\$ 917.10
All Pro Large Cap Value Subaccount.....	981.79	478.28	1,460.07	\$ 992.69
All Pro Small Cap Growth Subaccount.....	2,473.54	(151.61)	2,321.93	\$1,221.90
All Pro Small Cap Value Subaccount.....	1,280.08	1,200.36	2,480.44	\$1,011.82
Equity 500 Index Subaccount.....	11,058.22	494.01	11,552.23	\$2,772.54
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A:				
2006 Series.....	971.25	(52.89)	918.36	\$3,674.63
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	8,068.86	751.00	8,819.86	\$2,580.06
Growth Subaccount.....	9,792.31	466.13	10,258.44	\$2,739.28

High Income Subaccount.....	2,115.77	87.50	2,203.27	\$1,127.22
Overseas Subaccount.....	4,969.22	185.51	5,154.73	\$1,308.23
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	4,423.18	(234.93)	4,188.25	\$1,871.48
Investment Grade Bond Subaccount.....	2,620.48	797.39	3,417.87	\$1,638.32
Contrafund Subaccount.....	4,683.98	457.60	5,141.58	\$2,322.89

</Table>

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 \*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Subaccounts were known as the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts, respectively.

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
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	SURVIVOR OPTIONSPLUS 2001			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	1,253.10	112.89	1,365.99	\$1,471.49
Partners Subaccount.....	3,999.62	283.94	4,283.56	\$ 962.23
Growth Subaccount.....	--	--	--	--
Balanced Subaccount.....	--	--	--	--
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	620.66	53.26	673.92	\$1,207.87
Van Eck Worldwide Hard Assets Subaccount.....	555.70	(155.11)	400.59	\$1,044.63
Van Eck Worldwide Emerging Markets Subaccount..	2,082.75	(44.61)	2,038.14	\$ 737.56
Van Eck Worldwide Real Estate Subaccount.....	282.26	66.64	348.90	\$1,030.18
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	3,704.10	358.25	4,062.35	\$ 853.86
American Century Fund:				
American Century Subaccount.....	--	--	--	--
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	1,243.38	80.61	1,323.99	\$ 576.65
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	417.98	391.37	809.35	\$ 948.03

</Table>

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued



3. INVESTMENTS, CONTINUED

<Table>  
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SURVIVOR OPTIONSPLUS 2000				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	624.24	(3.58)	620.66	\$1,280.62
			=====	=====
Van Eck Worldwide Hard Assets Subaccount.....	384.34	171.36	555.70	\$1,173.62
			=====	=====
Van Eck Worldwide Emerging Markets Subaccount.....	1,967.15	115.60	2,082.75	\$ 755.69
			=====	=====
Van Eck Worldwide Real Estate Subaccount.....	159.44	122.82	282.26	\$ 983.91
			=====	=====
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	3,193.63	510.47	3,704.10	\$1,218.68
			=====	=====
American Century Fund:				
American Century Subaccount.....	--	--	--	--
			=====	=====
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	--	1,243.38	1,243.38	\$ 837.99
			=====	=====
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	--	417.98	417.98	\$ 993.98
			=====	=====

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
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SURVIVOR OPTIONSPLUS 1999				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	1,243.68	172.23	1,415.91	\$4,950.09
			=====	=====
Money Market Subaccount.....	3,221.59	853.68	4,075.27	\$1,880.19
			=====	=====
Bond Subaccount.....	670.18	131.49	801.67	\$2,045.48
			=====	=====
Managed Subaccount.....	793.19	315.64	1,108.83	\$3,021.78
			=====	=====
Aggressive Growth Subaccount.....	848.53	17.40	865.93	\$3,779.45
			=====	=====
International Subaccount.....	2,079.71	29.52	2,109.23	\$2,318.23
			=====	=====
All Pro Large Cap Growth Subaccount.....	326.44	1,667.48	1,993.92	\$1,462.61
			=====	=====
All Pro Large Cap Value Subaccount.....	334.23	498.89	833.12	\$ 994.70
			=====	=====
All Pro Small Cap Growth Subaccount.....	580.17	1,046.25	1,626.42	\$1,864.27
			=====	=====
All Pro Small Cap Value Subaccount.....	653.02	163.43	816.45	\$ 751.05
			=====	=====

The Stripped ("Zero") U.S. Treasury Securities Fund,  
Provident Mutual Series A:

2006 Series.....	651.22	230.96	882.18	\$2,989.02
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	7,372.88	759.04	8,131.92	\$2,533.97
Growth Subaccount.....	7,004.22	1,635.08	8,639.30	\$3,781.76
High Income Subaccount.....	2,110.80	88.92	2,199.72	\$1,667.10
Overseas Subaccount.....	3,512.65	709.14	4,221.79	\$2,076.27
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	3,631.54	588.44	4,219.98	\$2,055.58
Index 500 Subaccount.....	7,826.75	2,483.49	10,310.24	\$3,522.24
Investment Grade Bond Subaccount.....	1,576.62	837.69	2,414.31	\$1,374.48
Contrafund Subaccount.....	2,745.40	1,320.10	4,065.50	\$2,868.93
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	994.75	315.09	1,309.84	\$1,282.03
Partners Subaccount.....	604.38	3,531.19	4,135.57	\$ 995.19
Growth Subaccount.....	1,661.54	(1,661.54)	--	--
Balanced Subaccount.....	606.44	(606.44)	--	--

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
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SURVIVOR OPTIONSPLUS 1999				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	561.57	62.67	624.24	\$1,264.56
Van Eck Worldwide Hard Assets Subaccount.....	302.19	82.15	384.34	\$1,059.73
Van Eck Worldwide Emerging Markets Subaccount.....	932.31	1,034.84	1,967.15	\$1,307.71
Van Eck Worldwide Real Estate Subaccount.....	86.36	73.08	159.44	\$ 833.77
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	2,917.29	276.34	3,193.63	\$1,683.97
American Century Fund:				
American Century Subaccount.....	875.46	(875.46)	--	--
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	--	--	--	--
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	--	--	--	--

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
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SPECIAL PRODUCT 2001				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
All Pro Broad Equity Subaccount**.....	9,740.53	1,757.78	11,498.31	\$255.31
			=====	=====
Money Market Subaccount.....	12,671.64	2,218.83	14,890.47	\$149.61
			=====	=====
Bond Subaccount.....	3,351.70	4,704.39	8,056.09	\$188.78
			=====	=====
Balanced Subaccount**.....	2,377.35	(243.08)	2,134.27	\$231.38
			=====	=====
Mid Cap Growth Subaccount**.....	5,463.61	1,455.78	6,919.39	\$332.37
			=====	=====
International Subaccount.....	12,747.52	(1,364.72)	11,382.80	\$192.67
			=====	=====
All Pro Large Cap Growth Subaccount.....	13,853.52	(6,810.03)	7,043.49	\$ 91.21
			=====	=====
All Pro Large Cap Value Subaccount.....	17,673.00	(12,008.38)	5,664.62	\$ 98.72
			=====	=====
All Pro Small Cap Growth Subaccount.....	20,104.40	(9,397.04)	10,707.36	\$121.52
			=====	=====
All Pro Small Cap Value Subaccount.....	7,048.78	296.63	7,345.41	\$100.63
			=====	=====
Equity 500 Index Subaccount.....	29,175.26	4,310.04	33,485.30	\$273.78
			=====	=====
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A:				
2006 Series.....	1,634.33	(22.35)	1,611.98	\$257.52
			=====	=====
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	28,804.48	1,630.99	30,435.47	\$254.77
			=====	=====
Growth Subaccount.....	42,595.29	(4,088.44)	38,506.85	\$270.49
			=====	=====
High Income Subaccount.....	13,358.08	(8,426.14)	4,931.94	\$107.98
			=====	=====
Overseas Subaccount.....	21,665.93	1,294.76	22,960.69	\$129.33
			=====	=====
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	13,326.79	652.23	13,979.02	\$184.80
			=====	=====
Investment Grade Bond Subaccount.....	17,121.61	(287.73)	16,833.88	\$161.96
			=====	=====
Contrafund Subaccount.....	16,080.08	4,815.60	20,895.68	\$177.02
			=====	=====

</Table>

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<Table>  
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	<C>	<C>	<C>	<C>
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\*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Subaccounts were known as the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts, respectively.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

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3. INVESTMENTS, CONTINUED

<Table>  
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SPECIAL PRODUCT  
2001

<S>	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<C>	<C>	<C>	<C>	<C>
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	3,402.27	(404.62)	2,997.65	\$145.47
Partners Subaccount.....	16,723.08	(2,778.26)	13,944.82	\$ 95.70
Growth Subaccount.....	--	--	--	--
Balanced Subaccount.....	--	--	--	--
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	2,260.34	(1,950.94)	309.40	\$119.41
Van Eck Worldwide Hard Assets Subaccount.....	827.23	22.36	849.59	\$103.27
Van Eck Worldwide Emerging Markets Subaccount.....	3,352.91	(441.86)	2,911.05	\$ 73.13
Van Eck Worldwide Real Estate Subaccount.....	303.48	55.51	358.99	\$102.45
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	6,736.77	(851.73)	5,885.04	\$ 84.66
American Century Fund:				
American Century Subaccount.....	--	--	--	--
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	1,868.86	2,191.70	4,060.56	\$ 57.52
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	1,353.38	4,604.67	5,958.05	\$ 94.56

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
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SPECIAL PRODUCT 2000				
<S>	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<C>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	13,830.74	(4,090.21)	9,740.53	\$295.27
Money Market Subaccount.....	10,269.30	2,402.34	12,671.64	\$145.42
Bond Subaccount.....	3,659.95	(308.25)	3,351.70	\$177.07
Managed Subaccount.....	2,457.99	(80.64)	2,377.35	\$250.75
Aggressive Growth Subaccount.....	4,598.40	865.21	5,463.61	\$348.44
International Subaccount.....	14,770.03	(2,022.51)	12,747.52	\$220.92
All Pro Large Cap Growth Subaccount.....	14,365.14	(511.62)	13,853.52	\$117.37
All Pro Large Cap Value Subaccount.....	17,840.02	(167.02)	17,673.00	\$100.22
All Pro Small Cap Growth Subaccount.....	13,328.46	6,775.94	20,104.40	\$145.63
All Pro Small Cap Value Subaccount.....	1,545.62	5,503.16	7,048.78	\$ 89.89



Equity 500 Index Subaccount**	30,627.01	(1,451.75)	29,175.26	\$314.36
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A:				
2006 Series	1,931.47	(297.14)	1,634.33	\$239.17
Variable Insurance Products Fund:				
Equity-Income Subaccount	33,066.69	(4,262.21)	28,804.48	\$270.08
Growth Subaccount	44,840.76	(2,245.47)	42,595.29	\$330.94
High Income Subaccount	13,045.18	312.90	13,358.08	\$123.26
Overseas Subaccount	17,590.16	4,075.77	21,665.93	\$165.29
Variable Insurance Products Fund II:				
Asset Manager Subaccount	14,896.21	(1,569.42)	13,326.79	\$194.13
Investment Grade Bond Subaccount	16,568.76	552.85	17,121.61	\$150.45
Contrafund Subaccount	19,070.39	(2,990.31)	16,080.08	\$203.24
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount	5,060.48	(1,658.21)	3,402.27	\$134.73
Partners Subaccount	17,098.37	(375.29)	16,723.08	\$ 99.22
Growth Subaccount	--	--	--	--
Balanced Subaccount	--	--	--	--

</Table>

<Table>  
 <S> <C> <C> <C> <C>  
 \*\* Prior to February 7, 2000, this subaccount was known as Fidelity Index 500 Subaccount.  
 </Table>

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----

### 3. INVESTMENTS, CONTINUED

<Table>  
 <Caption>

	SPECIAL PRODUCT 2000			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount	2,954.95	(694.61)	2,260.34	\$126.79
Van Eck Worldwide Hard Assets Subaccount	791.63	35.61	827.23	\$116.20
Van Eck Worldwide Emerging Markets Subaccount	1,762.38	1,590.53	3,352.91	\$ 75.04
Van Eck Worldwide Real Estate Subaccount	85.20	218.28	303.48	\$ 98.00
Alger American Fund:				
Alger American Small Capitalization Subaccount	7,695.38	(958.61)	6,736.77	\$121.02
American Century Fund:				
American Century Subaccount	--	--	--	--
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II	--	1,868.86	1,868.86	\$ 83.71
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II	--	1,353.38	1,353.38	\$ 99.30

The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
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	SPECIAL PRODUCT 1999			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	17,520.10	(3,689.36)	13,830.74	\$271.14
			=====	=====
Money Market Subaccount.....	12,961.25	(2,691.95)	10,269.30	\$138.03
			=====	=====
Bond Subaccount.....	5,450.26	(1,790.31)	3,659.95	\$162.75
			=====	=====
Managed Subaccount.....	2,385.84	72.15	2,457.99	\$232.16
			=====	=====
Aggressive Growth Subaccount.....	5,561.10	(962.70)	4,598.40	\$253.74
			=====	=====
International Subaccount.....	18,913.21	(4,143.18)	14,770.03	\$229.00
			=====	=====
All Pro Large Cap Growth Subaccount.....	5,196.16	9,168.98	14,365.14	\$145.90
			=====	=====
All Pro Large Cap Value Subaccount.....	4,523.39	13,316.63	17,840.02	\$ 99.22
			=====	=====
All Pro Small Cap Growth Subaccount.....	6,166.56	7,161.90	13,328.46	\$185.96
			=====	=====
All Pro Small Cap Value Subaccount.....	3,661.92	(2,116.30)	1,545.62	\$ 74.92
			=====	=====
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....	1,691.56	239.91	1,931.47	\$210.10
			=====	=====
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	37,972.58	(4,905.89)	33,066.69	\$250.97
			=====	=====
Growth Subaccount.....	40,316.48	4,524.28	44,840.76	\$374.55
			=====	=====
High Income Subaccount.....	13,834.14	(788.96)	13,045.18	\$160.18
			=====	=====
Overseas Subaccount.....	13,816.91	3,773.25	17,590.16	\$205.87
			=====	=====
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	18,688.09	(3,791.88)	14,896.21	\$203.59
			=====	=====
Index 500 Subaccount.....	26,957.17	3,669.84	30,627.01	\$348.85
			=====	=====
Investment Grade Bond Subaccount.....	9,317.76	7,251.00	16,568.76	\$136.28
			=====	=====
Contrafund Subaccount.....	17,034.10	2,036.29	19,070.39	\$219.28
			=====	=====
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	4,368.84	691.64	5,060.48	\$127.12
			=====	=====
Partners Subaccount.....	1,272.82	15,825.55	17,098.37	\$ 99.27
			=====	=====
Growth Subaccount.....	7,825.00	(7,825.00)	--	--
			=====	=====
Balanced Subaccount.....	633.28	(633.28)	--	--
			=====	=====

</Table>

The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company

## 3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

SPECIAL PRODUCT 1999				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	2,516.51	438.44	2,954.95	\$125.38
			=====	=====
Van Eck Worldwide Hard Assets Subaccount.....	729.11	62.52	791.63	\$105.08
			=====	=====
Van Eck Worldwide Emerging Markets Subaccount.....	2,001.62	(239.24)	1,762.38	\$130.05
			=====	=====
Van Eck Worldwide Real Estate Subaccount.....	1,400.95	(1,315.75)	85.20	\$ 83.17
			=====	=====
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	13,465.69	(5,770.31)	7,695.38	\$167.47
			=====	=====
American Century Fund:				
American Century Subaccount.....	2,270.60	(2,270.60)	--	--
			=====	=====
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	--	--	--	--
			=====	=====
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	--	--	--	--
			=====	=====

&lt;/Table&gt;

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

## 3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

OPTIONSPLUS 2001				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
All Pro Broad Equity Subaccount**.....	189,317.26	(4,469.05)	184,848.21	\$255.57
			=====	=====
Money Market Subaccount.....	117,678.43	(745.44)	116,932.99	\$149.76
			=====	=====
Bond Subaccount.....	38,638.61	4,947.89	43,586.50	\$188.97
			=====	=====
Balanced Subaccount**.....	66,160.05	(106.76)	66,053.29	\$231.61
			=====	=====
Mid Cap Growth Subaccount**.....	93,593.63	242.72	93,836.35	\$332.71
			=====	=====
International Subaccount.....	129,450.30	4,536.66	133,986.96	\$192.86
			=====	=====
All Pro Large Cap Growth Subaccount.....	116,680.08	12,024.37	128,704.45	\$ 91.30
			=====	=====
All Pro Large Cap Value Subaccount.....	53,379.92	12,130.08	65,510.00	\$ 98.82
			=====	=====
All Pro Small Cap Growth Subaccount.....	111,681.17	(7,385.60)	104,295.57	\$121.64
			=====	=====
All Pro Small Cap Value Subaccount.....	47,694.62	33,791.50	81,486.12	\$100.73
			=====	=====

Equity 500 Index Subaccount.....	348,031.02	13,277.52	361,308.54	\$274.05
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....	30,545.34	1,355.87	31,901.21	\$257.77
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	294,047.52	1,556.10	295,603.62	\$255.02
Growth Subaccount.....	437,201.67	(4,588.92)	432,612.75	\$270.76
High Income Subaccount.....	81,706.67	4,674.41	86,381.08	\$108.09
Overseas Subaccount.....	185,815.16	(1,374.81)	184,440.35	\$129.46
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	149,846.40	(5,691.33)	144,155.07	\$184.98
Investment Grade Bond Subaccount.....	80,457.23	15,487.41	95,944.64	\$162.12
Contrafund Subaccount.....	262,994.75	9,913.68	272,908.43	\$177.19
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	34,477.96	14,475.17	48,953.13	\$145.61
Partners Subaccount.....	171,145.72	3,584.90	174,730.62	\$ 95.79
Growth Subaccount.....	--	--	--	--
Balanced Subaccount.....	--	--	--	--

</Table>

\*\*\*\*\*  
 \*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity,  
 Balanced and Mid Cap Growth Subaccounts were known as the Market Street Fund  
 Growth, Managed and Aggressive Growth Subaccounts, respectively.

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----

### 3. INVESTMENTS, CONTINUED

<Table>  
 <Caption>

	OPTIONSPLUS 2001			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	25,293.65	(1,228.68)	24,064.97	\$119.53
Van Eck Worldwide Hard Assets Subaccount.....	17,484.28	(767.72)	16,716.56	\$103.37
Van Eck Worldwide Emerging Markets Subaccount.....	102,680.47	(6,711.70)	95,968.77	\$ 73.20
Van Eck Worldwide Real Estate Subaccount.....	6,005.67	2,300.82	8,306.49	\$102.56
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	186,931.20	17,042.10	203,973.30	\$ 84.75
American Century Fund:				
American Century Subaccount.....	--	--	--	--
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	37,395.36	5,808.65	43,204.01	\$ 57.58
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	8,039.49	16,154.26	24,193.75	\$ 94.66

</Table>

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----

3. INVESTMENTS, CONTINUED

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	OPTIONSPLUS 2000			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	218,352.85	(29,035.59)	189,317.26	\$295.27
			=====	=====
Money Market Subaccount.....	152,695.33	(35,016.90)	117,678.43	\$145.42
			=====	=====
Bond Subaccount.....	41,050.46	(2,411.85)	38,638.61	\$177.07
			=====	=====
Managed Subaccount.....	75,970.83	(9,810.78)	66,160.05	\$250.75
			=====	=====
Aggressive Growth Subaccount.....	85,971.07	7,622.56	93,593.63	\$348.44
			=====	=====
International Subaccount.....	131,411.17	(1,960.87)	129,450.30	\$220.92
			=====	=====
All Pro Large Cap Growth Subaccount.....	93,285.61	23,394.47	116,680.08	\$117.37
			=====	=====
All Pro Large Cap Value Subaccount.....	49,947.84	3,432.08	53,379.92	\$100.22
			=====	=====
All Pro Small Cap Growth Subaccount.....	64,188.90	47,492.27	111,681.17	\$145.63
			=====	=====
All Pro Small Cap Value Subaccount.....	36,482.53	11,212.09	47,694.62	\$ 89.89
			=====	=====
Equity 500 Index Subaccount**.....	350,611.51	(2,580.49)	348,031.02	\$314.36
			=====	=====
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....	37,954.99	(7,409.65)	30,545.34	\$239.17
			=====	=====
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	326,492.92	(32,445.40)	294,047.52	\$270.08
			=====	=====
Growth Subaccount.....	411,934.32	25,267.35	437,201.67	\$330.94
			=====	=====
High Income Subaccount.....	72,246.29	9,460.38	81,706.67	\$123.26
			=====	=====
Overseas Subaccount.....	160,920.68	24,894.48	185,815.16	\$165.29
			=====	=====
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	159,190.41	(9,344.01)	149,846.40	\$194.13
			=====	=====
Investment Grade Bond Subaccount.....	76,851.07	3,606.16	80,457.23	\$150.45
			=====	=====
Contrafund Subaccount.....	238,763.30	24,231.45	262,994.75	\$203.24
			=====	=====
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	42,502.35	(8,024.39)	34,477.96	\$134.73
			=====	=====
Partners Subaccount.....	186,994.96	(15,849.24)	171,145.72	\$ 99.22
			=====	=====
Growth Subaccount.....	--	--	--	--
			=====	=====
Balanced Subaccount.....	--	--	--	--
			=====	=====

</Table>

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 \*\* Prior to February 7, 2000, this subaccount was known as Fidelity Index 500 Subaccount.

3. INVESTMENTS, CONTINUED

<Table>  
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OPTIONSPLUS 2000				
<S>	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<C>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	27,532.79	(2,239.14)	25,293.65	\$126.79
Van Eck Worldwide Hard Assets Subaccount.....	15,190.21	2,294.07	17,484.28	\$116.20
Van Eck Worldwide Emerging Markets Subaccount.....	81,370.63	21,309.84	102,680.47	\$ 75.04
Van Eck Worldwide Real Estate Subaccount.....	5,146.37	859.30	6,005.67	\$ 98.00
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	161,504.32	25,426.88	186,931.20	\$121.02
American Century Fund:				
American Century Subaccount.....	--	--	--	--
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	--	37,395.36	37,395.36	\$ 83.71
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	--	8,039.49	8,039.49	\$ 99.30

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3. INVESTMENTS, CONTINUED

<Table>  
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OPTIONSPLUS 1999				
<S>	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<C>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	231,267.13	(12,914.28)	218,352.85	\$271.14
Money Market Subaccount.....	152,112.32	583.01	152,695.33	\$138.03
Bond Subaccount.....	39,260.90	1,789.56	41,050.46	\$162.75
Managed Subaccount.....	60,543.69	15,427.14	75,970.83	\$232.16
Aggressive Growth Subaccount.....	90,420.11	(4,449.04)	85,971.07	\$253.74
International Subaccount.....	131,796.54	(385.37)	131,411.17	\$229.00
All Pro Large Cap Growth Subaccount.....	16,189.15	77,096.46	93,285.61	\$145.90
All Pro Large Cap Value Subaccount.....	17,427.33	32,520.51	49,947.84	\$ 99.22

All Pro Small Cap Growth Subaccount.....	17,917.47	46,271.43	64,188.90	\$185.96
All Pro Small Cap Value Subaccount.....	17,992.03	18,490.50	36,482.53	\$ 74.92
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....	36,079.17	1,875.82	37,954.99	\$210.10
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	306,795.11	19,697.81	326,492.92	\$250.97
Growth Subaccount.....	360,517.62	51,416.70	411,934.32	\$374.55
High Income Subaccount.....	80,959.89	(8,713.60)	72,246.29	\$160.18
Overseas Subaccount.....	145,102.04	15,818.64	160,920.68	\$205.87
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	154,209.84	4,980.57	159,190.41	\$203.59
Index 500 Subaccount.....	284,790.98	65,820.53	350,611.51	\$348.85
Investment Grade Bond Subaccount.....	64,215.82	12,635.25	76,851.07	\$136.28
Contrafund Subaccount.....	169,226.93	69,536.37	238,763.30	\$219.28
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	32,752.84	9,749.51	42,502.35	\$127.12
Partners Subaccount.....	10,905.60	176,089.36	186,994.96	\$ 99.27
Growth Subaccount.....	91,792.01	(91,792.01)	--	--
Balanced Subaccount.....	29,132.79	(29,132.79)	--	--

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
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	OPTIONSPLUS 1999			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	24,541.59	2,991.20	27,532.79	\$125.38
Van Eck Worldwide Hard Assets Subaccount.....	14,577.19	613.02	15,190.21	\$105.08
Van Eck Worldwide Emerging Markets Subaccount.....	65,510.97	15,859.66	81,370.63	\$130.05
Van Eck Worldwide Real Estate Subaccount.....	2,410.29	2,736.08	5,146.37	\$ 83.17
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	159,654.74	1,849.58	161,504.32	\$167.47
American Century Fund:				
American Century Subaccount.....	40,216.00	(40,216.00)	--	--
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	--	--	--	--
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	--	--	--	--

</Table>

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
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## 3. INVESTMENTS, CONTINUED

<Table>  
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	OPTIONS PREMIER 2001			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	23,197.22	19,549.83	42,747.05 =====	\$ 84.66 =====
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	16,375.53	39,891.37	56,266.90 =====	\$ 57.52 =====
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	2,877.44	11,699.36	14,576.80 =====	\$ 94.56 =====

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 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----

## 3. INVESTMENTS, CONTINUED

<Table>  
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	OPTIONS PREMIER 2000			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	5,581.86	3,928.63	9,510.49 =====	\$295.27 =====
Money Market Subaccount.....	31,379.27	20,556.21	51,935.48 =====	\$145.42 =====
Bond Subaccount.....	1,181.96	2,859.99	4,041.95 =====	\$177.07 =====
Managed Subaccount.....	822.20	1,165.80	1,988.00 =====	\$250.75 =====
Aggressive Growth Subaccount.....	1,097.05	5,486.08	6,583.13 =====	\$348.44 =====
International Subaccount.....	1,622.01	3,955.85	5,577.86 =====	\$220.92 =====
All Pro Large Cap Growth Subaccount.....	5,710.61	20,622.72	26,333.33 =====	\$117.37 =====
All Pro Large Cap Value Subaccount.....	3,980.13	11,711.94	15,692.07 =====	\$100.22 =====
All Pro Small Cap Growth Subaccount.....	4,495.14	24,628.51	29,123.65 =====	\$145.63 =====
All Pro Small Cap Value Subaccount.....	3,405.52	12,306.14	15,711.66 =====	\$ 89.89 =====
Equity 500 Index Subaccount**.....	19,590.51	34,056.42	53,646.93 =====	\$314.36 =====

Variable Insurance Products Fund:

Equity-Income Subaccount.....	8,193.71	13,146.76	21,340.47	\$270.08
Growth Subaccount.....	13,506.91	44,277.53	57,784.44	\$330.94
High Income Subaccount.....	1,251.22	5,565.35	6,816.57	\$123.26
Overseas Subaccount.....	3,940.38	19,466.02	23,406.40	\$165.29
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	2,716.81	7,254.92	9,971.73	\$194.13
Investment Grade Bond Subaccount.....	5,053.99	8,055.25	13,109.24	\$150.45
Contrafund Subaccount.....	16,401.77	34,894.67	51,296.44	\$203.24
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	2,316.02	3,972.34	6,288.36	\$134.73
Partners Subaccount.....	2,095.30	6,582.39	8,677.69	\$ 99.22
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	795.29	574.01	1,369.30	\$126.79
Van Eck Worldwide Hard Assets Subaccount.....	499.45	949.02	1,448.47	\$116.20
Van Eck Worldwide Emerging Markets Subaccount.....	3,572.75	11,526.47	15,099.22	\$ 75.04
Van Eck Worldwide Real Estate Subaccount.....	583.84	1,550.04	2,133.88	\$ 98.00

</Table>

<Table>  
 <S> <C> <C> <C> <C>  
 \*\* Prior to February 7, 2000, this subaccount was known as Fidelity Index 500 Subaccount.  
 </Table>

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-----  
 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----

3. INVESTMENTS, CONTINUED

<Table>  
 <Caption>

	OPTIONS PREMIER 2000			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	4,910.19	18,287.03	23,197.22	\$121.02
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	--	16,375.53	16,375.53	\$ 83.71
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	--	2,877.44	2,877.44	\$ 99.30

</Table>

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-----  
 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

-----				
OPTIONS PREMIER				
1999				
-----				
<S>	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<C>	<C>	<C>	<C>	<C>
-----				
Market Street Fund, Inc.:				
Growth Subaccount.....	--	5,581.86	5,581.86	\$271.14
			=====	=====
Money Market Subaccount.....	--	31,379.27	31,379.27	\$138.03
			=====	=====
Bond Subaccount.....	--	1,181.96	1,181.96	\$162.75
			=====	=====
Managed Subaccount.....	--	822.20	822.20	\$232.16
			=====	=====
Aggressive Growth Subaccount.....	--	1,097.05	1,097.05	\$253.74
			=====	=====
International Subaccount.....	--	1,622.01	1,622.01	\$229.00
			=====	=====
All Pro Large Cap Growth Subaccount.....	--	5,710.61	5,710.61	\$145.90
			=====	=====
All Pro Large Cap Value Subaccount.....	--	3,980.13	3,980.13	\$ 99.22
			=====	=====
All Pro Small Cap Growth Subaccount.....	--	4,495.14	4,495.14	\$185.96
			=====	=====
All Pro Small Cap Value Subaccount.....	--	3,405.52	3,405.52	\$ 74.92
			=====	=====
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	--	8,193.71	8,193.71	\$250.97
			=====	=====
Growth Subaccount.....	--	13,506.91	13,506.91	\$374.55
			=====	=====
High Income Subaccount.....	--	1,251.22	1,251.22	\$160.18
			=====	=====
Overseas Subaccount.....	--	3,940.38	3,940.38	\$205.87
			=====	=====
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	--	2,716.81	2,716.81	\$203.59
			=====	=====
Index 500 Subaccount.....	--	19,590.51	19,590.51	\$348.85
			=====	=====
Investment Grade Bond Subaccount.....	--	5,053.99	5,053.99	\$136.28
			=====	=====
Contrafund Subaccount.....	--	16,401.77	16,401.77	\$219.28
			=====	=====
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	--	2,316.02	2,316.02	\$127.12
			=====	=====
Partners Subaccount.....	--	2,095.30	2,095.30	\$ 99.27
			=====	=====
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	--	795.29	795.29	\$125.38
			=====	=====
Van Eck Worldwide Hard Assets Subaccount.....	--	499.45	499.45	\$105.08
			=====	=====
Van Eck Worldwide Emerging Markets Subaccount.....	--	3,572.75	3,572.75	\$130.05
			=====	=====
Van Eck Worldwide Real Estate Subaccount.....	--	583.84	583.84	\$ 83.17
			=====	=====

</Table>

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
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OPTIONS PREMIER  
1999

	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Alger American Fund:				
Alger American Small Capitalization				
Subaccount.....	--	4,910.19	4,910.19	\$167.47
			=====	=====
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	--	--	--	--
			=====	=====
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	--	--	--	--
			=====	=====

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

SURVIVOR OPTIONS PREMIER  
2001

	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
All Pro Broad Equity Subaccount**.....	392.12	78.36	470.48	\$255.31
			=====	=====
Money Market Subaccount.....	3,382.12	3,627.70	7,009.82	\$149.61
			=====	=====
Bond Subaccount.....	25.07	105.77	130.84	\$188.78
			=====	=====
Balanced Subaccount**.....	37.11	94.72	131.83	\$231.38
			=====	=====
Mid Cap Growth Subaccount**.....	323.75	143.44	467.19	\$332.37
			=====	=====
International Subaccount.....	148.84	248.53	397.37	\$192.67
			=====	=====
All Pro Large Cap Growth Subaccount.....	960.59	602.42	1,563.01	\$ 91.21
			=====	=====
All Pro Large Cap Value Subaccount.....	451.60	433.11	884.71	\$ 98.72
			=====	=====
All Pro Small Cap Growth Subaccount.....	894.47	538.13	1,432.60	\$121.52
			=====	=====
All Pro Small Cap Value Subaccount.....	539.11	604.50	1,143.61	\$100.63
			=====	=====
Equity 500 Index Subaccount.....	2,119.40	1,713.25	3,832.65	\$273.78
			=====	=====
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	956.78	570.59	1,527.37	\$254.77
			=====	=====
Growth Subaccount.....	1,898.88	1,192.02	3,090.90	\$270.49
			=====	=====
High Income Subaccount.....	55.46	97.78	153.24	\$107.98
			=====	=====
Overseas Subaccount.....	484.52	680.76	1,165.28	\$129.33
			=====	=====
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	644.49	266.44	910.93	\$184.80
			=====	=====
Investment Grade Bond Subaccount.....	241.30	1,030.67	1,271.97	\$161.96
			=====	=====
Contrafund Subaccount.....	2,247.38	1,419.23	3,666.61	\$177.02
			=====	=====

Neuberger Berman Advisers Management Trust:

Limited Maturity Bond Subaccount.....	337.00	228.88	565.88	\$145.47
			=====	=====
Partners Subaccount.....	126.17	229.17	355.34	\$ 95.70
			=====	=====

</Table>

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<Table>  
 <S> <C> <C> <C> <C>  
 \*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Subaccounts were known as the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts, respectively.  
 </Table>

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-----  
 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----

3. INVESTMENTS, CONTINUED

<Table>  
 <Caption>

	SURVIVOR OPTIONS PREMIER 2001			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	15.78	9.18	24.96	\$119.41
			=====	=====
Van Eck Worldwide Hard Assets Subaccount.....	153.55	58.99	212.54	\$103.27
			=====	=====
Van Eck Worldwide Emerging Markets Subaccount..	643.26	272.75	916.01	\$ 73.13
			=====	=====
Van Eck Worldwide Real Estate Subaccount.....	206.22	107.76	313.98	\$102.45
			=====	=====
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	777.11	665.53	1,442.64	\$ 84.66
			=====	=====
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	838.02	581.97	1,419.99	\$ 57.52
			=====	=====
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	49.18	596.18	645.36	\$ 94.56
			=====	=====

</Table>

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-----  
 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----

3. INVESTMENTS, CONTINUED

<Table>  
 <Caption>

	SURVIVOR OPTIONS PREMIER 2000			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	--	392.12	392.12	\$295.27

Money Market Subaccount.....	357.35	3,024.77	3,382.12	\$145.42
Bond Subaccount.....	--	25.07	25.07	\$177.07
Managed Subaccount.....	--	37.11	37.11	\$250.75
Aggressive Growth Subaccount.....	--	323.75	323.75	\$348.44
International Subaccount.....	--	148.84	148.84	\$220.92
All Pro Large Cap Growth Subaccount.....	6.63	953.96	960.59	\$117.37
All Pro Large Cap Value Subaccount.....	9.74	441.86	451.60	\$100.22
All Pro Small Cap Growth Subaccount.....	5.20	889.27	894.47	\$145.63
All Pro Small Cap Value Subaccount.....	12.90	526.21	539.11	\$ 89.89
Equity 500 Index Subaccount**.....	--	2,119.40	2,119.40	\$314.36
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	--	956.78	956.78	\$270.08
Growth Subaccount.....	--	1,898.88	1,898.88	\$330.94
High Income Subaccount.....	--	55.46	55.46	\$123.26
Overseas Subaccount.....	14.08	470.44	484.52	\$165.29
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	--	644.49	644.49	\$194.13
Investment Grade Bond Subaccount.....	--	241.30	241.30	\$150.45
Contrafund Subaccount.....	8.82	2,238.56	2,247.38	\$203.24
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	--	337.00	337.00	\$134.73
Partners Subaccount.....	--	126.17	126.17	\$ 99.22

</Table>

-----  
\*\* Prior to February 7, 2000, this subaccount was known as Fidelity Index 500 Subaccount.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

### 3. INVESTMENTS, CONTINUED

<Table>  
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	SURVIVOR OPTIONS PREMIER 2000			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	7.71	8.07	15.78	\$126.79
Van Eck Worldwide Hard Assets Subaccount.....	--	153.55	153.55	\$116.20
Van Eck Worldwide Emerging Markets Subaccount.....	--	643.26	643.26	\$ 75.04
Van Eck Worldwide Real Estate Subaccount.....	--	206.22	206.22	\$ 98.00
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	--	777.11	777.11	\$121.02

Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	--	838.02	838.02	\$ 83.71
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	--	49.18	49.18	\$ 99.30

</Table>

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	SURVIVOR OPTIONS PREMIER 1999			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	--	--	--	--
Money Market Subaccount.....	--	357.35	357.35	\$138.03
Bond Subaccount.....	--	--	--	--
Managed Subaccount.....	--	--	--	--
Aggressive Growth Subaccount.....	--	--	--	--
International Subaccount.....	--	--	--	--
All Pro Large Cap Growth Subaccount.....	--	6.63	6.63	\$145.90
All Pro Large Cap Value Subaccount.....	--	9.74	9.74	\$ 99.22
All Pro Small Cap Growth Subaccount.....	--	5.20	5.20	\$185.96
All Pro Small Cap Value Subaccount.....	--	12.90	12.90	\$ 74.92
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	--	--	--	--
Growth Subaccount.....	--	--	--	--
High Income Subaccount.....	--	--	--	--
Overseas Subaccount.....	--	14.08	14.08	\$205.87
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	--	--	--	--
Index 500 Subaccount.....	--	--	--	--
Investment Grade Bond Subaccount.....	--	--	--	--
Contrafund Subaccount.....	--	8.82	8.82	\$219.28
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	--	--	--	--
Partners Subaccount.....	--	--	--	--
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	--	7.71	7.71	\$125.38
Van Eck Worldwide Hard Assets Subaccount.....	--	--	--	--
Van Eck Worldwide Emerging Markets Subaccount.....	--	--	--	--

</Table>

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-----  
 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----

3. INVESTMENTS, CONTINUED

<Table>  
 <Caption>

SURVIVOR OPTIONS PREMIER 1999				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	--	--	--	--
			=====	=====
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	--	--	--	--
			=====	=====
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	--	--	--	--
			=====	=====

</Table>

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-----  
 The Provident Mutual Variable Life Separate Account  
 of Provident Mutual Life Insurance Company  
 Notes to Financial Statements -- continued  
 -----

3. INVESTMENTS, CONTINUED

<Table>  
 <Caption>

SURVIVOR OPTIONS ELITE 2001				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
All Pro Broad Equity Subaccount**.....	245.01	141.29	386.30	\$255.31
			=====	=====
Money Market Subaccount.....	6,491.99	15,431.64	21,923.63	\$149.61
			=====	=====
Bond Subaccount.....	136.08	278.49	414.57	\$188.78
			=====	=====
Balanced Subaccount**.....	31.98	199.15	231.13	\$231.38
			=====	=====
Mid Cap Growth Subaccount**.....	519.98	636.49	1,156.47	\$332.37
			=====	=====
International Subaccount.....	875.90	933.75	1,809.65	\$192.67
			=====	=====
All Pro Large Cap Growth Subaccount.....	1,531.98	2,253.42	3,785.40	\$ 91.21
			=====	=====
All Pro Large Cap Value Subaccount.....	571.76	1,492.87	2,064.63	\$ 98.72
			=====	=====
All Pro Small Cap Growth Subaccount.....	2,100.51	2,930.55	5,031.06	\$121.52
			=====	=====
All Pro Small Cap Value Subaccount.....	1,084.64	2,878.79	3,963.43	\$100.63
			=====	=====



Equity 500 Index Subaccount.....	4,083.96	5,474.43	9,558.39	\$273.78
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	1,900.45	1,606.33	3,506.78	\$254.77
Growth Subaccount.....	3,599.15	5,019.36	8,618.51	\$270.49
High Income Subaccount.....	556.93	629.90	1,186.83	\$107.98
Overseas Subaccount.....	2,730.34	2,094.54	4,824.88	\$129.33
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	2,246.71	1,511.86	3,758.57	\$184.80
Investment Grade Bond Subaccount.....	413.37	2,247.75	2,661.12	\$161.96
Contrafund Subaccount.....	3,640.83	2,730.05	6,370.88	\$177.02
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	431.02	589.40	1,020.42	\$145.47
Partners Subaccount.....	333.05	678.93	1,011.98	\$ 95.70
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	129.77	40.06	169.83	\$119.41
Van Eck Worldwide Hard Assets Subaccount.....	643.88	72.29	716.17	\$103.27
Van Eck Worldwide Emerging Markets Subaccount.....	1,759.02	947.00	2,706.02	\$ 73.13
Van Eck Worldwide Real Estate Subaccount.....	359.66	598.52	958.18	\$102.45

</Table>

<Table>  
<S> <C> <C> <C> <C> <C>  
\*\* Prior to January 29, 2001, the Market Street Fund All Pro Broad Equity, Balanced and Mid Cap Growth Subaccounts were known as the Market Street Fund Growth, Managed and Aggressive Growth Subaccounts, respectively.  
</Table>

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	SURVIVOR OPTIONS ELITE 2001			
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	1,995.78	1,145.71	3,141.49	\$ 84.66
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	1,640.01	5,361.46	7,001.47	\$ 57.52
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	267.01	982.55	1,249.56	\$ 94.56

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

SURVIVOR OPTIONS ELITE 2000				
<S>	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<C>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	12.65	232.36	245.01	\$295.27
			=====	=====
Money Market Subaccount.....	512.55	5,979.44	6,491.99	\$145.42
			=====	=====
Bond Subaccount.....	14.45	121.63	136.08	\$177.07
			=====	=====
Managed Subaccount.....	10.17	21.81	31.98	\$250.75
			=====	=====
Aggressive Growth Subaccount.....	6.77	513.21	519.98	\$348.44
			=====	=====
International Subaccount.....	38.89	837.01	875.90	\$220.92
			=====	=====
All Pro Large Cap Growth Subaccount.....	1.68	1,530.30	1,531.98	\$117.37
			=====	=====
All Pro Large Cap Value Subaccount.....	2.04	569.72	571.76	\$100.22
			=====	=====
All Pro Small Cap Growth Subaccount.....	1.25	2,099.26	2,100.51	\$145.63
			=====	=====
All Pro Small Cap Value Subaccount.....	117.26	967.38	1,084.64	\$ 89.89
			=====	=====
Equity 500 Index Subaccount**.....	218.81	3,865.15	4,083.96	\$314.36
			=====	=====
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	27.14	1,873.31	1,900.45	\$270.08
			=====	=====
Growth Subaccount.....	32.22	3,566.93	3,599.15	\$330.94
			=====	=====
High Income Subaccount.....	--	556.93	556.93	\$123.26
			=====	=====
Overseas Subaccount.....	43.51	2,686.83	2,730.34	\$165.29
			=====	=====
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	11.60	2,235.11	2,246.71	\$194.13
			=====	=====
Investment Grade Bond Subaccount.....	31.08	382.29	413.37	\$150.45
			=====	=====
Contrafund Subaccount.....	26.13	3,614.70	3,640.83	\$203.24
			=====	=====
Neuberger Berman Advisers Management Trust:				
Limited Maturity Bond Subaccount.....	100.05	330.97	431.02	\$134.73
			=====	=====
Partners Subaccount.....	69.00	264.05	333.05	\$ 99.22
			=====	=====

</Table>

\*\* Prior to February 7, 2000, this subaccount was known as Fidelity Index 500 Subaccount.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

SURVIVOR OPTIONS ELITE

	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Bond Subaccount.....	--	129.77	129.77	\$126.79
			=====	=====
Van Eck Worldwide Hard Assets Subaccount.....	40.77	603.11	643.88	\$116.20
			=====	=====
Van Eck Worldwide Emerging Markets Subaccount.....	35.25	1,723.77	1,759.02	\$ 75.04
			=====	=====
Van Eck Worldwide Real Estate Subaccount.....	51.65	308.01	359.66	\$ 98.00
			=====	=====
Alger American Fund:				
Alger American Small Capitalization Subaccount.....	15.54	1,980.24	1,995.78	\$121.02
			=====	=====
Strong Variable Insurance Funds, Inc.:				
Strong Mid Cap Growth Fund II.....	--	1,640.01	1,640.01	\$ 83.71
			=====	=====
Strong Opportunity Fund II, Inc.:				
Strong Opportunity Fund II.....	--	267.01	267.01	\$ 99.30
			=====	=====

&lt;/Table&gt;

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

## 3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
SURVIVOR OPTIONS ELITE 1999				
<S>	<C>	<C>	<C>	<C>
Market Street Fund, Inc.:				
Growth Subaccount.....	--	12.65	12.65	\$271.14
			=====	=====
Money Market Subaccount.....	--	512.55	512.55	\$138.03
			=====	=====
Bond Subaccount.....	--	14.45	14.45	\$162.75
			=====	=====
Managed Subaccount.....	--	10.17	10.17	\$232.16
			=====	=====
Aggressive Growth Subaccount.....	--	6.77	6.77	\$253.74
			=====	=====
International Subaccount.....	--	38.89	38.89	\$229.00
			=====	=====
All Pro Large Cap Growth Subaccount.....	--	1.68	1.68	\$145.90
			=====	=====
All Pro Large Cap Value Subaccount.....	--	2.04	2.04	\$ 99.22
			=====	=====
All Pro Small Cap Growth Subaccount.....	--	1.25	1.25	\$185.96
			=====	=====
All Pro Small Cap Value Subaccount.....	--	117.26	117.26	\$ 74.92
			=====	=====
Variable Insurance Products Fund:				
Equity-Income Subaccount.....	--	27.14	27.14	\$250.97
			=====	=====
Growth Subaccount.....	--	32.22	32.22	\$374.55
			=====	=====
High Income Subaccount.....	--	--	--	--
			=====	=====
Overseas Subaccount.....	--	43.51	43.51	\$205.87
			=====	=====
Variable Insurance Products Fund II:				
Asset Manager Subaccount.....	--	11.60	11.60	\$203.59

Index 500 Subaccount.....	--	218.81	218.81	\$348.85
Investment Grade Bond Subaccount.....	--	31.08	31.08	\$136.28
Contrafund Subaccount.....	--	26.13	26.13	\$219.28
Neuberger Berman Advisers Management Trust: Limited Maturity Bond Subaccount.....	--	100.05	100.05	\$127.12
Partners Subaccount.....	--	69.00	69.00	\$ 99.27

</Table>

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-----  
The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

SURVIVOR OPTIONS ELITE 1999				
	UNITS OWNED BEGINNING OF YEAR	NET (DECREASE) / INCREASE IN UNITS OWNED	UNITS OWNED END OF YEAR	UNIT VALUE END OF YEAR
<S>	<C>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust: Van Eck Worldwide Bond Subaccount.....	--	--	--	--
Van Eck Worldwide Hard Assets Subaccount.....	--	40.77	40.77	\$105.08
Van Eck Worldwide Emerging Markets Subaccount.....	--	35.25	35.25	\$130.05
Van Eck Worldwide Real Estate Subaccount.....	--	51.65	51.65	\$ 83.17
Alger American Fund: Alger American Small Capitalization Subaccount.....	--	15.54	15.54	\$167.47
Strong Variable Insurance Funds, Inc.: Strong Mid Cap Growth Fund II.....	--	--	--	--
Strong Opportunity Fund II, Inc.: Strong Opportunity Fund II.....	--	--	--	--

</Table>

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

3. INVESTMENTS, CONTINUED

The financial highlights of each Fund of the Separate Account at December 31, 2001 and for the year then ended is as follows:

<Table>  
<Caption>

AT DECEMBER 31, 2001			
	UNITS	UNIT FAIR VALUE LOWEST TO HIGHEST	AVERAGE NET ASSETS
<S>	<C>	<C>	<C>
Market Street Fund, Inc.: All Pro Broad Equity			

Portfolio.....	237,458.38	\$255.31 to \$4,675.16	\$179,689,965
Money Market Portfolio.....	269,216.89	\$149.61 to \$2,044.02	\$48,217,873
Bond Portfolio.....	64,671.84	\$188.78 to \$2,379.86	\$17,685,248
Balanced Portfolio.....	81,654.29	\$231.38 to \$3,020.62	\$40,892,021
Mid Cap Growth Portfolio.....	122,909.26	\$332.37 to \$4,965.48	\$63,301,677
International Portfolio.....	167,840.23	\$192.67 to \$1,956.30	\$48,603,974
All Pro Large Cap Growth Portfolio.....	201,760.97	\$91.21 to \$917.10	\$22,824,030
All Pro Large Cap Value Portfolio.....	114,833.35	\$98.72 to \$992.69	\$11,962,375
All Pro Small Cap Growth Portfolio.....	179,807.99	\$121.52 to \$1,221.90	\$29,567,161
All Pro Small Cap Value Portfolio.....	137,067.48	\$100.63 to \$1,011.82	\$14,176,030
Equity 500 Index Portfolio.....	522,091.37	\$273.78 to \$2,772.54	\$186,650,329
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....	35,035.10	\$257.52 to \$3,674.63	\$13,653,024
Variable Insurance Products Fund: Equity-Income Portfolio.....	387,151.67	\$254.77 to \$2,580.06	\$135,009,460
Growth Portfolio.....	607,694.63	\$270.49 to \$2,739.28	\$234,976,544
High Income Portfolio.....	109,702.49	\$107.98 to \$1,127.22	\$16,107,902
Overseas Portfolio.....	267,505.27	\$129.33 to \$1,308.23	\$49,896,367
Variable Insurance Products Fund II: Asset Manager Portfolio.....	190,658.46	\$184.80 to \$1,871.48	\$50,693,236
Investment Grade Bond Portfolio.....	155,691.70	\$161.96 to \$1,638.32	\$27,677,486
Contrafund Portfolio.....	393,535.21	\$177.02 to \$2,322.89	\$87,885,443
Neuberger Berman Advisers Management Trust: Limited Maturity Bond Portfolio.....	68,541.19	\$145.47 to \$1,471.49	\$10,475,048
Partners Portfolio.....	214,137.57	\$95.70 to \$1,964.35	\$27,905,220

<Caption>

FOR THE YEAR ENDED DECEMBER 31, 2001

	NET INVESTMENT* INCOME RATIO	EXPENSE RATIO** LOWEST TO HIGHEST	TOTAL RETURN*** LOWEST TO HIGHEST
<S>	<C>	<C>	<C>
Market Street Fund, Inc.:			
All Pro Broad Equity Portfolio.....	2.00%	0.35% to 0.76%	-13.53% to -13.40%
Money Market Portfolio.....	2.77%	0.35% to 0.76%	2.88% to 3.04%
Bond Portfolio.....	4.89%	0.35% to 0.75%	6.62% to 6.78%
Balanced Portfolio.....	3.18%	0.35% to 0.75%	-7.73% to -7.59%
Mid Cap Growth Portfolio.....	14.02%	0.60% to 0.76%	-4.61% to -4.47%
International Portfolio.....	3.49%	0.60% to 0.76%	-12.79% to -12.66%
All Pro Large Cap Growth Portfolio.....	-0.65%	0.60% to 0.76%	-22.29% to -22.17%
All Pro Large Cap Value Portfolio.....	0.23%	0.60% to 0.77%	-1.49% to -1.34%
All Pro Small Cap Growth Portfolio.....	-0.70%	0.61% to 0.76%	-16.56% to -16.43%
All Pro Small Cap Value Portfolio.....	-0.25%	0.60% to 0.76%	11.94% to 12.11%
Equity 500 Index Portfolio.....	0.48%	0.60% to 0.75%	-12.91% to -12.78%
The Stripped ("Zero") U.S. Treasury Securities Fund, Provident Mutual Series A: 2006 Series.....	-0.94%	0.35% to 0.75%	7.67% to 7.83%
Variable Insurance Products Fund: Equity-Income Portfolio.....	0.97%	0.60% to 0.76%	-5.67% to -5.53%
Growth Portfolio.....	-0.62%	0.60% to 0.76%	-18.27% to -18.14%
High Income Portfolio.....	13.07%	0.61% to 0.76%	-12.39% to -12.26%
Overseas Portfolio.....	4.60%	0.60% to 0.75%	-21.76% to -21.64%
Variable Insurance Products Fund II: Asset Manager Portfolio.....	3.49%	0.60% to 0.75%	-4.81% to -4.67%
Investment Grade Bond Portfolio.....	3.93%	0.60% to 0.75%	7.65% to 7.81%
Contrafund Portfolio.....	0.07%	0.60% to 0.76%	-12.90% to -12.77%
Neuberger Berman Advisers Management Trust: Limited Maturity Bond Portfolio.....	4.59%	0.60% to 0.76%	7.97% to 8.13%
Partners Portfolio.....	-0.32%	0.60% to 0.77%	-3.56% to -3.41%

</Table>

3. INVESTMENTS, CONTINUED

<Table>  
<Caption>

AT DECEMBER 31, 2001			
	UNITS	UNIT FAIR VALUE LOWEST TO HIGHEST	AVERAGE NET ASSETS
<S>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:			
Van Eck Worldwide Bond Portfolio.....	28,510.62	\$119.41 to \$1,207.87	\$5,314,600
Van Eck Worldwide Hard Assets Portfolio.....	22,750.68	\$103.27 to \$1,044.63	\$3,422,440
Van Eck Worldwide Emerging Markets Portfolio.....	131,732.15	\$73.13 to \$737.56	\$12,652,776
Van Eck Worldwide Real Estate Portfolio.....	15,811.64	\$102.45 to \$1,030.18	\$1,694,633
Alger American Fund:			
Alger American Small Capitalization Portfolio.....	265,961.66	\$84.66 to \$853.86	\$29,985,337
Strong Variable Insurance Funds, Inc.:			
Strong Mid Cap Growth Fund II...	113,276.92	\$57.52 to \$576.65	\$6,370,448
Strong Opportunity Fund II, Inc.:			
Strong Opportunity Fund II.....	47,432.87	\$94.56 to \$948.03	\$3,352,931

<Caption>

FOR THE YEAR ENDED DECEMBER 31, 2001			
	NET INVESTMENT* INCOME RATIO	EXPENSE RATIO** LOWEST TO HIGHEST	TOTAL RETURN*** LOWEST TO HIGHEST
<S>	<C>	<C>	<C>
Van Eck Worldwide Insurance Trust:			
Van Eck Worldwide Bond Portfolio.....	3.78%	0.60% to 0.77%	-5.82% to -5.63%
Van Eck Worldwide Hard Assets Portfolio.....	0.45%	0.60% to 0.76%	-11.12% to -10.99%
Van Eck Worldwide Emerging Markets Portfolio.....	-0.70%	0.60% to 0.76%	-2.55% to -2.40%
Van Eck Worldwide Real Estate Portfolio.....	1.63%	0.60% to 0.75%	4.55% to 4.70%
Alger American Fund:			
Alger American Small Capitalization Portfolio.....	-0.85%	0.61% to 0.77%	-30.04% to -29.94%
Strong Variable Insurance Funds, Inc.:			
Strong Mid Cap Growth Fund II...	-0.70%	0.61% to 0.78%	-31.29% to -31.19%
Strong Opportunity Fund II, Inc.:			
Strong Opportunity Fund II.....	-0.15%	0.61% to 0.76%	-4.77% to -4.62%

</Table>

\* These amounts represent the dividends, excluding distributions of capital gains, received by the subaccount from the underlying mutual fund, net of management fees assessed by the fund manager, divided by average net assets. These ratios exclude those expenses, such as mortality and expense charges, that result in direct reductions in the unit values. The recognition of investment income by the subaccount is affected by the timing of the declaration of dividends by the underlying fund in which the subaccounts invest.

\*\* These ratios represent the annualized contract expenses of the separate account, consisting primarily of mortality and expense charges, for each period indicated. The ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to policyholder accounts through the redemption of units and expenses of the underlying fund are excluded. Expense ratio calculations could vary from the range noted above because Average Net Assets are calculated using month end account values.

\*\*\* These amounts represent the total return for the periods indicated, including changes in the value of the underlying fund, and reflect deductions for all items included in the expense ratio. The total return

does not include any expenses assessed through the redemption of units; inclusion of these expenses in the calculation would result in a reduction in the total return presented. The total return is calculated for the period indicated or from the effective date through the end of the reporting period.

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

#### 4. RELATED PARTY TRANSACTIONS

Provident Mutual makes certain deductions from premiums before amounts are allocated to each Separate Account selected by the policyholder. The deductions may include (1) administrative charges, (2) state premium taxes, (3) premium processing charges, (4) premiums for supplementary benefits, (5) premiums for extra mortality risks, (6) sales charges, (7) premiums for optional benefits, (8) a risk charge for the guaranteed minimum death benefit, and (9) Federal tax charges. Premiums adjusted for these deductions are recorded as net premiums in the statement of changes in net assets. See original policy documents for specific charges assessed.

In addition to the aforementioned charges, each Separate Account is charged for mortality and expense risks assumed by Provident Mutual. The annual rates charged to cover these risks range from 0.35% to 0.75% of the net assets held for the benefit of policyholders. For some policyholders, this may be increased on a prospective basis, but cannot exceed 0.90%.

Each Separate Account is also charged by Provident Mutual for the cost of insurance protection. For single premium policies, the charge is accrued daily and deducted annually from the amount invested. For scheduled premium, modified premium and flexible premium adjustable policies, the charge is deducted monthly. The amount of the charge is computed based upon the amount of insurance provided during the year and the insured's attained age. Depending upon the type of policy, additional monthly deductions may be made for (1) administrative charges, (2) minimum death benefit charges, (3) first year policy charges and (4) supplementary charges. See original policy documents for additional monthly charges. These charges are included in the statements of changes in net assets.

During any given policy year, the first four or twelve transfers (depending on the policy) by a policyholder of amounts in the Subaccounts are free of charge. A fee of \$25 is assessed for each additional transfer.

The policies provide for an initial free-look period. If a policy is cancelled within certain time constraints, the policyholder will receive a refund equal to the policy account value plus reimbursements of certain deductions previously made under the policy. Where state law requires a minimum refund equal to gross premiums paid, the refund will instead equal the gross premiums paid on the policy and will not reflect investment experience.

If a policy is surrendered within the first 9-15 policy years (depending on the policy), a contingent deferred sales load charge and/or contingent deferred administrative charge are assessed. These charges are recorded as administrative charges in the statements of changes in net assets.

For scheduled premium and single premium policies, Provident Mutual has agreed to make a daily adjustment to the net rate of return of the Growth, Money Market and Bond Subaccounts to offset completely all Market Street Fund, Inc. expenses charged to the portfolios in which the Subaccounts invest, except for (1) all brokers' commissions, (2) transfer taxes, investment advisory fees and other fees and expenses for services relating to purchases and sales of portfolio investments, and (3) income tax

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The Provident Mutual Variable Life Separate Account  
of Provident Mutual Life Insurance Company  
Notes to Financial Statements -- continued  
-----

#### 4. RELATED PARTY TRANSACTIONS, CONTINUED

liabilities. The total amounts reimbursed for the Growth, Money Market and Bond Subaccounts for the years ended December 31, 2001, 2000 and 1999 were as follows:

<Table>  
<Caption>

	ALL PRO BROAD EQUITY SUBACCOUNT	MONEY MARKET SUBACCOUNT	BOND SUBACCOUNT
	-----	-----	-----
<S>	<C>	<C>	<C>
Year ending December 31,			
2001.....	\$28,549	\$1,733	\$3,203
2000.....	\$32,698	\$1,754	\$2,901
1999.....	\$ 8,226	--	\$1,010

These amounts are shown as an operating expense reimbursement reducing total expenses in the statements of operations.

Provident Mutual makes a daily asset charge against the assets of the Zero Coupon Bond 2006 Series Subaccount. The charge is to reimburse Provident Mutual for the transaction charge paid directly by Provident Mutual to MLPFS on the sale of the Zero Coupon Trust units to the Zero Coupon Bond 2006 Series Subaccount. Provident Mutual pays these amounts from General Account assets. The amount of the asset charge currently is equivalent to an effective annual rate of .25% of the average daily net assets of each Subaccount. This amount may be increased in the future, but in no event will it exceed an effective annual rate of .50%. The charge will be cost based (taking into account the loss of interest) with no anticipated element of profit for Provident Mutual.

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PROVIDENT MUTUAL LIFE INSURANCE COMPANY  
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(DOLLARS IN THOUSANDS)

<Table>  
<Caption>

	UNAUDITED SEPTEMBER 30, 2002	DECEMBER 31, 2001
	-----	-----
<S>	<C>	<C>
ASSETS		
Investments:		
Fixed maturities:		
Available for sale, at fair value (cost: 2002-\$3,057,711; 2001-\$3,024,128).....	\$3,169,498	\$2,999,334
Equity securities, at fair value (cost: 2002-\$21,291; 2001-\$21,661).....	20,549	22,043
Mortgage loans.....	503,875	563,403
Real estate.....	23,207	25,005
Policy loans and premium notes.....	358,078	365,175
Other invested assets.....	65,464	70,076
	-----	-----
Total investments.....	4,140,671	4,045,036
	-----	-----
Cash and cash equivalents.....	57,298	126,414
Premiums due.....	7,134	8,902
Investment income due and accrued.....	74,152	68,677
Deferred policy acquisition costs.....	882,652	936,084
Reinsurance recoverable.....	156,296	162,164
Separate account assets.....	2,825,655	3,702,984
Other assets.....	135,581	141,772
	-----	-----
Total assets.....	\$8,279,439	\$9,192,033
	=====	=====
LIABILITIES		
Policy liabilities:		
Future policyholder benefits.....	\$3,825,107	\$3,869,907
Policyholder funds.....	153,867	159,865
Policyholder dividends payable.....	35,600	35,401
Other policy obligations.....	23,602	21,914
	-----	-----
Total policy liabilities.....	4,038,176	4,087,087
	-----	-----
Expenses payable.....	82,757	25,351
Taxes payable.....	6,334	5,101
Federal income taxes payable:		
Current.....	--	16,250
Deferred.....	92,005	95,570
Separate account liabilities.....	2,825,655	3,702,984
Other liabilities.....	76,833	78,628



Total liabilities.....	7,121,760	8,010,971
COMMITMENTS AND CONTINGENCIES -- NOTE 8		
EQUITY		
Retained earnings.....	1,124,876	1,194,086
Accumulated other comprehensive income:		
Net unrealized appreciation (depreciation) on securities.....	32,803	(13,024)
Total equity.....	1,157,679	1,181,062
Total liabilities and equity.....	\$8,279,439	\$9,192,033

</Table>

See accompanying condensed notes to unaudited consolidated financial statements  
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PROVIDENT MUTUAL LIFE INSURANCE COMPANY  
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)  
(DOLLARS IN THOUSANDS)

<Table>  
<Caption>

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
REVENUES				
Policy and contract charges.....	\$ 46,334	\$ 42,200	\$ 135,923	\$132,348
Premiums.....	38,047	39,632	114,906	123,399
Net investment income.....	71,059	76,870	215,276	225,980
Other income.....	9,730	9,705	33,875	38,816
Net realized losses on investments.....	(71,934)	(1,252)	(115,949)	(9,225)
Total revenues.....	93,236	167,155	384,031	511,318
BENEFITS AND EXPENSES				
Policy and contract benefits.....	47,345	64,569	143,233	163,896
Change in future policyholder benefits.....	18,615	18,338	55,094	53,351
Operating expenses.....	43,579	15,035	76,232	50,230
Amortization of deferred policy acquisition costs.....	38,660	1,226	80,818	49,776
Policyholder dividends.....	17,363	16,876	51,036	50,406
Demutualization expenses.....	49,865	14,513	61,815	14,513
Noninsurance commissions and expenses.....	11,190	9,543	31,735	32,158
Total benefits and expenses.....	226,617	140,100	499,963	414,330
(Loss) income before income taxes.....	(133,381)	27,055	(115,932)	96,988
Income tax (benefit) expense:				
Current.....	(24,137)	(2,240)	(18,480)	11,049
Deferred.....	(22,651)	14,552	(28,242)	16,557
Total income tax (benefit) expense.....	(46,788)	12,312	(46,722)	27,606
Net (loss) income.....	\$ (86,593)	\$ 14,743	\$ (69,210)	\$ 69,382

</Table>

See accompanying condensed notes to unaudited consolidated financial statements  
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PROVIDENT MUTUAL LIFE INSURANCE COMPANY  
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EQUITY  
NINE MONTHS ENDED SEPTEMBER 30, 2002  
(UNAUDITED)  
(DOLLARS IN THOUSANDS)

<Table>  
<Caption>

NET  
UNREALIZED  
APPRECIATION

	RETAINED EARNINGS	(DEPRECIATION) ON SECURITIES	TOTAL EQUITY
<S>	<C>	<C>	<C>
Balance at January 1, 2002.....	\$1,194,086	\$ (13,024)	\$1,181,062
Comprehensive income			
Net loss.....	(69,210)	--	(69,210)
Other comprehensive income, net of tax:			
Change in unrealized appreciation (depreciation) on securities.....	--	45,827	45,827
Total comprehensive income.....			(23,383)
Balance at September 30, 2002.....	\$1,124,876	\$ 32,803	\$1,157,679

</Table>

See accompanying condensed notes to unaudited consolidated financial statements  
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PROVIDENT MUTUAL LIFE INSURANCE COMPANY  
AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS  
(UNAUDITED)  
(DOLLARS IN THOUSANDS)

<Table>  
<Caption>

	NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income.....	\$ (69,210)	\$ 69,382
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Interest credited to variable universal life and investment products.....	59,500	65,438
Amortization of deferred policy acquisition costs.....	80,818	49,776
Capitalization of deferred policy acquisition costs.....	(74,245)	(101,381)
Deferred income taxes.....	(28,242)	16,557
Net realized losses on investments.....	115,949	9,225
Change in reinsurance recoverable.....	5,868	483
Change in policy liabilities and other policyholders' funds of traditional life products.....	(119,723)	(156,866)
Other, net.....	31,132	(24,820)
Net cash provided by (used in) operating activities.....	1,847	(72,206)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments:		
Available for sale securities.....	57,279	183,816
Equity securities.....	1,138	7
Real estate.....	--	3,862
Other invested assets.....	5,898	8,146
Proceeds from maturities of investments:		
Available for sale securities.....	289,549	535,898
Mortgage loans.....	58,836	69,382
Purchases of investments:		
Available for sale securities.....	(478,821)	(711,002)
Equity securities.....	(4,950)	(3,126)
Mortgage loans.....	--	(37,575)
Real estate.....	(209)	(439)
Other invested assets.....	(11,182)	(12,688)
Proceeds from sale of subsidiary.....	10,788	--
Contributions of separate account seed money.....	(150)	--
Withdrawals of separate account seed money.....	923	7,188
Policy loans and premium notes, net.....	7,097	1,716
Additions to property and equipment.....	(1,647)	(3,393)
Net cash (used in) provided by investing activities.....	(65,451)	41,792
CASH FLOWS FROM FINANCING ACTIVITIES		
Variable universal life and investment product deposits.....	476,868	689,065
Variable universal life and investment product withdrawals.....	(482,380)	(664,599)
Net cash (used in) provided by financing activities.....	(5,512)	24,466
Net change in cash and cash equivalents.....	(69,116)	(5,948)

Cash and cash equivalents, beginning of period.....	126,414	64,872
	-----	-----
Cash and cash equivalents, end of period.....	\$ 57,298	\$ 58,924
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes.....	\$ 6,836	\$ 29,079
	=====	=====
Foreclosure of mortgage loans.....	\$ --	\$ --
	=====	=====

</Table>

See accompanying condensed notes to unaudited consolidated financial statements  
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PROVIDENT MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2002

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Provident Mutual Life Insurance Company and Subsidiaries (collectively, the Company) have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The financial information included herein reflects all adjustments (all of which are normal and recurring in nature) which are, in the opinion of management, necessary for a fair presentation of financial position and results of operations. Operating results for all periods presented are not necessarily indicative of the results that may be expected for the full year. All significant intercompany balances and transactions have been eliminated. The accompanying unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2001.

2. NEW ACCOUNTING PRONOUNCEMENTS

In July 2001, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS No. 142 applies to all acquired intangible assets whether acquired singularly, as part of a group, or in a business combination. SFAS No. 142 supersedes APB Opinion No. 17, "Intangible Assets" (APB 17) and carries forward provisions in APB Opinion No. 17 related to internally developed intangible assets. SFAS No. 142 changes the accounting for goodwill and intangible assets with indefinite lives from an amortization method to an impairment-only approach.

The Company adopted SFAS No. 142 on January 1, 2002. The amortization of goodwill from past business combinations ceased upon adoption of this statement. At the time of adoption, the Company had unamortized goodwill of \$5.6 million. Sigma American Corporation, the subsidiary carrying the goodwill, was sold on June 28, 2002. As of September 30, 2002 the Company had no unamortized goodwill.

In October 2001, the FASB issued SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of", and APB Opinion No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions".

SFAS No. 144 was adopted by the Company on January 1, 2002 and carries forward many of the provisions of SFAS No. 121 and APB Opinion No. 30 for recognition and measurement of the impairment of long-lived assets to be held and used, and measurement of long-lived assets to be disposed of by sale. Under SFAS No. 144, if a long-lived asset is part of a group that includes other assets and liabilities, then the provisions of SFAS No. 144 apply to the entire group. In addition, SFAS No. 144 does not apply to goodwill and other intangible assets that are not amortized. The Company adopted SFAS No. 144 on January 1, 2002. The adoption of SFAS No. 144 did not have a material impact on the results of operations or the financial position of the Company.

In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections (SFAS 145)". The adoption of SFAS 145 did not have any impact on the financial position or results of operations of the Company.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". Adoption of SFAS 146 is not expected to have a material impact on the financial position or results of operations of the Company.

3. MARKETABLE SECURITIES

Consistent with the Company's policy for valuing marketable securities, other-than-temporary declines of fair value on fixed maturities were \$105.0 million and \$18.9 million for the nine months ended September 30, 2002 and 2001, respectively.

4. DEFERRED POLICY ACQUISITION COSTS

As part of its DAC unlocking, the Company uses a mean reversion process in the determination of the short-term growth rates for the separate account assets supporting its variable products. Due to the sustained downturn in the equity markets and our perception that the public's confidence in the equity markets has decreased, we no longer believe that it is prudent to assume our separate account assets will grow in the short-term at a rate that is in excess of our long-term growth assumption. Accordingly, the Company unlocked its DAC assumptions for individual variable life and reduced the DAC asset to the amount calculated using the revised assumptions. Because the Company unlocked the net separate account growth rate assumption for individual variable life for the reversion period, the Company unlocked that assumption for all variable products to be consistent across product lines.

In the third quarter of 2002, the Company recorded an acceleration of DAC amortization totaling \$21.4 million, before tax, or \$13.9 million, net of \$7.5 million of Federal income tax benefit, which has been reported in the following segments in the amounts indicated, net of tax: Insurance Protection -- \$7.9 million and Asset Accumulation -- \$6.0 million. The acceleration of DAC amortization was the result of unlocking certain assumptions underlying the calculation of DAC for investment products and variable life insurance products. The most significant assumption changes were the resetting of the Company's assumption for separate account net growth to a long-term growth rate for all future years that reflected our current mix of assets and current estimates of the associated growth rates net of charges by the fund managers. These adjustments were primarily driven by the sustained downturn in the equity markets. In addition, we reflected new, lower mortality assumptions for the variable life insurance business, which tempered the effect of changing the long-term growth rates.

5. FEDERAL INCOME TAXES

The Company files a consolidated Federal income tax return with its life insurance and noninsurance subsidiaries. The life companies' tax provisions include an equity tax.

The provision for Federal income taxes from operations differs from the normal relationship of Federal income tax to pretax (loss) income as follows (in millions):

<Table>  
<Caption>

	NINE MONTHS ENDED SEPTEMBER 30	
	2002	2001
<S>	<C>	<C>
Federal tax at statutory rate.....	\$(40.6)	\$33.9
Current year equity tax.....	--	2.8
Truedown of prior years equity tax.....	(9.2)	(9.5)
Dividends received deduction.....	(10.5)	(3.0)
Low income housing tax credits.....	(1.5)	(0.7)
Non-deductible reorganization expenses.....	16.5	5.1
Other.....	(1.4)	(1.0)
Total income tax (benefit) expense.....	\$(46.7)	\$27.6

</Table>

During the nine months ended September 30, 2002, the Company incurred \$47.0 million of reorganization and merger-related expenses that were not deductible for Federal income tax purposes.

6. COMPREHENSIVE INCOME

The components of other comprehensive (loss) income are as follows (in millions):

<Table>

<Caption>

	BEFORE TAX AMOUNT	TAX (EXPENSE) BENEFIT	NET OF TAX AMOUNT
<S>	<C>	<C>	<C>
THREE MONTHS ENDED SEPTEMBER 30, 2002:			
Unrealized (depreciation) appreciation on securities.....	\$ (18.6)	\$ 6.5	\$ (12.1)
Less: reclassification adjustment for losses realized in net income.....	72.0	(25.2)	46.8
	-----	-----	-----
Net change in unrealized (depreciation) appreciation on securities.....	\$ 53.4	\$ (18.7)	\$ 34.7
	=====	=====	=====
THREE MONTHS ENDED SEPTEMBER 30, 2001:			
Unrealized appreciation (depreciation) on securities.....	\$ 30.5	\$ (10.6)	\$ 19.9
Less: reclassification adjustment for losses realized in net income.....	1.3	(0.5)	0.8
	-----	-----	-----
Net change in unrealized appreciation (depreciation) on securities.....	\$ 31.8	\$ (11.1)	\$ 20.7
	=====	=====	=====
NINE MONTHS ENDED SEPTEMBER 30, 2002:			
Unrealized (depreciation) appreciation on securities.....	\$ (45.5)	\$ 15.9	\$ (29.6)
Less: reclassification adjustment for losses realized in net income.....	116.0	(40.6)	75.4
	-----	-----	-----
Net change in unrealized (depreciation) appreciation on securities.....	\$ 70.5	\$ (24.7)	\$ 45.8
	=====	=====	=====
NINE MONTHS ENDED SEPTEMBER 30, 2001:			
Unrealized appreciation (depreciation) on securities.....	\$ 58.5	\$ (20.5)	\$ 38.0
Less: reclassification adjustment for losses realized in net income.....	9.2	(3.2)	6.0
	-----	-----	-----
Net change in unrealized appreciation (depreciation) on securities.....	\$ 67.7	\$ (23.7)	\$ 44.0
	=====	=====	=====

</Table>

#### 7. SEGMENT DISCLOSURES

The Company has two operating segments: Insurance Protection and Asset Accumulation. The operating segments are distinguished by products and services offered, as well as marketing strategies employed. Substantially all revenues are derived from sales in the United States of America.

The Insurance Protection segment markets traditional and variable life insurance products and maintains a block of direct response-marketed life and health insurance products. The Asset Accumulation segment sells fixed, variable and group (pension) annuity products. The individual life and annuity products are distributed principally through Company-affiliated financial consultants, personal producing general agents and independent brokers and financial planners whereas the group annuity products are distributed primarily through employee field representatives and brokers.

In addition to the two operating segments, the Company has an Other segment. The Other segment includes certain products no longer marketed by the Company, noninsurance operations and net investment income, realized capital gains/losses and revenues/expenses not attributable to the operating segments. The noninsurance operations consist of several subsidiaries operating in the broker/dealer, mutual fund and investment advisory industries.

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#### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Management evaluates the performance of each segment independently and allocates resources based on current and anticipated requirements of each segment. Financial results of each segment include earnings from its business operations and earnings on the amount of equity considered necessary to support its business. Accounting policies followed by the segments are the same as those followed by the Company in preparing its consolidated financial statements. There are no significant intersegment transactions.

Segment financial data for the three months ended September 30, 2002 and 2001 is as follows (in millions):

<Table>

<Caption>

SEGMENT INCOME FOR THE THREE MONTHS	INSURANCE	ASSET
-------------------------------------	-----------	-------

ENDED SEPTEMBER 30, 2002	PROTECTION	ACCUMULATION	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>
Policy and contract charges.....	\$ 38.8	\$ 7.5	\$ --	\$ 46.3
Premiums.....	37.4	0.6	--	38.0
Net investment income.....	39.2	25.7	6.2	71.1
Other income.....	0.9	(0.7)	9.6	9.8
Net realized losses on investments.....	(37.8)	(20.0)	(14.2)	(72.0)
Total Revenues.....	78.5	13.1	1.6	93.2
Policy and contract benefits.....	45.4	1.8	0.1	47.3
Change in future policyholder benefits.....	0.5	18.0	0.1	18.6
Amortization of deferred policy acquisition costs.....	29.9	8.7	--	38.6
Other benefits and expenses.....	34.4	5.2	82.5	122.1
Total Benefits and Expenses.....	110.2	33.7	82.7	226.6
Loss Before Income Taxes.....	(31.7)	(20.6)	(81.1)	(133.4)
Income tax benefit.....	(14.3)	(12.5)	(20.0)	(46.8)
NET LOSS.....	\$ (17.4)	\$ (8.1)	\$ (61.1)	\$ (86.6)

</Table>

ENDED SEPTEMBER 30, 2001	INSURANCE PROTECTION	ASSET ACCUMULATION	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>
Policy and contract charges.....	\$ 34.5	\$ 7.7	\$ --	\$ 42.2
Premiums.....	39.8	(0.3)	0.1	39.6
Net investment income.....	42.3	26.5	8.1	76.9
Other income.....	0.4	(0.2)	9.5	9.7
Net realized losses on investments.....	0.6	(2.2)	0.3	(1.3)
Total Revenues.....	117.6	31.5	18.0	167.1
Policy and contract benefits.....	62.5	1.8	0.3	64.6
Change in future policyholder benefits.....	2.3	17.8	(1.8)	18.3
Amortization of deferred policy acquisition costs.....	(1.8)	3.0	--	1.2
Other benefits and expenses.....	28.6	2.6	24.7	55.9
Total Benefits and Expenses.....	91.6	25.2	23.2	140.0
Income (Loss) Before Income Taxes.....	26.0	6.3	(5.2)	27.1
Income tax expense.....	8.5	1.3	2.5	12.3
NET INCOME (LOSS).....	\$ 17.5	\$ 5.0	\$ (7.7)	\$ 14.8

</Table>

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Segment financial data for the nine months ended September 30, 2002 and 2001 is as follows (in millions):

ENDED SEPTEMBER 30, 2002	INSURANCE PROTECTION	ASSET ACCUMULATION	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>
Policy and contract charges.....	\$ 113.1	\$ 22.8	\$ --	\$ 135.9
Premiums.....	113.6	1.1	0.2	114.9
Net investment income.....	120.6	78.1	16.6	215.3
Other income.....	1.2	2.3	30.4	33.9
Net realized losses on investments.....	(61.0)	(32.8)	(22.2)	(116.0)
Total Revenues.....	287.5	71.5	25.0	384.0
Policy and contract benefits.....	137.4	5.0	0.8	143.2
Change in future policyholder benefits.....	1.9	53.3	(0.1)	55.1
Amortization of deferred policy acquisition costs.....	65.4	15.4	--	80.8
Other benefits and expenses.....	93.4	13.6	113.8	220.8
Total Benefits and Expenses.....	298.1	87.3	114.5	499.9
Loss Before Income Taxes.....	(10.6)	(15.8)	(89.5)	(115.9)
Income tax benefit.....	(8.2)	(12.2)	(26.3)	(46.7)
NET LOSS.....	\$ (2.4)	\$ (3.6)	\$ (63.2)	\$ (69.2)
SEGMENT ASSETS AS OF SEPTEMBER 30, 2002.....	\$4,497.5	\$3,333.0	\$448.9	\$8,279.4

</Table>

<Table>

<Caption>

SEGMENT INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001	INSURANCE PROTECTION	ASSET ACCUMULATION	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>
Policy and contract charges.....	\$ 108.2	\$ 24.1	\$ --	\$ 132.3
Premiums.....	121.3	1.9	0.2	123.4
Net investment income.....	124.3	79.6	22.1	226.0
Other income.....	2.3	4.3	32.2	38.8
Net realized losses on investments.....	(3.2)	(4.6)	(1.4)	(9.2)
Total Revenues.....	352.9	105.3	53.1	511.3
Policy and contract benefits.....	157.8	5.1	1.0	163.9
Change in future policyholder benefits.....	(3.1)	58.8	(2.4)	53.3
Amortization of deferred policy acquisition costs.....	39.3	10.5	--	49.8
Other benefits and expenses.....	87.5	10.7	49.1	147.3
Total Benefits and Expenses.....	281.5	85.1	47.7	414.3
Income Before Income Taxes.....	71.4	20.2	5.4	97.0
Income tax expense (benefit).....	24.4	4.9	(1.7)	27.6
NET INCOME.....	\$ 47.0	\$ 15.3	\$ 7.1	\$ 69.4
SEGMENT ASSETS AS OF SEPTEMBER 30, 2001.....	\$4,540.9	\$3,721.7	\$460.6	\$8,723.2

</Table>

#### 8. COMMITMENTS AND CONTINGENCIES

On January 22, 2001, the Court of Common Pleas, Philadelphia, Pennsylvania, held a hearing on the fairness, reasonableness and adequacy of the proposed settlement relating to the sales practices class action. The Court approved the settlement by order dated January 29, 2001. The order became final on February 28, 2001. The Company believes that it has recorded an adequate provision for the cost of the settlement.

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#### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

In August 2002, the Company proposed a settlement in the class action that had been filed against the Company and members of its board of directors regarding the Company's proposed conversion to a mutual holding company. A settlement hearing was held in the Court of Common Pleas of Philadelphia County, Pennsylvania, on December 17, 2002. A ruling has not been issued. The proposed settlement amount of \$15.0 million plus other costs to settle were expensed and accrued during the quarter ended September 30, 2002.

Insurance companies are subject to assessments, up to statutory limits, by state guaranty funds for losses of policyholders of insolvent insurance companies. In the opinion of management, these assessments will not have a material adverse effect on the consolidated financial statements.

Various litigation, claims and assessments against the Company, in addition to those discussed above and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, its activities as an insurer, employer, investor, investment advisor and taxpayer. Further, state insurance regulatory authorities and other Federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations. While it is not feasible to predict or determine the ultimate outcome of all pending investigations and legal proceedings or provide reasonable ranges of potential losses, it is the opinion of the Company's management that their outcomes will not have a material adverse effect on the Company's financial position or its results of operations.

#### 9. SUBSEQUENT EVENT -- SPONSORED DEMUTUALIZATION

On October 1, 2002, pursuant to a sponsored demutualization, through a series of transactions described below, Provident Mutual became a wholly-owned subsidiary of Nationwide Financial Services, Inc. (Nationwide Financial) and changed its name to Nationwide Life Insurance Company of America (NLICA). The sponsored demutualization involved a two-step process whereby Provident Mutual first converted from a mutual life insurance company into a stock life insurance company, NLICA, in a process known as a demutualization and then Eagle Acquisition Corporation, a wholly-owned subsidiary of Nationwide Financial formed solely for the purposes of this transaction, merged with and into NLICA, with NLICA surviving as a wholly-owned subsidiary of Nationwide Financial. The demutualization was completed in accordance with Provident Mutual's Plan of Conversion, which was approved by the Insurance Commissioner of the Commonwealth of Pennsylvania on July 31, 2002, pursuant to the Pennsylvania Mutual-to-Stock

On the date of the transaction, policyholder membership interests in Provident Mutual were extinguished and eligible policyholders collectively received 31.8 million shares of Nationwide Financial Class A common stock, cash totaling approximately \$223.5 million, and increased policy values in the form of policy credits totaling approximately \$48.0 million. Provident Mutual funded approximately \$62.3 million of the aggregate purchase price in the form of cash and policy credits.

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PROVIDENT MUTUAL  
LIFE INSURANCE COMPANY  
AND SUBSIDIARIES

REPORT ON AUDITS OF CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Provident Mutual Life Insurance Company:

In our opinion, the accompanying consolidated statements of financial condition and related consolidated statements of operations, of equity and of cash flows present fairly, in all material respects, the financial position of Provident Mutual Life Insurance Company and Subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS LLP  
Philadelphia, Pennsylvania  
January 18, 2002

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PROVIDENT MUTUAL LIFE INSURANCE COMPANY  
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(DOLLARS IN THOUSANDS)

<Table>  
<Caption>

	DECEMBER 31,	
	2001	2000
	<C>	<C>
<b>ASSETS</b>		
Investments:		
Fixed maturities:		
Available for sale, at fair value (cost:		
2001-\$3,024,128; 2000-\$2,743,643).....	\$2,999,334	\$2,610,988
Held to maturity, at amortized cost (fair value:		
2000-\$268,295).....	--	261,399
Equity securities, at fair value (cost: 2001-\$21,661;		
2000-\$18,549).....	22,043	18,912
Mortgage loans.....	563,403	594,805
Real estate.....	25,005	29,068
Policy loans and premium notes.....	365,175	374,654
Other invested assets.....	70,076	78,658
Total investments.....	4,045,036	3,968,484
Cash and cash equivalents.....	126,414	64,872
Premiums due.....	8,902	10,241
Investment income due and accrued.....	68,677	70,984



Deferred policy acquisition costs.....	936,084	899,709
Reinsurance recoverable.....	162,164	161,085
Separate account assets.....	3,702,984	3,865,636
Other assets.....	141,772	122,456
	-----	-----
Total assets.....	\$9,192,033	\$9,163,467
	=====	=====
LIABILITIES		
Policy liabilities:		
Future policyholder benefits.....	\$3,869,907	\$3,858,533
Policyholder funds.....	159,865	145,506
Policyholder dividends payable.....	35,401	34,925
Other policy obligations.....	21,914	20,695
	-----	-----
Total policy liabilities.....	4,087,087	4,059,659
	-----	-----
Expenses payable.....	25,351	21,337
Taxes payable.....	5,101	8,617
Federal income taxes payable:		
Current.....	16,250	32,201
Deferred.....	95,570	45,498
Separate account liabilities.....	3,702,984	3,865,636
Other liabilities.....	78,628	76,839
	-----	-----
Total liabilities.....	8,010,971	8,109,787
	-----	-----
COMMITMENTS AND CONTINGENCIES -- NOTE 10		
EQUITY		
Retained earnings.....	1,194,086	1,100,582
Accumulated other comprehensive income:		
Net unrealized (depreciation) appreciation on securities.....	(13,024)	(46,902)
	-----	-----
Total equity.....	1,181,062	1,053,680
	-----	-----
Total liabilities and equity.....	\$9,192,033	\$9,163,467
	=====	=====

</Table>

See accompanying notes to consolidated financial statements  
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PROVIDENT MUTUAL LIFE INSURANCE COMPANY  
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(DOLLARS IN THOUSANDS)

<Table>  
<Caption>

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
	-----	-----	-----
<S>	<C>	<C>	<C>
REVENUES			
Policy and contract charges.....	\$177,865	\$173,597	\$156,463
Premiums.....	166,604	189,913	197,454
Net investment income.....	296,376	317,192	328,393
Other income.....	49,048	51,811	49,179
Net realized losses on investments.....	(11,574)	(2,889)	(2,037)
	-----	-----	-----
Total revenues.....	678,319	729,624	729,452
	-----	-----	-----
BENEFITS AND EXPENSES			
Policy and contract benefits.....	209,702	217,722	211,390
Change in future policyholder benefits.....	75,799	85,121	112,093
Operating expenses.....	75,968	69,665	71,384
Amortization of deferred policy acquisition costs.....	63,154	86,312	80,420
Policyholder dividends.....	70,403	68,529	67,595
Demutualization expenses.....	17,831	--	--
Noninsurance commissions and expenses.....	41,963	47,359	44,951
	-----	-----	-----
Total benefits and expenses.....	554,820	574,708	587,833
	-----	-----	-----
Income before income taxes.....	123,499	154,916	141,619
	-----	-----	-----
Income tax expense (benefit):			
Current.....	(1,836)	29,213	36,646
Deferred.....	31,831	20,271	10,981
	-----	-----	-----
Total income tax expense.....	29,995	49,484	47,627
	-----	-----	-----
Net income.....	\$ 93,504	\$105,432	\$ 93,992

</Table>

See accompanying notes to consolidated financial statements  
F-188

PROVIDENT MUTUAL LIFE INSURANCE COMPANY  
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999  
(DOLLARS IN THOUSANDS)

<Table>  
<Caption>

	RETAINED EARNINGS	NET UNREALIZED APPRECIATION (DEPRECIATION) ON SECURITIES	TOTAL EQUITY
	-----	-----	-----
Balance at January 1, 1999.....	\$ 901,158	\$ 33,965	\$ 935,123
Comprehensive income			
Net income.....	93,992	--	93,992
Other comprehensive income, net of tax:			
Change in unrealized appreciation (depreciation) on securities.....	--	(78,171)	(78,171)
Total comprehensive income.....			15,821
Balance at December 31, 1999.....	995,150	(44,206)	950,944
Comprehensive income			
Net income.....	105,432	--	105,432
Other comprehensive income, net of tax:			
Change in unrealized appreciation (depreciation) on securities.....	--	(2,696)	(2,696)
Total comprehensive income.....			102,736
Balance at December 31, 2000.....	1,100,582	(46,902)	1,053,680
Comprehensive income			
Net income.....	93,504	--	93,504
Other comprehensive income, net of tax:			
Change in unrealized appreciation due to transfer of held to maturity securities....		2,688	2,688
Change in unrealized appreciation (depreciation) on securities.....	--	31,190	31,190
Total comprehensive income.....			127,382
Balance at December 31, 2001.....	\$1,194,086	\$ (13,024)	\$1,181,062

</Table>

See accompanying notes to consolidated financial statements  
F-189

PROVIDENT MUTUAL LIFE INSURANCE COMPANY  
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(DOLLARS IN THOUSANDS)

<Table>  
<Caption>

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income.....	\$ 93,504	\$ 105,432	\$ 93,992
Adjustments to reconcile net income to net cash used in operating activities:			
Interest credited to variable universal life and investment products.....	86,896	99,997	105,104
Amortization of deferred policy acquisition costs.....	63,154	86,312	80,420
Capitalization of deferred policy acquisition costs.....	(134,783)	(144,388)	(124,056)
Deferred income taxes.....	31,831	20,271	10,981

Net realized losses on investments.....	11,574	2,889	2,037
Change in reinsurance recoverable.....	(1,079)	(5,214)	(3,040)
Change in policy liabilities and other policyholders' funds of traditional life products.....	(205,671)	(250,522)	(213,642)
Other, net.....	(34,349)	(25,551)	(49,595)
	-----	-----	-----
Net cash used in operating activities.....	(88,923)	(110,774)	(97,799)
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of investments:			
Available for sale securities.....	443,495	296,332	190,329
Held to maturity securities.....	--	5,128	--
Equity securities.....	7	2,174	12,860
Real estate.....	3,862	2,186	17,988
Other invested assets.....	12,415	6,128	6,052
Proceeds from maturities of investments:			
Available for sale securities.....	339,112	279,616	332,182
Held to maturity securities.....	--	63,282	58,716
Mortgage loans.....	161,973	72,738	154,440
Purchases of investments:			
Available for sale securities.....	(810,908)	(424,739)	(504,973)
Held to maturity securities.....	--	(6,293)	(1,083)
Equity securities.....	(3,127)	(256)	(74)
Mortgage loans.....	(129,307)	(113,478)	(78,572)
Real estate.....	(453)	(697)	(621)
Other invested assets.....	(16,317)	(26,138)	(18,633)
Contributions of separate account seed money.....	(250)	(2,536)	(1,774)
Withdrawals of separate account seed money.....	15,032	--	--
Policy loans and premium notes, net.....	9,479	(8,608)	(3,665)
Additions to property and equipment.....	(3,672)	(8,679)	(4,599)
	-----	-----	-----
Net cash provided by investing activities.....	21,341	136,160	158,573
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Variable universal life and investment product deposits.....	970,702	945,308	827,800
Variable universal life and investment product withdrawals.....	(841,578)	(966,075)	(909,726)
	-----	-----	-----
Net cash provided by (used in) financing activities.....	129,124	(20,767)	(81,926)
	-----	-----	-----
Net change in cash and cash equivalents.....	61,542	4,619	(21,152)
Cash and cash equivalents, beginning of year.....	64,872	60,253	81,405
	-----	-----	-----
Cash and cash equivalents, end of year.....	\$ 126,414	\$ 64,872	\$ 60,253
	=====	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for income taxes.....	\$ 16,959	\$ 28,772	\$ 38,821
	=====	=====	=====
Foreclosure of mortgage loans.....	\$ --	\$ 7,050	\$ 5,394
	=====	=====	=====

</Table>

See accompanying notes to consolidated financial statements  
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PROVIDENT MUTUAL LIFE INSURANCE COMPANY  
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Provident Mutual Life Insurance Company (Provident Mutual) is organized as a mutual life insurance company.

Provident Mutual's wholly-owned subsidiaries are Providentmutual Life and Annuity Company of America (PLACA), Provident Mutual International Life Insurance Company (PMLIC) and Providentmutual Holding Company (PHC) and, together with Provident Mutual, are defined collectively as the "Company."

The Company sells individual variable and traditional life insurance products, individual and group annuity products and investment products. The Company also maintains a block of direct response-marketed life and health insurance products. The Company distributes its products through a variety of distribution channels, principally career agents, personal producing general agents and brokers. The Company is licensed to operate in 50 states, Puerto Rico and the District of Columbia, each of which has regulatory oversight. Sales in 16 states accounted for 84% of the Company's sales for the year ended December 31, 2001. No single producer accounted for more than 3% of the Company's sales for the year ended December 31, 2001. For many of the life insurance and annuity products, the insurance departments of the states in which the Company conducts business must approve products and policy forms in advance of sales. In

addition, selected benefit elements and policy provisions are determined by statutes and regulations in each of these states.

PLACA specializes primarily in the development and sale of various annuity products and also sells certain variable and traditional life insurance products, also sold by Provident Mutual, through a personal producing general agency sales force.

PMILIC's business consists of life insurance assumed from Provident Mutual.

PHC is a downstream holding company with two major subsidiaries: Sigma American Corporation (Sigma) and 1717 Capital Management Company (1717CMC). Sigma is a general partner in a joint venture that provides investment advisory, mutual fund distribution, trust and administrative services to a group of mutual funds and other parties. 1717CMC is a full-service broker/dealer, operating on a fully disclosed basis, engaged in the distribution of investment company shares, general securities, and other securities and services. 1717CMC is the principal distributor of variable life insurance policies and variable annuity contracts issued by both Provident Mutual and PLACA.

#### PROPOSED MERGER

On August 7, 2001, Provident Mutual and Nationwide Financial Services, Inc. (Nationwide Financial) executed a definitive agreement and plan of merger whereby, Nationwide Financial agreed to acquire the Company for \$1.555 billion, subject to certain adjustments. In this transaction, Provident Mutual will convert to a stock insurance company and merge with a newly formed subsidiary of Nationwide Financial. Provident Mutual will be the surviving company in the merger and will operate as a wholly-owned subsidiary of Nationwide Financial. On December 14, 2001, the Company's Board of Directors adopted a plan of conversion and filed it with the Pennsylvania Insurance Department. The plan of conversion must be approved by the Pennsylvania Insurance Department and, subsequently, by the eligible members of Provident Mutual.

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

##### BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Provident Mutual and its wholly-owned subsidiaries. Intercompany transactions have been eliminated. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Certain prior year amounts have been reclassified to conform to the current year presentation.

The Company's insurance subsidiaries separately prepare financial statements for filing with regulatory authorities in conformity with the accounting practices prescribed or permitted by the Insurance Departments of the Commonwealth of Pennsylvania and the State of Delaware (SAP). Practices under SAP vary from GAAP primarily with respect to the deferral and subsequent amortization of policy acquisition costs, the valuation of policy reserves, the accounting for deferred taxes, the accrual of postretirement benefits, the inclusion of statutory asset valuation and interest maintenance reserves and the establishment of certain investment valuation allowances.

Statutory net income was \$44.0 million, \$84.5 million and \$82.1 million for the years ended December 31, 2001, 2000 and 1999, respectively. Statutory surplus was \$526.4 million and \$488.2 million as of December 31, 2001 and 2000, respectively.

The preparation of the accompanying consolidated financial statements required management to make estimates and assumptions that affect the reported values of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

The Company is subject to interest rate risk to the extent its investment portfolio cash flows are not matched to its insurance liabilities. Management believes it manages this risk through modeling of the cash flows under reasonable scenarios.

##### INVESTED ASSETS

Fixed maturity securities (bonds) which may be sold are designated as "available for sale" and are reported at fair value. Unrealized appreciation/depreciation on these securities is recorded directly in equity, net of related Federal income taxes and amortization of deferred policy acquisition costs. Fixed maturity securities that the Company has the intent and ability to hold to maturity are designated as "held to maturity" and are reported at amortized cost. As part of the Company's adoption of Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" on January 1, 2001, the Company reclassified its "held to maturity" portfolio as "available for sale".

Equity securities (common and preferred stocks) are reported at fair value. Unrealized appreciation/ depreciation on these securities is recorded directly in equity, net of related Federal income taxes and amortization of deferred policy acquisition costs.

Fixed maturity and equity securities that have experienced an other-than-temporary decline in value are written down to fair value by a charge to realized losses. This fair value becomes the new cost basis of the particular security.

Mortgage loans are carried at unpaid principal balances, less impairment reserves. For mortgage loans considered impaired, a specific reserve is established. A general reserve is also established for probable losses arising from the portfolio but not attributable to specific loans. Mortgage loans are considered impaired when it is probable that the Company will be unable to collect amounts due according to the contractual terms of the loan agreement. Upon impairment, a reserve is established for the difference between the unpaid principal of the mortgage loan and its fair value. Fair value is based on either the present value of expected future cash flows discounted at the mortgage loan's effective interest rate or the fair value of the underlying collateral. Changes in the reserve are credited (charged) to operations. Reserves totaled \$6.9 million and \$8.1 million at December 31, 2001 and 2000, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Policy loans are reported at unpaid principal balances.

Real estate occupied by the Company is carried at cost less accumulated depreciation. Foreclosed real estate is carried at the lower of cost or fair value, less encumbrances. The straight line method of depreciation is used for real estate occupied by the Company.

Other invested assets consist primarily of real estate joint ventures, limited partnerships and the Company's separate account seed money. The real estate joint ventures are carried on the equity method. The Company receives preferred returns and interest on loans/capital advances made to the real estate joint ventures. The limited partnerships are carried on the cost method, as the Company's investment is of a passive nature. The separate account seed money is carried at fair value.

Cash and cash equivalents include cash and all highly liquid investments with a maturity of three months or less when purchased.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities". This Statement requires that all derivatives be recorded at fair value in the statement of financial condition as either assets or liabilities. The accounting for changes in the fair value of a derivative depends on its intended use and its resulting designation. This Statement is effective for fiscal years beginning after June 15, 1999. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of SFAS No. 133", which changed the effective date of SFAS No. 133 to fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138 "Accounting for Certain Derivative Instruments and Certain Hedging Activities", which amended the accounting and reporting standards of SFAS No. 133 for certain derivative instruments and certain hedging activities effective for fiscal years beginning after June 15, 2000. There was no impact as a result of the adoption of SFAS 133 on the consolidated financial statements other than reclassification of securities from "held to maturity" to "available for sale".

Effective January 1, 1999, the Company adopted Statement of Position (SOP) No. 97-3, "Accounting by Insurance and Other Enterprises for Insurance-Related Assessments". SOP 97-3 provides guidance for determining measurement and recognition of a liability or an asset for insurance-related assessments. The adoption of SOP 97-3 did not have a material effect on the consolidated financial statements of the Company.

In November 1999, the Emerging Issues Task Force (EITF) issued EITF Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets" (EITF 99-20). The Company adopted EITF 99-20 on January 1, 2001. EITF 99-20 establishes the method of recognizing interest income and impairment on asset-backed investment securities. EITF 99-20 requires the Company to update the estimate of cash flows over the life of certain retained beneficial interests in securitization transactions and purchased beneficial interests in securitized financial assets. Pursuant to EITF 99-20, based on current information and events, if the Company estimates that the fair value of its beneficial interests is not greater than or equal to its carrying value and if there has been a decrease in the estimated cash flows since the last revised estimate, considering both timing and amount, then an other-than-temporary impairment should be recognized. Adoption of EITF

99-20 did not have a material effect on the Company.

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 141, "Business Combinations" (SFAS 141) and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142).

SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. The use of the pooling-of-interests method will be prohibited.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SFAS 142 applies to all acquired intangible assets whether acquired singularly, as part of a group, or in a business combination. SFAS 142 supersedes APB Opinion No. 17, "Intangible Assets", and will carry forward provisions in APB Opinion No. 17 related to internally developed intangible assets. SFAS 142 changes the accounting for goodwill and intangible assets with indefinite lives from an amortization method to an impairment-only approach. The amortization of goodwill from past business combinations will cease upon adoption of this statement, which will be January 1, 2002 for the Company. The Company will also be required to evaluate its existing goodwill and intangible assets with indefinite lives for impairment within six months of adoption. Any transitional impairment losses would be recognized in the first interim period in the year of adoption and would be recognized as the effect of a change in accounting principle.

The Company has reviewed the provisions of SFAS 141 and SFAS 142 and has determined that their impact on the consolidated financial statements will not be material.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" (SFAS 144). SFAS 144 is effective for fiscal years beginning after December 31, 2001. The Company has reviewed the provisions of SFAS 144 and has determined that its impact on the consolidated financial statements will not be material.

BENEFIT RESERVES AND POLICYHOLDER CONTRACT DEPOSITS

Variable Life and Investment-Type Products

Variable life products include fixed premium variable life and flexible premium variable universal life. Investment-type products consist primarily of guaranteed investment contracts (GICs) and single premium and flexible premium annuity contracts.

Benefit reserves and policyholder contract deposits on these products are determined following the retrospective deposit method and consist of policy values that accrue to the benefit of the policyholder, before deduction of surrender charges.

Traditional Life Insurance Products

Traditional life insurance products include those contracts with fixed and guaranteed premiums and benefits, and consist principally of whole life and term insurance policies, limited-payment life insurance policies and certain annuities with life contingencies. Most traditional life insurance policies are participating. In addition to guaranteeing benefits, the policies provide for payment of dividends, as declared annually by the Company based on experience.

Reserves on traditional life insurance products are calculated by using the net level premium method. For participating traditional life insurance policies, reserve assumptions are based on mortality rates consistent with those underlying the cash values and investment rates consistent with the Company's dividend practices. For most such policies, reserves are based on the 1958 or 1980 Commissioners' Standard Ordinary (CSO) mortality tables at interest rates ranging from 3.5% to 4.5%.

PREMIUMS, CHARGES AND BENEFITS

Traditional Life Insurance and Accident and Health Insurance Products

Premiums for individual life policies are recognized when due; premiums for accident and health and all other policies are reported as earned proportionately over their policy terms.

Benefit claims (including an estimated provision for claims incurred but not reported), benefit reserve changes, and expenses (except acquisition costs deferred) are charged to income as incurred.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Variable Life and Investment-Type Products

Revenues for variable life and investment-type products consist of policy charges for the cost of insurance, policy initiation, administration and surrenders during the period. Premiums received and the accumulated value portion of benefits paid are excluded from the amounts reported in the consolidated statements of operations. Expenses include interest credited to policy account balances and benefit payments made in excess of policy account balances. Many of these policies are variable life or variable annuity contracts, in which investment performance credited to the account balance is based on the investment performance of separate accounts chosen by the policyholder. For other policies, the account balances were credited at interest rates that ranged from 2.0% to 8.4%, in 2001.

#### Deferred Policy Acquisition Costs

The costs that vary with and are directly related to the production of new business, have been deferred to the extent deemed recoverable. Such costs include commissions and certain costs of underwriting, policy issue and marketing.

Deferred policy acquisition costs on traditional participating life insurance policies are amortized in proportion to the present value of expected gross margins. Gross margins include margins from mortality, investments and expenses, net of policyholder dividends. Expected gross margins are redetermined regularly, based on actual experience and current assumptions of mortality, persistency, expenses, and investment experience. The average expected investment yields, before realized capital gains and losses, in the calculation of expected gross margins is 7.8%.

Deferred policy acquisition costs for variable life and investment-type products are amortized in relation to the incidence of expected gross profits, including realized investment gains and losses, over the expected lives of the policies. Financial market growth rates anticipated in the calculation of expected gross profits are based on a long-term mean currently estimated at 9.3%. The Company's most recent and prospective five-year average growth rates are 6.7% and 11.9%, respectively.

Deferred policy acquisition costs are subject to recoverability testing at the time of policy issuance and loss recognition testing at the end of each accounting period. The effect on the amortization of deferred policy acquisition costs of revisions in estimated experience is reflected in earnings in the period such estimates are revised. In addition, the effect on the deferred acquisition cost asset that would result from the realization of unrealized gains and losses is recognized through an offset to other comprehensive income as of the balance sheet date.

#### CAPITAL GAINS AND LOSSES

Realized capital gains and losses on sales of investments are based upon specific identification of the investments sold. A realized capital loss is recorded at the time a decline in the value of an investment is determined to be other-than-temporary.

#### POLICYHOLDER DIVIDENDS

Annually, the Board of Directors declares the amount of dividends to be paid to participating policyholders in the following calendar year. Dividends are earned by the policyholders ratably over the policy year. Dividends are included in the accompanying consolidated financial statements as a liability and as a charge to operations. Participating life insurance in force was 74% and 86% of face value of total life insurance in force at December 31, 2001 and 2000, respectively.

#### REINSURANCE

Premiums, benefits and expenses are recorded net of experience refunds, reserve adjustments and amounts assumed from or ceded to reinsurers, including commission and expense allowances.

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

#### SEPARATE ACCOUNTS

Separate account assets and liabilities reflect segregated funds administered and invested by the Company for the benefit of variable life insurance policyholders, variable annuity contractowners and several of the Company's retirement plans.

The contractowners/policyholders bear the investment risk on separate account assets except in instances where the Company guarantees a fixed return and on the Company's seed money. The separate account assets are carried at fair value.

For guaranteed contracts, the separate account assets and liabilities are carried at historical cost. The guaranteed contracts are maintained in a separate account for statutory purposes. Due to the guaranteed return, this

separate account is included in the general account assets and liabilities for GAAP purposes.

#### FEDERAL INCOME TAXES

Deferred income tax assets and liabilities have been recorded for temporary differences between the reported amounts of assets and liabilities in the accompanying consolidated financial statements and those in the Company's income tax returns.

#### TERMINATION BENEFITS

In 2001, the Company initiated a reduction in workforce program to reduce costs and increase future operating efficiencies. The initiative primarily consists of reducing staff in the home office and certain positions outside the home office, through a voluntary early retirement program and involuntary employee termination program.

In connection with this initiative, approximately 99 employees have been or will be terminated. As of December 31, 2001, the liability for employee termination costs included in other liabilities was \$1.0 million. Employee termination costs included in operating expenses were \$3.8 million for the year ended December 31, 2001. Of the total number of employees affected, approximately 71 have been terminated and have received benefit payments of approximately \$2.8 million.

#### 2. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the fair values and carrying values of the Company's financial instruments at December 31, 2001 and 2000 (in millions):

<Table>  
<Caption>

	DECEMBER 31, 2001		DECEMBER 31, 2000	
	FAIR VALUE	CARRYING VALUE	FAIR VALUE	CARRYING VALUE
<S>	<C>	<C>	<C>	<C>
ASSETS				
Fixed maturities:				
Available for sale.....	\$2,999.3	\$2,999.3	\$2,611.0	\$2,611.0
Held to maturity.....	--	--	\$268.3	\$261.4
Equity securities.....	\$22.0	\$22.0	\$18.9	\$18.9
Mortgage loans.....	\$588.7	\$563.4	\$617.2	\$594.8
LIABILITIES FOR INVESTMENT-TYPE INSURANCE				
CONTRACTS				
Guaranteed interest contracts.....	\$16.7	\$16.3	\$21.1	\$21.0
Group annuities.....	\$1,739.9	\$1,757.2	\$1,730.2	\$1,754.0
Supplementary contracts without life contingencies.....				
	\$28.3	\$27.1	\$28.4	\$27.7
Individual annuities.....	\$1,799.0	\$1,824.1	\$1,880.9	\$1,923.1

</Table>

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The underlying investment risk of the Company's variable life insurance policies and variable annuity contracts is assumed by the policyholders/contractowners. These reserve liabilities are primarily reported in the separate accounts. The liabilities in the separate accounts are recorded at amounts equal to the related assets at fair value.

Fair values for the Company's insurance contracts other than investment-type contracts are not required to be disclosed under SFAS No. 107, "Disclosures about Fair Value of Financial Instruments." However, the estimated fair value and future cash flows of liabilities under all insurance contracts are taken into consideration in the Company's overall management of interest rate risk, which minimizes exposure to changing interest rates through the matching of investment maturities with amounts due under insurance contracts. The estimated fair value of all assets without a corresponding revaluation of all liabilities associated with insurance contracts can be misinterpreted.

The following notes summarize the major methods and assumptions used in estimating the fair values of financial instruments:

#### INVESTMENT SECURITIES

Bonds, common stocks and preferred stocks are valued based upon quoted market prices, where available. If quoted market prices are not available, as in the case of private placements, fair values are based on quoted market prices of comparable instruments (see Note 3).

#### MORTGAGE LOANS



Mortgage loans are valued using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. For mortgage loans classified as nonperforming, the fair value was set equal to the lesser of the unpaid principal balance or the market value of the underlying property.

POLICY LOANS

Policy loans are issued with either fixed or variable interest rates, depending upon the terms of the policies. For those loans with fixed rates, the interest rates range from 5% to 8%. For loans with variable interest rates, the interest rates are primarily adjusted quarterly based upon changes in a corporate bond index. Future cash flows of policy loans are uncertain and difficult to predict. As a result, management deems it impractical to calculate the fair value of policy loans.

GUARANTEED INTEREST CONTRACTS

The fair value of GIC liabilities is based upon discounted future cash flows. Contract account balances are accumulated to the maturity dates at the guaranteed rate of interest. Accumulated values are discounted using interest rates for which liabilities with similar durations could be sold. The carrying value and fair value of the assets underlying the guaranteed interest contract liabilities were \$21.3 million and \$21.9 million, respectively, at December 31, 2001 and \$40.9 million and \$41.1 million, respectively, at December 31, 2000.

GROUP ANNUITIES

The fair value of group annuities is primarily based upon termination value, which is calculated by applying contractual market value adjustments to the account balances. For those contracts not subject to market value adjustments at termination, book value is most representative of fair value.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INDIVIDUAL ANNUITIES AND SUPPLEMENTARY CONTRACTS

The fair value of individual annuities and supplementary contracts without life contingencies is based primarily on surrender values. For those individual annuities and supplementary contracts that are not surrenderable, discounted future cash flows are used for calculating fair value.

POLICYHOLDER DIVIDENDS AND ACCUMULATIONS

The policyholder dividend and accumulation liabilities will ultimately be settled in cash, applied toward the payment of premiums, or left on deposit with the Company at interest. Management deems it impractical to calculate the fair value of these liabilities due to valuation difficulties involving the uncertainties of final settlement.

3. MARKETABLE SECURITIES

The amortized cost, gross unrealized gains and losses and estimated fair value of investments in fixed maturity securities and equity securities as of December 31, 2001 and 2000 are as follows (in millions):

<Table>  
<Caption>

AVAILABLE FOR SALE	DECEMBER 31, 2001			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities and obligations of U.S. government corporations and agencies.....	\$ 26.2	\$ 1.6	\$ --	\$ 27.8
Obligations of states and political subdivisions.....	23.6	.8	.6	23.8
Debt securities issued by foreign governments....	5.4	.3	--	5.7
Corporate securities.....	2,715.2	72.7	107.2	2,680.7
Mortgage-backed securities.....	253.7	8.3	.7	261.3
Subtotal -- fixed maturities.....	3,024.1	83.7	108.5	2,999.3
Equity securities.....	21.6	.9	.5	22.0
Total.....	\$3,045.7	\$84.6	\$109.0	\$3,021.3

</Table>

<Table>  
<Caption>

DECEMBER 31, 2000

AVAILABLE FOR SALE	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities and obligations of U.S. government corporations and agencies.....	\$ 20.0	\$ .6	\$ --	\$ 20.6
Obligations of states and political subdivisions.....	32.0	.7	.2	32.5
Debt securities issued by foreign governments....	1.0	.1	--	1.1
Corporate securities.....	2,447.4	41.0	177.0	2,311.4
Mortgage-backed securities.....	243.2	5.2	3.0	245.4
Subtotal -- fixed maturities.....	2,743.6	47.6	180.2	2,611.0
Equity securities.....	18.5	1.3	.9	18.9
Total.....	\$2,762.1	\$48.9	\$181.1	\$2,629.9

</Table>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

<Table>  
<Caption>

DECEMBER 31, 2000				
HELD TO MATURITY	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities and obligations of U.S. government corporations and agencies.....	\$ 13.0	\$ .7	\$ --	\$ 13.7
Obligations of states and political subdivisions.....	5.9	.3	--	6.2
Debt securities issued by foreign governments....	5.6	.7	--	6.3
Corporate securities.....	233.7	8.8	3.7	238.8
Mortgage-backed securities.....	3.2	.1	--	3.3
Total.....	\$ 261.4	\$10.6	\$ 3.7	\$ 268.3

</Table>

The amortized cost and estimated fair value of fixed maturity securities at December 31, 2001, by contractual maturity, are as follows (in millions):

<Table>  
<Caption>

AVAILABLE FOR SALE	AMORTIZED COST	ESTIMATED FAIR VALUE
<S>	<C>	<C>
Due in one year or less.....	\$ 162.1	\$ 163.0
Due after one year through five years.....	874.1	897.7
Due after five years through ten years.....	808.2	798.0
Due after ten years.....	1,179.7	1,140.6
Total.....	\$3,024.1	\$2,999.3

</Table>

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Mortgage-backed securities are included based on their contractual maturity.

Realized gains (losses) on investments for the years ended December 31, 2001, 2000 and 1999 are summarized as follows (in millions):

<Table>  
<Caption>

	2001	2000	1999
<S>	<C>	<C>	<C>
Fixed maturities.....	\$(13.5)	\$(2.7)	\$(9.0)
Equity securities.....	--	1.4	1.5
Mortgage loans.....	--	(1.4)	--
Real estate.....	--	(1.8)	(.6)
Other invested assets.....	1.7	1.6	6.1
Other assets.....	.2	--	--
Total.....	\$(11.6)	\$(2.9)	\$(2.0)

</Table>

Other-than-temporary declines of fair value on fixed maturities were \$28.8 million, \$3.2 million and \$12.5 million for the years ended December 31, 2001, 2000 and 1999, respectively. Gross gains of \$17.9 million, \$3.0 million and \$5.9 million were realized on sales of fixed maturities in 2001, 2000 and 1999, respectively.

During 2000, the Company sold a held to maturity security with an amortized cost of \$5.0 million, resulting in a realized gain of \$.1 million. The security was sold in response to significant deterioration in the creditworthiness of the issuer.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Net unrealized (depreciation) appreciation on available for sale securities as of December 31, 2001 and 2000 is summarized as follows (in millions):

<Table>		
<Caption>		
	2001	2000
	-----	-----
<S>	<C>	<C>
Net unrealized (depreciation) appreciation:		
Fixed maturities.....	\$(24.8)	\$(132.6)
Equities.....	.4	.4
Separate account seed money.....	(3.4)	--
	-----	-----
	(27.8)	(132.2)
Adjustments:		
Amortization of deferred policy acquisition costs.....	7.8	60.1
Deferred Federal income taxes.....	7.0	25.2
	-----	-----
Net unrealized (depreciation) appreciation.....	\$(13.0)	\$(46.9)
	=====	=====

</Table>

Net investment income, by type of investment, is as follows for the years ending December 31, 2001, 2000 and 1999 (in millions):

<Table>			
<Caption>			
	2001	2000	1999
	-----	-----	-----
<S>	<C>	<C>	<C>
Gross investment income:			
Fixed maturities:			
Available for sale.....	\$228.4	\$219.7	\$222.9
Held to maturity.....	--	21.8	30.6
Equity securities.....	.2	.3	.2
Mortgage loans.....	49.5	50.2	53.9
Real estate.....	1.5	1.4	1.1
Policy loans.....	24.7	24.7	23.9
Other invested assets.....	5.6	12.1	7.3
Cash and cash equivalents.....	3.0	2.4	2.3
Other, net.....	1.7	.3	.1
	-----	-----	-----
	314.6	332.9	342.3
Less investment expenses.....	(18.2)	(15.7)	(13.9)
	-----	-----	-----
Net investment income.....	\$296.4	\$317.2	\$328.4
	=====	=====	=====

</Table>

The Company's portfolio includes an available for sale note carried at \$38.0 million acquired in 1998, prior to the effective date of EITF 98-15. Income of \$3.7 million was earned each year on this note during 2001, 2000 and 1999. Had the provisions of EITF 98-15 been applicable, the related loss of \$10.6 million recorded in 1998 would have been reversed and income recognized would have been \$2.4 million for each year during 2001, 2000 and 1999. Interest earned over the lives of the notes would be \$8.7 million less had the note been accounted for under EITF 98-15.

4. MORTGAGE LOANS

The carrying value of impaired loans was \$3.6 million and \$3.1 million, which are net of reserves of \$.6 million and \$.3 million as of December 31, 2001 and 2000, respectively.

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A reconciliation of the reserve balance, including general reserves, for mortgage loans for 2001 and 2000 is as follows (in millions):

	2001	2000
Balance at January 1.....	\$ 8.1	\$11.2
Provision, net of recoveries.....	(1.2)	(2.6)
Releases due to foreclosure.....	--	(.5)
Balance at December 31.....	\$ 6.9	\$ 8.1

The average recorded investment in impaired loans was \$3.4 million and \$8.7 million during 2001 and 2000, respectively. Interest income recognized on impaired loans during 2001, 2000 and 1999 was \$.3 million, \$.3 million and \$1.7 million, respectively. All interest income on impaired loans was recognized on the cash basis.

5. REAL ESTATE

Real estate holdings are as follows at December 31, 2001 and 2000 (in millions):

	2001	2000
Occupied by the Company.....	\$17.5	\$17.9
Foreclosed.....	7.5	11.2
	\$25.0	\$29.1

Depreciation expense was \$.6 million, \$.6 million and \$1.0 million for the years ended December 31, 2001, 2000 and 1999, respectively. Accumulated depreciation for real estate totaled \$5.6 million and \$5.0 million at December 31, 2001 and 2000, respectively. No writedowns to fair value were required in 2001, while fair value writedowns were \$1.8 million and \$.9 million for the years ended December 31, 2000 and 1999, respectively.

6. DEFERRED POLICY ACQUISITION COSTS

A reconciliation of the deferred policy acquisition cost (DAC) asset for 2001, 2000 and 1999 is as follows (in millions):

	2001	2000	1999
Balance at January 1.....	\$899.7	\$850.7	\$705.2
Expenses deferred.....	134.8	144.4	124.1
Amortization of DAC.....	(63.2)	(86.3)	(80.4)
Effect on DAC from unrealized (gains) losses.....	(35.2)	(9.1)	101.8
Balance at December 31.....	\$936.1	\$899.7	\$850.7

7. BENEFIT PLANS

The Company maintains a qualified defined benefit pension plan and several nonqualified defined benefit, supplemental executive retirement, excess benefit and deferred compensation plans. In addition, the Company maintains other postretirement benefit plans which include medical benefits for retirees and their spouses (and Medicare part B reimbursement for certain retirees) and retiree life insurance.

The following tables present a reconciliation of the changes in the plans' benefit obligations and fair value of assets for the years ended December 31, 2001 and 2000, as well as the funded status as of December 31, 2001 and 2000 (in millions):

<Table>

	PENSION BENEFITS		OTHER BENEFITS	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
CHANGE IN BENEFIT OBLIGATION				
Net benefit obligation at beginning of year.....	\$ 96.3	\$ 98.4	\$ 25.0	\$ 24.5
Service cost.....	3.0	3.4	.2	.3
Interest cost.....	7.0	7.4	2.0	1.9
Plan participants' contributions.....	--	--	--	.2
Plan amendments.....	--	--	(1.1)	--
Actuarial (gain) loss.....	2.2	(1.0)	5.9	.8
Settlements.....	(2.6)	--	--	--
Special termination benefits.....	1.7	--	--	--
Gross benefits paid.....	(22.2)	(11.9)	(2.1)	(2.7)
Net benefit obligation at end of year.....	85.4	96.3	29.9	25.0
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year.....	178.4	191.0	--	--
Actual return on plan assets.....	(8.5)	(3.1)	--	--
Employer contributions.....	.8	--	2.1	2.5
Plan participants' contributions.....	--	--	--	.2
Gross benefits paid.....	(22.2)	(9.5)	(2.1)	(2.7)
Fair value of plan assets at end of year.....	148.5	178.4	--	--
Funded status.....	63.1	82.1	(29.9)	(25.0)
Unrecognized actuarial gain.....	(4.1)	(31.3)	(11.1)	(18.1)
Unrecognized prior service cost.....	4.1	4.5	4.1	5.7
Unrecognized net transition asset.....	(6.7)	(10.1)	--	--
NET AMOUNT RECOGNIZED.....	\$ 56.4	\$ 45.2	\$ (36.9)	\$ (37.4)

</Table>

The following table presents the amounts recognized in the consolidated statements of financial condition as of December 31, 2001 and 2000 (in millions):

	PENSION BENEFITS		OTHER BENEFITS	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Prepaid benefit cost.....	\$ 68.0	\$ 55.7	\$ --	\$ --
Accrued benefit liability.....	(11.6)	(10.5)	(36.9)	(37.4)
Additional minimum liability.....	(.7)	(.6)	--	--
Intangible asset.....	.7	.6	--	--
NET AMOUNT RECOGNIZED.....	\$ 56.4	\$ 45.2	\$ (36.9)	\$ (37.4)

</Table>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The components of net periodic benefit (income) cost for the years ended December 31, 2001, 2000 and 1999 are as follows (in millions):

	PENSION BENEFITS			OTHER BENEFITS		
	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Service cost.....	\$ 3.0	\$ 3.4	\$ 4.3	\$ .3	\$ .3	\$ .3
Interest cost.....	7.0	7.3	7.6	2.0	1.9	1.9
Expected return on assets.....	(15.6)	(16.8)	(16.1)	--	--	--
Amortization of:						
Transition asset.....	(1.6)	(1.6)	(1.9)	--	--	--
Prior service cost.....	.4	.4	.3	.4	.4	.4
Actuarial gain.....	(1.9)	(3.7)	(3.3)	(1.1)	(1.1)	(1.1)
Settlement credit.....	(3.3)	--	(5.8)	--	--	--
Special termination charge.....	1.7	--	--	--	--	--
NET PERIODIC BENEFIT (INCOME) COST.....	\$ (10.3)	\$ (11.0)	\$ (14.9)	\$ 1.6	\$ 1.5	\$ 1.5

</Table>

During 2001 and 1999, in certain of the Company's defined benefit plans, lump-sum cash payments to employees exceeded the sum of the periodic service cost and interest cost of the related plans. The 2001 lump-sum amount is reflected as "settlements" in the change in benefit obligation table above. Because of this circumstance, the Company amortized additional amounts of the unrecognized actuarial gains and the unamortized transition asset, in accordance with SFAS 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." During 2001 and 1999, pretax income of \$3.3 million and \$5.8 million, respectively, resulted from additional amortization and is reflected as a "settlement credit" in the pension benefits table above.

As a result of the voluntary early retirement program undertaken in 2001, the Company incurred expenses for enhanced retirement benefits. In accordance with SFAS 88, the Company reported a pretax charge of \$1.7 million that is reflected as a "special termination charge" as a component of net periodic pension (income) cost in the table above and as "special termination benefits" in the change in benefit obligation table above.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were \$13.1 million, \$11.1 million, and \$0, respectively, at December 31, 2001, and were \$13.4 million, \$9.7 million, and \$0, respectively, at December 31, 2000.

Assumed health care cost trend rates have a significant effect on the amounts reported for the medical plan. A 1% change in assumed health care cost trend rates would have the following effects (in millions):

<Table>

<Caption>

	1% INCREASE -----	1% DECREASE -----
<S>	<C>	<C>
Effect on total of service and interest cost components of net periodic postretirement benefit cost.....	\$ .1	\$ (.1)
Effect on the health care component of the accumulated postretirement benefit obligation.....	\$1.3	\$(1.2)

</Table>

The following weighted-average assumptions were used in the measurement of the Company's benefit obligations as of December 31, 2001 and 2000:

<Table>

<Caption>

	PENSION BENEFITS -----		OTHER BENEFITS -----	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Discount rate.....	7.25%	7.50%	7.25%	7.50%
Expected return on plan assets.....	9.00%	9.00%	N/A	N/A
Rate of compensation increase.....	4.25%	4.50%	4.25%	4.50%

</Table>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Effective December 31, 2000, the Company decreased its discount rate to 7.50%. Effective December 31, 2001, the Company decreased its discount rate to 7.25% and decreased its rate of compensation increase to 4.25%.

A 10.25% annual rate of increase in the cost of covered health care benefits was assumed for 2001, decreasing 1% per year to an ultimate rate of 5.25%.

In January 1991, the Company established a retiree health account under the provisions of Section 401(h) of the Internal Revenue Code. In 1999, the Company transferred \$1.4 million of excess assets from the defined benefit pension plan to pay for 1999 qualified retiree health benefits.

The Company also provides funded noncontributory defined contribution plans that cover substantially all of its agents and a contributory defined contribution plan qualified under section 401(k) of the Internal Revenue Code. The pension cost of the defined contribution plans was \$3.7 million, \$4.6 million, and \$3.5 million for the years ended December 31, 2001, 2000 and 1999, respectively.

8. FEDERAL INCOME TAXES

The Company files a consolidated Federal income tax return with its life insurance and non-insurance subsidiaries. The life companies' tax provisions include an equity tax.

The provision for Federal income taxes from operations differs from the normal relationship of Federal income tax to pretax income as follows (in millions):

	YEAR ENDED DECEMBER 31,		
	2001	2000	1999
Federal income tax at statutory rate.....	\$43.2	\$54.2	\$ 49.6
Current year equity tax.....	3.7	6.0	9.0
True down of prior years' equity tax.....	(9.5)	(6.1)	(10.0)
Dividend received deduction.....	(9.3)	(3.7)	--
Merger-related expenses.....	6.1	--	--
Low income housing credits.....	(2.2)	--	--
Other.....	(2.0)	(.9)	(1.0)
Provision for Federal income tax from operations.....	\$30.0	\$49.5	\$ 47.6

Deferred income tax assets and liabilities reflect the income tax effects of cumulative temporary differences between the reported values of assets and liabilities for financial statement purposes and income

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

tax return purposes. Components of the Company's net deferred income tax liability are as follows at December 31, 2001 and 2000 (in millions):

	2001	2000
DEFERRED TAX LIABILITY		
Deferred policy acquisition costs.....	\$261.2	\$237.5
Prepaid pension asset.....	24.5	19.8
Total deferred tax liability.....	285.7	257.3
DEFERRED TAX ASSET		
Reserves.....	142.5	145.3
Net unrealized loss on available for sale securities.....	7.0	25.3
Employee benefit accruals.....	17.3	17.5
Invested assets.....	7.9	4.5
Policyholder dividends.....	8.9	8.7
Other.....	6.5	10.5
Total deferred tax asset.....	190.1	211.8
Net deferred tax liability.....	\$ 95.6	\$ 45.5

The Company's Federal income tax returns have been audited through 1995. All years through 1985 are closed. Years 1986 through 1995 have been audited and are closed with the exception of several issues for which claims for refund have been filed. Years 1996 and subsequent remain open. In the opinion of management, adequate provision has been made for the possible effect of potential assessments related to prior years' taxes.

9. REINSURANCE

In the normal course of business, the Company assumes risks from and cedes certain parts of its risks to other insurance companies. The primary purposes of ceded reinsurance is to limit losses from large exposures. For life insurance, the Company retains no more than \$1.5 million on any single life.

Reinsurance contracts do not relieve the Company of its obligations to policyholders. To the extent that reinsuring companies are later unable to meet obligations under reinsurance agreements, the Company would be liable for these obligations. The Company evaluates the financial condition of its reinsurers and limits its exposure to any one reinsurer.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The tables below highlight the amounts shown in the accompanying consolidated financial statements that are net of reinsurance activity (in millions):

<Table>  
<Caption>

	GROSS AMOUNT	CEDED TO OTHER COMPANIES	ASSUMED FROM OTHER COMPANIES	NET AMOUNT
<S>	<C>	<C>	<C>	<C>
DECEMBER 31, 2001:				
Life insurance in force.....	\$49,904.3	\$15,203.2	\$ 71.6	\$34,772.7
Premiums.....	\$ 184.5	\$ 18.3	\$ .4	\$ 166.6
Future policyholder benefits.....	\$ 3,869.9	\$ 167.1	\$ 1.7	\$ 3,704.5
DECEMBER 31, 2000:				
Life insurance in force.....	\$46,773.3	\$12,377.4	\$106.6	\$34,502.5
Premiums.....	\$ 203.3	\$ 13.9	\$ .5	\$ 189.9
Future policyholder benefits.....	\$ 3,858.5	\$ 161.1	\$ 2.1	\$ 3,699.5
DECEMBER 31, 1999:				
Life insurance in force.....	\$42,853.8	\$ 9,866.6	\$137.5	\$33,124.7
Premiums.....	\$ 209.5	\$ 12.7	\$ .7	\$ 197.5
Future policyholder benefits.....	\$ 4,028.8	\$ 155.9	\$ 2.7	\$ 3,875.6

</Table>

10. COMMITMENTS AND CONTINGENCIES

LEASES

The Company leases office space, data processing equipment and certain other furniture and equipment under operating leases expiring on various dates between 2002 and 2009. Most of the leases contain renewal and purchase options based on prevailing fair market values.

Future minimum rental payments required and related sublease rentals receivable under non-cancelable operating leases in effect at December 31, 2001, and which have initial or remaining terms of one year or more, are summarized as follows (in millions):

<Table>  
<Caption>

YEAR ENDING DECEMBER 31:	RENTAL PAYMENTS	SUBLEASE RENTALS RECEIVABLE
<S>	<C>	<C>
2002.....	\$12.5	\$ .6
2003.....	10.6	.3
2004.....	8.2	.1
2005.....	6.3	--
2006.....	5.0	--
Thereafter.....	11.6	--
	\$54.2	\$1.0

</Table>

Total related rent expense was \$12.5 million, \$12.8 million and \$11.2 million in 2001, 2000 and 1999, respectively, which was net of sublease income of \$.3 million, \$.9 million and \$.5 million in 2001, 2000 and 1999, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its borrowers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include investment commitments related to its interests in real estate and mortgage loans, financial guarantees of indebtedness, marketable securities lending and interest rate futures contracts. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statements of financial condition.

At December 31, 2001, the Company had outstanding limited partnership commitments of approximately \$41.5 million. The Company had no outstanding mortgage loan commitments as of December 31, 2001.



Periodically, the Company enters securities lending agreements to earn additional investment income on its securities. The borrower must provide cash collateral prior to or at the inception of the loan. For bonds, cash collateral totaling 105% of market value plus accrued interest is required. For equities, cash collateral totaling 105% of market value is required. There were no securities lending positions at December 31, 2001 and 2000.

#### INVESTMENT PORTFOLIO CREDIT RISK

##### Bonds

The Company's bond investment portfolio is predominately comprised of investment grade securities. At December 31, 2001 and 2000, carrying value of approximately \$219.1 million and \$276.0 million, respectively, in debt security investments (7.3% and 9.2%, respectively, of the total debt security portfolio) were considered "below investment grade". Securities are classified as "below investment grade" primarily by utilizing rating criteria established by independent bond rating agencies.

Debt security investments with a carrying value at December 31, 2001 of \$15.1 million were non-income producing for the year ended December 31, 2001. Foregone interest related to non-income producing debt security investments totaled \$2.7 million, \$2.1 million and \$1.2 million for the years ended December 31, 2001, 2000 and 1999, respectively.

The Company had debt security investments that did not exceed 8% of total assets in any industry at both December 31, 2001 and 2000.

##### Mortgage Loans

The Company originates mortgage loans either directly or through mortgage correspondents and brokers throughout the country. Loans are primarily related to underlying real property investments in office and apartment buildings and retail/commercial and industrial facilities. Mortgage loans are collateralized by the related properties and such collateral generally approximates a minimum 133% of the original loan value at the time the loan is made.

There was one mortgage loan totaling \$.4 million and one mortgage loan totaling \$.9 million in which payments on principal and/or interest were over 90 days past due as of December 31, 2001 and 2000, respectively. Foregone interest related to loans in default totaled \$.2 million, \$.3 million and \$0 for the years ended December 31, 2001, 2000 and 1999, respectively.

The Company had no loans outstanding in any state where principal balances in the aggregate exceeded 20% of the Company's equity.

#### LINES OF CREDIT

The Company has approximately \$50 million of available and unused lines of credit at December 31, 2001.

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

##### LITIGATION AND UNASSERTED CLAIMS

On January 22, 2001, the Court of Common Pleas, Philadelphia, Pennsylvania, held a hearing on the fairness, reasonableness and adequacy of the proposed settlement relating to the sales practices class action. The settlement was approved by the Court by order dated January 29, 2001. The order became final on February 28, 2001. The Company believes that it has recorded an adequate provision for the cost of the settlement.

Insurance companies are subject to assessments, up to statutory limits, by state guaranty funds for losses of policyholders of insolvent insurance companies. In the opinion of management, these assessments will not have a material adverse effect on the consolidated financial statements.

Various litigation, claims and assessments against the Company, in addition to those discussed above and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, its activities as an insurer, employer, investor, investment advisor and taxpayer. Further, state insurance regulatory authorities and other Federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations. While it is not feasible to predict or determine the ultimate outcome of all pending investigations and legal proceedings or provide reasonable ranges of potential losses, it is the opinion of the Company's management that their outcomes will not have a material adverse effect on the Company's financial position or its results of operations.

#### 11. COMPREHENSIVE INCOME

The components of other comprehensive income are as follows (in millions):

<Table>  
<Caption>

	BEFORE TAX AMOUNT	TAX (EXPENSE) BENEFIT	NET OF TAX AMOUNT
<S>	<C>	<C>	<C>
YEAR ENDED DECEMBER 31, 2001:			
Unrealized appreciation (depreciation) on securities.....	\$ 40.5	\$ (14.1)	\$ 26.4
Less: reclassification adjustment for losses realized in net income.....	11.6	(4.1)	7.5
Net change in unrealized appreciation (depreciation) on securities.....	\$ 52.1	\$ (18.2)	\$ 33.9
YEAR ENDED DECEMBER 31, 2000:			
Unrealized appreciation (depreciation) on securities.....	\$ (7.1)	\$ 2.5	\$ (4.6)
Less: reclassification adjustment for losses realized in net income.....	2.9	(1.0)	1.9
Net change in unrealized appreciation (depreciation) on securities.....	\$ (4.2)	\$ 1.5	\$ (2.7)
YEAR ENDED DECEMBER 31, 1999:			
Unrealized appreciation (depreciation) on securities.....	\$ (122.3)	\$ 42.8	\$ (79.5)
Less: reclassification adjustment for losses realized in net income.....	2.0	(.7)	1.3
Net change in unrealized appreciation (depreciation) on securities.....	\$ (120.3)	\$ 42.1	\$ (78.2)

</Table>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

12. SEGMENT INFORMATION

The Company has two operating segments: Insurance Protection and Asset Accumulation. The operating segments are distinguished by products and services offered, as well as marketing strategies employed. Substantially all revenues are derived from sales in the United States of America.

The Insurance Protection segment markets traditional and variable life insurance products and maintains a block of direct response-marketed life and health insurance products. The Asset Accumulation segment sells fixed, variable and group (pension) annuity products. The individual life and annuity products are distributed principally through Company-affiliated financial consultants, personal producing general agents and independent brokers and financial planners whereas the group annuity products are distributed primarily through employee field representatives and brokers.

In addition to the two operating segments, the Company has an Other segment. The Other segment includes certain products no longer marketed by the Company, noninsurance operations and net investment income, realized capital gains/losses and revenues/expenses not attributable to the operating segments. The noninsurance operations consist of several subsidiaries operating in the broker/dealer, mutual fund and investment advisory industries.

Management evaluates the performance of each segment independently and allocates resources based on current and anticipated requirements of each segment. Financial results of each segment include earnings from its business operations and earnings on the amount of equity considered necessary to support its business. Accounting policies followed by the segments are the same as those followed by the Company in preparing its consolidated financial statements as disclosed in Note 2. There are no significant intersegment transactions.

Segment financial data as of and for the years ended December 31, 2001, 2000 and 1999 is as follows (in millions):

<Table>  
<Caption>

SEGMENT INCOME FOR THE YEAR ENDED DECEMBER 31, 2001	INSURANCE PROTECTION	ASSET ACCUMULATION	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>
Policy and contract charges.....	\$ 144.1	\$ 33.8	\$ --	\$ 177.9
Premiums.....	164.7	1.6	.3	166.6
Net investment income.....	164.4	106.4	25.6	296.4
Other income.....	2.5	4.6	41.9	49.0

Net realized gains/(losses) on investments.....	(2.5)	(5.7)	(3.4)	(11.6)
Total Revenues.....	473.2	140.7	64.4	678.3
Policy and contract benefits.....	201.4	6.7	1.6	209.7
Change in future policyholder benefits.....	1.3	77.5	(3.0)	75.8
Amortization of deferred policy acquisition costs.....	47.4	15.8	--	63.2
Other benefits and expenses.....	119.2	17.4	69.5	206.1
Total Benefits and Expenses.....	369.3	117.4	68.1	554.8
Income Before Income Taxes.....	103.9	23.3	(3.7)	123.5
Income tax expense.....	34.0	4.3	(8.3)	30.0
NET INCOME.....	\$ 69.9	\$ 19.0	\$ 4.6	\$ 93.5
SEGMENT ASSETS AS OF DECEMBER 31, 2001.....	\$4,743.7	\$3,973.3	\$475.0	\$9,192.0

</Table>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONCLUDED)

SEGMENT INCOME FOR THE YEAR ENDED DECEMBER 31, 2000	INSURANCE PROTECTION	ASSET ACCUMULATION	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>
Policy and contract charges.....	\$ 136.2	\$ 37.4	\$ --	\$ 173.6
Premiums.....	175.2	14.4	.3	189.9
Net investment income.....	166.9	113.9	36.4	317.2
Other income.....	.4	1.3	50.1	51.8
Net realized gains/(losses) on investments.....	(.7)	(2.5)	.3	(2.9)
Total Revenues.....	478.0	164.5	87.1	729.6
Policy and contract benefits.....	203.4	11.9	2.4	217.7
Change in future policyholder benefits.....	(3.2)	89.1	(.8)	85.1
Amortization of deferred policy acquisition costs.....	68.4	17.9	--	86.3
Other benefits and expenses.....	124.4	16.9	44.3	185.6
Total Benefits and Expenses.....	393.0	135.8	45.9	574.7
Income Before Income Taxes.....	85.0	28.7	41.2	154.9
Income tax expense.....	30.0	8.4	11.1	49.5
NET INCOME.....	\$ 55.0	\$ 20.3	\$ 30.1	\$ 105.4
SEGMENT ASSETS AS OF DECEMBER 31, 2000.....	\$4,692.2	\$3,997.2	\$474.1	\$9,163.5

</Table>

SEGMENT INCOME FOR THE YEAR ENDED DECEMBER 31, 1999	INSURANCE PROTECTION	ASSET ACCUMULATION	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>
Policy and contract charges.....	\$ 117.5	\$ 39.0	\$ --	\$ 156.5
Premiums.....	189.1	8.0	.3	197.4
Net investment income.....	168.6	132.0	27.8	328.4
Other income.....	1.2	3.0	45.0	49.2
Net realized gains/(losses) on investments.....	(1.8)	(6.8)	6.6	(2.0)
Total Revenues.....	474.6	175.2	79.7	729.5
Policy and contract benefits.....	198.5	10.9	2.0	211.4
Change in future policyholder benefits.....	4.2	101.6	6.3	112.1
Amortization of deferred policy acquisition costs.....	67.2	13.2	--	80.4
Other benefits and expenses.....	126.9	16.9	40.2	184.0
Total Benefits and Expenses.....	396.8	142.6	48.5	587.9
Income Before Income Taxes.....	77.8	32.6	31.2	141.6
Income tax expense.....	30.7	13.4	3.5	47.6
NET INCOME.....	\$ 47.1	\$ 19.2	\$ 27.7	\$ 94.0
SEGMENT ASSETS AS OF DECEMBER 31, 1999.....	\$4,706.2	\$4,268.3	\$247.4	\$9,221.9

</Table>

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PART C

## Item 27. Exhibits

## 1. Board of Directors Resolutions.

- a) Resolution adopted by the Board of Directors of Provident Mutual Life Insurance Company authorizing establishment of the Provident Mutual Variable Growth Separate Account, Provident Mutual Variable Money Market Separate Account, Provident Mutual Variable Bond Separate Account, Provident Mutual Variable Managed Separate Account, and Provident Mutual Variable Zero Coupon Bond Separate Account(1)
- b) Resolution of the Board of Directors of Provident Mutual Life Insurance Company establishing the Provident Mutual Variable Aggressive Growth Separate Account(1)
- c) Resolution of the Board of Directors of Provident Mutual Life Insurance Company establishing the Provident Mutual Variable International Separate Account(1)
- d) Resolution of the Board of Directors of Provident Mutual Life Insurance Company establishing the Provident Mutual Variable Separate Account(1)
- e) Resolution of the Board of Directors of Provident Mutual Life Insurance Company Approving Creation of Additional Subaccounts of Provident Mutual Variable Separate Account(1)
- f) Resolution of the Board of Directors of Provident Mutual Life Insurance Company Approving Creation of additional Subaccounts of Provident Mutual Variable Separate Account(1)
- g) Resolution of the Board of Directors of Provident Mutual Life Insurance Company Approving Creation of Additional Subaccounts of Provident Mutual Variable Life Separate Account(7)
- h) Resolution of the Board of Directors of Provident Mutual Life Insurance Company Approving Reorganization of the Provident Mutual Variable Growth Separate Account, Provident Mutual Variable Money Market Separate Account, Provident Mutual Variable Bond Separate Account, Provident Mutual Variable Zero Coupon Bond Separate Account, Provident Mutual Variable Aggressive Growth Separate Account, Provident Mutual Variable International Separate Account, Provident Mutual Variable Separate Account(7)
- i) Resolution of the Board of Directors of Provident Mutual Life Insurance Company authorizing the filing of Registration Statements and Post-Effective Amendments(9)
- j) Resolution of the Board of Directors of Provident Mutual Life Insurance Company Approving Creation of Additional Subaccounts of Provident Mutual Variable Life Separate Account(10)
- k) Resolution of the Board of Directors of Nationwide Life Insurance Company of America Approving Creation of Additional Subaccounts of Nationwide Provident VLI Separate Account 1(13)

## 2. Custodian Agreements. Not applicable.

## 3. Underwriting Contracts.

- a) Form of Underwriting Agreement among Provident Mutual Life Insurance Company, PML Securities, Inc. and Provident Mutual Variable Separate Account(1)
- b) Personal Producing General Agent's Agreement and Supplement(2)
- c) Personal Producing Agent's Agreement and Supplement(2)
- d) Producing General Agent's Agreement and Supplement(2)
- e) Form of Selling Agreement between PML Securities, Inc. and Broker/Dealers(4)

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## 4. Contracts.

- a) Individual Flexible Premium Adjustable Variable Life Insurance Policy (Form VL105) (13)

- b) Individual Flexible Premium Adjustable Variable Life Insurance Policy -- Employee Benefit Series (Unisex Version) (Form VL106) (13)
- c) Children's Term Rider (Form C306) (3)
- d) Convertible Term Life Rider (Form C308) (2)
- e) Extension of Final Policy Date Rider (Form C822) (2)
- f) Section 403(b) Rider (Form C827) (2)
- g) Change of Insured Rider (Form C901) (2)
- h) Disability Waiver Benefit Rider (Form R1901) (3)
- i) Disability Waiver of Premium Benefit Rider (Form C903) (3)
- j) Accelerated Death Benefit Rider (Form C/D904) (1)
- k) Additional Insurance Benefit Rider (Form R2308) (5)
- l) Long Term Care Acceleration Benefit Rider (Form R1100) (8)
- m) Long Term Care Extended Insurance Benefit Rider (Form R1102) (8)
- n) Long Term Care Waiver Benefit Rider (Form R1101) (8)
- o) Supplemental Application for Long Term Care Benefits (A62 4.01) (8)
- p) Accelerated Death Benefit Rider (Form R1904) (8)

5. Applications.

- a) Form of Application (Form A3 and Form A4) (6)
- b) Form of Supplemental Application -- Initial Allocation Schedule (Form A65) (13)

6. Depositor's Certificate of Incorporation and By-Laws.

- a) Charter of Provident Mutual Life Insurance Company(1)
- b) By-Laws of Provident Mutual Life Insurance Company(1)
- c) Charter of Nationwide Life Insurance Company of America(13)
- d) By-Laws of Nationwide Life Insurance Company of America(13)

7. Reinsurance Contracts.

- a) Single Life Permanent Pool (ERC) (13)
- b) Single Life Permanent Pool (RGA) (13)
- c) Automatic and Facultative YRT Reinsurance Agreement between Provident Mutual Life Insurance Company, Providentmutual Life and Annuity Company of America, and RGA Reinsurance Company(13)
- d) Addendum to the Automatic and Facultative Reinsurance Agreement between Provident Mutual Life Insurance Company, Providentmutual Life and Annuity Company of America, and RGA Reinsurance Company(13)
- e) Automatic Reinsurance Agreement No. 2727 between Provident Mutual Life Insurance Company and Phoenix Home Life Mutual Insurance Company(13)

- f) Amendment Number 3 to the Reinsurance Agreement No. 2727 between Provident Mutual Life Insurance Company and ERC Life Reinsurance Corporation(13)
- g) Amendment Number 4 to the Reinsurance Agreement No. 2727 between Provident Mutual Life Insurance Company and ERC Life Reinsurance Corporation(13)
- h) Automatic Yearly Renewable Term Reinsurance Agreement No. P226-105 between Provident Mutual Life Insurance Company and General & Cologne Life Re of America(13)
- i) Automatic Yearly Renewable Term Reinsurance Agreement No. P226-106 between Provident Mutual Life Insurance Company and General & Cologne Life Re of America(13)
- j) YRT Agreement No. 5918-14 between Provident Mutual Life Insurance Company and AUSA Life Insurance Company, Inc.(13)
- k) YRT Agreement No. 5918-15 between Provident Mutual Life Insurance Company and AUSA Life Insurance Company, Inc.(13)

#### 8. Participation Agreements.

- a) Participation Agreement among Market Street Fund, Inc., Provident Mutual Life Insurance Company and PML Securities, Inc.(1)
- b) Participation Agreement among Variable Insurance Products Fund, Fidelity Distributors Corporation and Provident Mutual Life Insurance Company(1)
- c) Participation Agreement among Variable Insurance Products Fund II, Fidelity Distributors Corporation and Provident Mutual Life Insurance Company(1)
- d) Participation Agreement among Market Street Fund, Provident Mutual Life Insurance Company and 1717 Capital Management Company(9)
- e) Second Amendment to Participation Agreement among Provident Mutual Life Insurance Company of Philadelphia, Variable Insurance Products Fund, and Fidelity Distributors Corporation(10)
- f) Second Amendment to Participation Agreement among Provident Mutual Life Insurance Company of Philadelphia, Variable Insurance Products Fund II, and Fidelity Distributors Corporation(10)
- g) Form of Participation Agreement among Gartmore Variable Insurance Trust, Nationwide Life Insurance Company of America, and Nationwide Life and Annuity Company of America(13)
- h) Form of Participation Agreement among Vanguard Variable Insurance Fund, Nationwide Life Insurance Company of America, and Nationwide Life and Annuity Company of America(13)
- i) Shareholder Services Agreement among Provident Mutual Life Insurance Company, Providentmutual Life and Annuity Company of America and American Century(R) Investment Services, Inc.(10)
- j) Participation Agreement between Dreyfus Variable Investment Fund and Provident Mutual Life Insurance Company of Philadelphia(11)
- k) First Amendment to Participation Agreement between Dreyfus Variable Investment Fund and Provident Mutual Life Insurance Company of Philadelphia(10)

l) Second Amendment to Participation Agreement between Dreyfus Variable Investment Fund and Provident Mutual Life Insurance Company of Philadelphia(10)

m) Participation Agreement by and among Provident Mutual Life Insurance Company, Providentmutual Life and Annuity Company of America, Federated Securities Corp., and Insurance Management Series(11)

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n) Amendment to Participation Agreement by and among Provident Mutual Life Insurance Company, Providentmutual Life and Annuity Company of America, Federated Securities Corp., and Insurance Management Series(12)

o) Participation Agreement between Janus Aspen Series and Provident Mutual Life Insurance Company(10)

p) Participation Agreement among Oppenheimer Variable Accounts Funds, Provident Mutual Life Insurance Company, Providentmutual Life and Annuity Company of America, and OppenheimerFunds, Inc.(10)

9. Administrative Contracts. Not applicable.

10. Other Material Contracts. Powers of Attorney.(13)

11. Legal Opinion. Opinion and Consent of James Bernstein, Esquire(13)

12. Actuarial Opinion. Not applicable.

13. Calculations. Not applicable.

14. Other Opinions.

a) Consent of Sutherland Asbill & Brennan LLP

b) Consent of PricewaterhouseCoopers LLP

c) Consent of Scott V. Carney, FSA, MAAA

15.Omitted Financial Statements. No financial statements are omitted from Item 24.

16. Initial Capital Agreements. Not applicable.

17.Redeemability Exemption. Description of Nationwide Life Insurance Company of America's Issuance, Transfer and Redemption Procedures for Policies.(13)

-----  
(1) Incorporated herein by reference to post-effective amendment number 18 to the Form S-6 registration statement (File No. 33-2625) filed on May 1, 1998.

(2) Incorporated herein by reference to post-effective amendment number 11 to the Form S-6 registration statement (File No. 33-42133) filed on May 1, 1998.

(3) Incorporated herein by reference to post-effective amendment number 5 to the Form N-4 registration statement (File No. 33-65512) filed on May 1, 1998.

(4) Incorporated herein by reference to the initial filing of the Form S-6 registration statement (File No. 333-82613) filed on July 9, 1999.

(5) Incorporated herein by reference to pre-effective amendment number 1 to the Form S-6 registration statement (File No. 333-67775) filed on March 4, 1999.

(6) Incorporated herein by reference to post-effective amendment number 2 to the Form S-6 registration statement (File No. 333-67775) filed on April 24, 2000.

(7) Incorporated herein by reference to post-effective amendment number 1 to the Form S-6 registration statement (File No. 333-71763) filed on April 25, 2000.

- (8) Incorporated herein by reference to post-effective amendment number 2 to the Form S-6 registration statement (File No. 333-71763) filed on February 8, 2001.
- (9) Incorporated herein by reference to the initial filing of the Form N-4 registration statement (File No. 333-58308) filed on April 5, 2001.
- (10) Incorporated herein by reference to post-effective amendment number 5 to the Form S-6 registration statement (File No. 333-71763) filed on April 19, 2002.

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- (11) Incorporated herein by reference to post-effective amendment number 8 to the Form N-4 registration statement (File No. 33-65512) filed on April 25, 2000.
- (12) Incorporated herein by reference to post-effective amendment number 9 to the Form N-4 registration statement (File No. 33-70926) filed on April 25, 2002.
- (13) Incorporated herein by reference to pre-effective amendment number 1 to the Form N-6 registration statement (File No. 333-98629) filed on December 16, 2002.

Item 28. Directors and Officers of the Depositor

NAME AND PRINCIPAL BUSINESS ADDRESS*	POSITION AND OFFICES WITH DEPOSITOR
Joseph J. Gasper**	Director and Vice Chairperson of the Board
W. G. Jurgensen**	Director, Chairperson of the Board, and Chief Executive Officer
Richard A. Karas**	Director
Gary D. McMahan	Director, President, and Chief Operating Officer
Mark R. Thresher**	Director, Senior Vice President, and Assistant Treasurer
James Benson	Senior Vice President and Assistant Treasurer
Scott V. Carney	Senior Vice President and Actuary
Peter D. Cuzzo	Senior Vice President
Patricia R. Hatler**	Senior Vice President, General Counsel, and Secretary
William E. Mabe***	Senior Vice President -- Operations
Edwin P. McCausland, Jr.**	Senior Vice President
Brian W. Nocco**	Senior Vice President and Treasurer
Denise Sortino***	Senior Vice President

\* The principal business address for each officer and director is Nationwide Life Insurance Company of America, 1000 Chesterbrook Boulevard, Berwyn, PA 19312-1181, unless otherwise noted.

\*\* The address is One Nationwide Plaza, Columbus, Ohio 43215

\*\*\* The address is 300 Continental Drive, Newark, Delaware 19713.

Item 29. Persons Controlled by or Under Common Control With the Depositor or Registrant

NAME OF COMPANY	HOME OFFICE	EXECUTIVE OFFICE	TYPE OF COMPANY	STATE INCORPORATED	GENERAL NATURE OF COMPANY
1717 Advisory Services, Inc. (Provident -- acquired 1 Oct 02)	1000 Chesterbrook Blvd Berwyn, PA 19312		Stock	Pennsylvania	This is an inactive company and was a registered investment advisor.
1717 Brokerage Services, Inc. (Provident -- acquired 1 Oct 02)	1000 Chesterbrook Blvd Berwyn, PA 19312		Stock	Pennsylvania	This company is registered as a broker-dealer.



1717 Capital Management Company (Provident -- acquired 1 Oct 02)	Christina Executive Campus 220 Continental Drive Newark, DE 19713	Stock	Pennsylvania	The company is registered as a broker-dealer and investment advisor.
1717 Insurance Agency of Massachusetts (Provident -- acquired 1 Oct 02)	75 Wells Avenue Newton, MA 02159	Stock	Massachusetts	This is a agency that was established to grant proper licensing to Provident Mutual companies in Massachusetts.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY <S>	HOME OFFICE <C>	EXECUTIVE OFFICE <C>	TYPE OF COMPANY <C>	STATE INCORPORATED <C>	GENERAL NATURE OF COMPANY <C>
1717 Insurance Agency of Texas (Provident -- acquired 1 Oct 02)	12221 Merit Dr Suite 1100 Dallas, TX 75251		Stock	Texas	This is a agency that was established to grant proper licensing to Provident Mutual companies in Texas.
401(k) Investment Services, Inc.	99 San Jacinto Blvd Suite 1100 Austin, TX 78701	99 San Jacinto Blvd Suite 1100 Austin, TX 78701	Stock	Texas	The corporation is a broker-dealer registered with the National Association of Securities Dealer, a self-regulatory body of the Securities and Exchange Commission
401(k) Companies, Inc. (The)		99 San Jacinto Blvd Suite 1100 Austin, TX 78701	Stock	Texas	This corporation acts as a holding company.
401(k) Company (The)		99 San Jacinto Blvd Suite 1100 Austin, TX 78701	Stock	Texas	The corporation is a third- party Administrator providing record keeping services for 401(k) plans.
401(k) Investment Advisors, Inc	99 San Jacinto Blvd Suite 1100 Austin, TX 78701	99 San Jacinto Blvd Suite 1100 Austin, TX 78701	Stock	Texas	The corporation is an investment advisor registered with the Securities and Exchange Commission.
Affiliate Agency of Ohio, Inc.		Two Nationwide Plaza Columbus, OH 43216	Stock	Ohio	The corporation is an insurance agency marketing life insurance and annuity products through financial institutions.
Affiliate Agency, Inc		Two Nationwide Plaza Columbus, OH 43216	Stock	Delaware	The corporation is an insurance agency marketing life insurance and annuity products through financial institutions.
AGMC Reinsurance Ltd	4546 Corporate Drive Suite 100 West Des Moines, IA 50266-5911	4546 Corporate Drive Suite 100 West Des Moines, IA 50266-5911	Stock	Turks & Caicos Islands	The corporation is a captive reinsurer.
AID Financial Services, Inc	701 Fifth Avenue Des Moines, IA 50391	701 Fifth Avenue Des Moines, IA 50391	Stock	Iowa	The corporation is a holding company.
Allied Document Solutions, Inc	701 Fifth Avenue Des Moines, IA 50391	701 Fifth Avenue Des Moines, IA 50391	Stock	Iowa	The corporation provides general printing services to its affiliated companies as well as to unaffiliated companies.
ALLIED General Agency Company	701 Fifth Avenue Des Moines, IA 50391	701 Fifth Avenue Des Moines, IA 50391	Stock	Iowa	The corporations a managing general agent and surplus lines broker for property and casualty insurance products.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY <S>	HOME OFFICE <C>	EXECUTIVE OFFICE <C>	TYPE OF COMPANY <C>	STATE INCORPORATED <C>	GENERAL NATURE OF COMPANY <C>
Allied Group Insurance Marketing Company	701 Fifth Avenue Des Moines, IA 50391	701 Fifth Avenue Des Moines, IA 50391	Stock	Iowa	The corporation engages in the direct marketing of property and casualty insurance products.
ALLIED Group, Inc	701 Fifth Avenue Des Moines, IA 50391	701 Fifth Avenue Des Moines, IA 50391	Stock	Iowa	The corporation is a property and casualty holding company.
ALLIED Property and Casualty Insurance Company	701 Fifth Avenue Des Moines, IA 50391	701 Fifth Avenue Des Moines, IA 50391	Stock	Iowa	The corporation underwrites general property and casualty insurance.
Allied Texas Agency, Inc.	701 Fifth Avenue Des Moines, IA 50391	701 Fifth Avenue Des Moines, IA 50391	Stock	Texas	The corporation acts as a managing general agent to place personal and commercial automobile insurance with CCNIC for the independent agency companies.
Allnations, Inc.			Stock	Ohio	The corporation engages in promoting , extending, and strengthening cooperative insurance organizations throughout the world.
AMCO Insurance Company	701 Fifth Avenue Des Moines, IA 50391	701 Fifth Avenue Des Moines, IA 50391	Stock	Iowa	The corporation underwrites general property and casualty insurance.
American Marine Underwriters, Inc		One Nationwide Plaza Columbus, Ohio 43216	Stock	Florida	The corporation is an underwriting manager for ocean cargo and hull insurance.
Asset Management Holdings, plc	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43217	Stock	England and Wales	The corporation is a holding company of a group engaged in the management of pension fund assets, unit trust and other collective investment trusts an portfolios for corporate clients.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY <S>	HOME OFFICE <C>	EXECUTIVE OFFICE <C>	TYPE OF COMPANY <C>	STATE INCORPORATED <C>	GENERAL NATURE OF COMPANY <C>
Audenstar Limited acquired by GGAMT 27 Jun 02	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	Limited Liability Company	England	To market insurance products and to carry on business in the fields of life, pension, house motor, marine, fire employers' liability, accident and other insurance; to act as insurance brokers and consultants and as agents for effecting insurance and obtaining policies in respect of all and every kind of risk and against death, injury or loss arising out of, or through, or in connection with any accident and against loss or damage to real or personal property.
Cal-Ag Insurance Services, Inc	1602 Exposition Blvd Sacramento, CA 95815	1602 Exposition Blvd Sacramento, CA 95815	Stock	California	The corporation is a small captive insurance

CalFarm Insurance Agency	1602 Exposition Blvd Sacramento, CA 95815	1602 Exposition Blvd Sacramento, CA 95815	Stock	California	brokerage firm serving principally, but not exclusively, the "traditional" agent producers of CalFarm Insurance Company. The corporation assist agents and affiliated companies in account completion for marketing CalFarm Products.
Calfarm Insurance Company	1602 Exposition Blvd Sacramento, CA 95815	1602 Exposition Blvd Sacramento, CA 95815	Stock	California	The corporation is a California based multi-line insurance corporation which writes agricultural, commercial, personal and individual health coverages and benefits for the sponsorship of the California Farm Bureau.
CAP PRO HOLDING, INC. (NEW COMPANY FORMED 17 OCT 02)			Stock	Delaware	This company operates as a holding company.
Coda Capital Management acquired by Nationwide Financial Services, Inc. on 12 Sep 02			stock	Pennsylvania	The company is a convertible bond manager.
Colonial County Mutual Insurance Company		8416 Datapoint Dr San Antonio, TX 78227	Mutual	Texas	The corporation underwrites non-standard automobile and motor cycle insurance and various other commercial liability coverage in Texas.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY	HOME OFFICE	EXECUTIVE OFFICE	TYPE OF COMPANY	STATE INCORPORATED	GENERAL NATURE OF COMPANY
<S>	<C>	<C>	<C>	<C>	<C>
Cooperative Service Company	1963 Bell Avenue Des Moines, Iowa 50315	1963 Bell Avenue Des Moines, Iowa 50315	Stock	Nebraska	The corporation is an insurance agency that sell and services commercial insurance, The corporation also provides loss control and compliance consulting services and audit, compilation, and tax preparation services.
Corviant Corporation	1200 RIVER ROAD CONSHOHOCKEN, PA 19428	1200 RIVER ROAD CONSHOHOCKEN, PA 19428	Stock	Delaware	The purpose of the corporation is to create a captive distribution network through which affiliates can sell multi-manager investment products, insurance products and sophisticate estate planning services.
Damian Securities Limited	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43216	Stock	England & Wales	The corporation is engaged in investment holding.
Dancia Life S.A. acquired by NGH Luxembourg S.A. 10 Sep 02	NEW COMPANY		stock	Luxembourg	
Delfi Realty Corporation (Provident -- acquired	P.O. BOX 12610 WILMINGTON, DE 19850		Stock	Delaware	This is an inactive company.

1 Oct 02)

Depositors Insurance Company	701 Fifth Avenue Des Moines, IA 50391	701 Fifth Avenue Des Moines, IA 50391	Stock	Iowa	The corporation underwrites general property and casualty insurance.
Dinamica Participacoes SA			Stock	Brazil	The company participates in other companies related to the registrant's international operations.
Discover Insurance Agency , LLC		One Nationwide Plaza Columbus, Ohio 43215	Limited Liability Company	California	The purpose of the company is to sell property and casualty insurance products, including, but not limited to, automobile or other vehicle insurance and homeowner's insurance.
Discover Insurance Agency of Texas, LLC		One Nationwide Plaza Columbus, Ohio 43215	Limited Liability Company	Texas	To sell property and casualty insurance products including, but not limited to, automobile or other vehicle insurance and homeowner's insurance.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY <S>	HOME OFFICE <C>	EXECUTIVE OFFICE <C>	TYPE OF COMPANY <C>	STATE INCORPORATED <C>	GENERAL NATURE OF COMPANY <C>
F&B Inc.	1963 Bell Avenue Des Moines, Iowa 50315	1963 Bell Avenue Des Moines, Iowa 50315	Stock	Iowa	The corporation is an insurance agency that places business not written by Farmland Insurance company with other carriers.
Farmland Mutual Insurance Company	1963 Bell Avenue Des Moines, Iowa 50315	1963 Bell Avenue Des Moines, Iowa 50315	Mutual	Iowa	The corporation provides property and casualty insurance primarily to agricultural businesses.
Fenplace Limited	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43215	Stock	England & Wales	Currently inactive.
Financial Horizons Distributors Agency of Texas, Inc		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Texas	The corporation is an insurance agency marketing life insurance and annuity products through financial institutions.
Financial Horizons Distributors Agency of Alabama, Inc		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Alabama	The corporation is an insurance agency marketing life insurance and annuity products through financial institutions.
Financial Horizons Distributors Agency of Ohio, Inc		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The corporation is an insurance agency marketing life insurance and annuity products through financial institutions.
Financial Horizons Distributors Agency of Oklahoma, Inc.		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Oklahoma	The corporation is an insurance agency marketing life insurance and annuity products through financial institutions.
Financial Horizons Securities Corporation		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Oklahoma	The corporation is a limited broker-dealer doing business solely in the financial institutions market.

Florida Records  
Administrator, Inc.

Two Nationwide Plaza  
Columbus, Ohio 43215

Stock

Florida

The corporation  
administers the  
deferred compensation  
plan for the public  
employees of the State  
of Florida.

Four P Finance  
Company  
(Provident -- acquired  
1 Oct 02)

Stock

Pennsylvania

This is an inactive  
company.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY	HOME OFFICE	EXECUTIVE OFFICE	TYPE OF COMPANY	STATE INCORPORATED	GENERAL NATURE OF COMPANY
<S>	<C>	<C>	<C>	<C>	<C>
G.I.L. Nominees Limited	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43215	Stock	England & Wales	The company is dormant within the meaning of Section 249AA of the Companies Act of 1985 (English Law)
Gartmore 1990 Limited	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43215	Stock	England & Wales	The company is engaged as a general partner in a limited partnership formed to invest unlisted securities.
Gartmore 1990 Trustee Limited	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43215	Stock	England & Wales	The company is dormant within the meaning of Section 249AA of the Companies Act of 1985 (English Law)
Gartmore Asset Management, Inc. (new company -- 4 Apr 02)	1200 RIVER ROAD CONSHOCKEN, PA 19428	1209 Orange Street Wilmington, DE 19801	Stock	Delaware	The company serves a registered investment advisor/performing equity investment functions.
Gartmore Capital Management Limited	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43215	Stock	England & Wales	The company is engaged in investment management and advisory services to business institutional and private investors.
Gartmore Distribution Services Inc	1200 RIVER ROAD CONSHOCKEN, PA 19428	1200 River Road Conshohocken, PA 19428	Stock	Delaware	The corporation is a limited broker-dealer.
Gartmore Emerging Managers, LLC (name change eff 15 Oct 02)	1200 RIVER ROAD CONSHOCKEN, PA 19428	1209 Orange Street Wilmington, DE 19801	Limited Liability Company	Delaware	
Gartmore Fund Managers Limited	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43215	Stock	England & Wales	The company is engaged in authorized unit trust management.
Gartmore Fund Managers International Limited	PO Box 278 45 la Motte Street St Helier Jersey Channel Islands JE4 8TF	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	Stock	Jersey Channel Islands	The company is engaged in investment administration and support.
Gartmore Global Asset Management Trust	1200 RIVER ROAD CONSHOCKEN, PA 19428	1200 River Road Conshohocken, PA 19428	Business Trust	Delaware	The company acts as a holding company for the Gartmore Group and as a registered investment advisor.
Gartmore Global Asset Management, Inc. (new 31 May 02)	1200 RIVER ROAD CONSHOCKEN, PA 19428	3801 KENNETT PIKE STE C200 GREENVILLE, DE 19807	STOCK	Delaware	This company operates as a holding company.
Gartmore Global Investments Inc	1200 RIVER ROAD CONSHOCKEN, PA 19428	3801 KENNETT PIKE STE C200 GREENVILLE, DE 19807	Stock	Delaware	The company acts as a holding company.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY	HOME OFFICE	EXECUTIVE OFFICE	TYPE OF COMPANY	STATE INCORPORATED	GENERAL NATURE OF COMPANY
<S> Gartmore Global Partners	<C> Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	<C> One Nationwide Plaza Columbus, Ohio 43216	<C> Delaware General Partnership	Delaware	<C> The partnership is engaged in investment management.
Gartmore Indosuez UK Recovery Fund (G.P.) Limited	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43216	Stock	England & Wales	The company is a general partner in two limited partnerships formed to invest in unlisted securities.
Gartmore Investment Limited	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43215	Stock	England & Wales	The company is engaged in investment management and advisory services to pension funds, unit trusts and other collective investment schemes, investment trusts and portfolios for corporate or other institutional clients.
Gartmore Investment Services GmbH	Oberlindau 80-82 D-60323 Frankfurt am Main. Germany	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	Stock	Germany	The company is engaged in marketing support.
Gartmore Investment Services Limited	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43216	Stock	England	The company is engaged in investment holding.
Gartmore Investment Management plc	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43215	Stock	England & Wales	The company is an investment holding company and provides services to other companies within the Gartmore Group.
Gartmore Investor Services, Inc.	1200 RIVER ROAD CONSHOHOCKEN, PA 19428	1200 River Road Conshohocken, PA 19428	Stock	Ohio	The corporation provides transfer and dividend disbursing services to various mutual fund entities.
Gartmore Japan Limited	10F Asahi Seimei Hibiya Building 1-5-1 Yurakucho Chiyodo-Ku Tokyo	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	Stock	Japan	The company is engaged in the business of investment management.
Gartmore Morley and Associates, Inc.	5665 SW Meadows Rd Suite 400 Lake Oswego, OR 97035	5665 SW Meadows Rd Suite 400 Lake Oswego, OR 97035	Stock	Oregon	The corporation brokers or places book value maintenance agreements (wrap contracts) and guaranteed contracts (GICs) for collective investment trusts and accounts.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY	HOME OFFICE	EXECUTIVE OFFICE	TYPE OF COMPANY	STATE INCORPORATED	GENERAL NATURE OF COMPANY
<S> Gartmore Morley Capital Management, Inc.	<C> 5665 SW Meadows Rd Suite 400 Lake Oswego, OR 97035	<C> 5665 SW Meadows Suite 400 Lake Oswego, OR 97035	<C> Stock	<C> Oregon	<C> The corporation is an investment advisor and stable value money manager.
Gartmore Morley Financial Services, Inc.	5665 SW Meadows Rd Suite 400 Lake Oswego, OR 97035	5667 SW Meadows Suite 400 Lake Oswego, OR 97035	Stock	Oregon	The corporation is a holding company.
Gartmore Mutual Fund Capital Trust	1200 RIVER ROAD CONSHOHOCKEN, PA 19428	1200 River Road Conshohocken, PA 19428	Business Trust	Delaware	The trust acts as a registered investment advisor.
Gartmore Nominees Limited	Gartmore House 8 Fenchurch Place	One Nationwide Plaza Columbus, Ohio 43216	Stock	England & Wales	The company is dormant within the meaning of

Gartmore Pension Trustees Limited	London EC3M4PH United Kingdom Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43216	Stock	England & Wales	Section 249AA of the Companies Act 1985 (English Law) The company is the trustee of the Gartmore Pension Scheme.
Gartmore Riverview LLC	97 East River Road Rumson, NJ 07760	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	Limited Liability Company	Delaware	The company provides customized solutions, in the form of expert advise and investment management services, to a limited number of institutional investors, through construction of hedge fund and alternative asset portfolios and their integration into the entire asset allocation framework.
Gartmore S.A. Capital Trust	1200 RIVER ROAD CONSHOCKEN, PA 19428	1201 River Roads Conshohocken, PA 19428	Business Trust	Delaware	The trust acts as a registered investment advisor.
Gartmore Secretaries (Jersey) Ltd	PO Box 278 45 la Motte Street St Helier Jersey Channel Islands JE4 8TF	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	Stock	Jersey, Channel Islands	The company acts as a nominee. The company is dormant.
Gartmore Securities Limited	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43216	Stock	England & Wales	The company is engaged in investment holding and is a partner in Gartmore Global Partners.
Gartmore Trust Company	5665 SW Meadows Rd Suite 400 Lake Oswego, OR 97035	5665 SW Meadows Rd Suite 400 Lake Oswego, OR 97035	Stock	Oregon	The corporation is an Oregon state bank with trust power.
Gartmore U.S. Limited		One Nationwide Plaza Columbus, Ohio 43216	Stock	England & Wales	The company is a joint partner in Gartmore Global Partners.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY	HOME OFFICE	EXECUTIVE OFFICE	TYPE OF COMPANY	STATE INCORPORATED	GENERAL NATURE OF COMPANY
<S>	<C>	<C>	<C>	<C>	<C>
Gates, McDonald & Company		3456 Mill Run Dr Hilliard, OH 43026	Stock	Ohio	The company provides services to employers for managing worker's compensation matters and employee benefits costs.
Gates, McDonald & Company of Nevada		3456 Mill Run Dr Hilliard, OH 43026	Stock	Nevada	The corporation provides self-insurance administration, claims examining and data processing services.
Gates, McDonald & Company of New York, Inc		3456 Mill Run Dr Hilliard, OH 43026	Stock	New York	The corporation provides worker's compensation/self-insured claims administration services to employers with exposure in New York.
GatesMcDonald Health Plus, Inc.		3456 Mill Run Dr Hilliard, OH 43026	Stock	Ohio	The corporation provides medical management and cost containment services to employers.
GGI MGT LLC NEW COMPANY 19 SEP 02	1200 RIVER ROAD CONSHOCKEN, PA 19428	919 North Market St Suite 600 Wilmington, DE 19801	Limited Liability Company	Delaware	The company is a passive investment holder in Newhouse Special Situations Fund I, LLC for the purpose of allocation of earnings to Gartmore

Institutional Concepts, Inc. (Provident -- acquired 1 Oct 02) Insurance Intermediaries, Inc			Stock	New York	management team as it relates to the ownership and management of Newhouse Special Situations Fund I, LLC. This company holds insurance licenses in numerous states.
	6461 Busch Blvd, Ste 100 Columbus, Oh 43229		Stock	Ohio	The corporation is an insurance agency and provides commercial property and casualty brokerage services.
Landmark Financial Services of New York, Inc.		Two Nationwide Plaza Columbus, Oh 43216	Stock	New York	The corporation is an insurance agency marketing life insurance and annuity products through financial institutions.
Lone Star General Agency, Inc	11603 West Coker Loop #100 San Antonio, TX 78216	11603 West Coker Loop #100 San Antonio, TX 78216	Stock	Texas	The corporation acts as general agent to market non-standard automobile and motorcycle insurance for Colonial County Mutual Insurance Company.

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<Table>  
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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY	HOME OFFICE	EXECUTIVE OFFICE	TYPE OF COMPANY	STATE INCORPORATED	GENERAL NATURE OF COMPANY
<S>	<C>	<C>	<C>	<C>	<C>
Market Street Fund (Provident -- acquired 1 Oct 02)	1000 Chesterbrook Blvd Berwyn, PA 19312		Stock	Delaware	This is an open-end diversified management company that serves as an investment medium for the variable life policies and variable annuity of NLICA and NLAICA.
Market Street Investment Management Company (Provident -- acquired 1 Oct 02)	1000 Chesterbrook Blvd Berwyn, PA 19312		Stock	Pennsylvania	This is an inactive company.
MedProSolutions, Inc	3456 Mill Run Dr Hilliard, OH 43026	3456 Mill Run Dr Hilliard, OH 43026	Stock	Massachusetts	The corporation provides third-party administration services for workers compensation, automobile injury and disability claims.
National Casualty Company	16 North Carroll Street, Ste 209 Madison, Wisconsin 53703	8877 North Gainey Center Dr. Scottsdale, Arizona 85258	Stock	Wisconsin	The corporation underwrites various property and casualty coverage, as well as individual and group accident and health insurance.
National Casualty Company of America, Ltd			Stock	England	This company is currently inactive.
National Deferred Compensation Inc.		1550 Old Henderson Rd Columbus, Oh 43220	Stock	Ohio	The corporation administers deferred compensation plans for public employees.
Nationwide Advantage Mortgage Company (name change)	4546 Corporate Drive Suite 100 West Des Moines, IA 50266-5911	4546 Corporate Drive Suite 100 West Des Moines, IA 50266-5911	stock	Iowa	The company is engaged in making residential (1-4 family) mortgage loans.
Nationwide Affinity Insurance Company of America	One Nationwide Plaza Columbus, Ohio 43215	Corporate Woods, Bldg. 9 Suite 450 9200 Indian Creek Pky Overland Park , KS 66210	Stock	Kansas	It is a shell insurer with no active policies of liabilities.



Nationwide Affordable Housing, LLC		Three Nationwide Plaza Columbus, Ohio 43216	Limited Liability Company	Ohio	The company invests in affordable multi-family housing projects throughout the U.S.
Nationwide Agency, Inc.	5525 Parkcenter Circle Dublin, Ohio 43017	5525 Parkcenter Circle Dublin, Ohio 43017	Stock	Ohio	The corporation is an insurance agency.
Nationwide Agribusiness Insurance Company	1964 Bell Avenue Des Moines, IA 50315	1964 Bell Avenue Des Moines, IA 50315	Stock	Iowa	The corporation provides property and casualty insurance primarily to agricultural business.

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<Table>  
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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY <S>	HOME OFFICE <C>	EXECUTIVE OFFICE <C>	TYPE OF COMPANY <C>	STATE INCORPORATED <C>	GENERAL NATURE OF COMPANY <C>
Nationwide Arena, LLC		One Nationwide Plaza Columbus, Ohio 43216	Limited Liability Company	Ohio	The purpose of this company is to develop Nationwide Arena and to engage in related Arena district development activity.
Nationwide Asset Management Holdings, Ltd.		1 Minster Court Mincing Lane 1 London EC3R 7AA England	Stock	England & Wales	This company acts as a holding company.
Nationwide Assurance Company	16 North Carroll Street, Ste 209 Madison, Wisconsin 53703	One Nationwide Plaza Columbus, Ohio 43215	Stock	Wisconsin	The corporation underwrites non-standard auto and motorcycle insurance.
Nationwide Capital Mortgage, LLC (new company -- formed 14 Feb 02)	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Limited Liability Company	Ohio	This is a holding company that funds/owns commercial mortgage loans for an interim basis, hedges the loans during the ownership period, and then sells the loans as part of a securitization to generate a profit.
Nationwide Cash Management Company	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The corporation buys and sells investment securities of a short-term nature as agent for other corporations, foundations, and insurance company separate accounts.
Nationwide Community Development Corporation, LLC		One Nationwide Plaza Columbus, Ohio 43215	Limited Liability Company	Ohio	The company hold investments in low-income housing funds.
Nationwide Corporation		One Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The corporation acts primarily as a holding company for entities affiliated with NMIC and NMFIC.
Nationwide Financial Assignment Company		One Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The corporation acts as an administrator of structured settlements.
Nationwide Financial Institution Distributors Agency, Inc.		One Nationwide Plaza Columbus, Ohio 43215	Stock	Delaware	The corporation engages in the business of an insurance agency.
Nationwide Financial Institution Distributors Agency, Inc. of New Mexico		One Nationwide Plaza Columbus, Ohio 43215	Stock	New Mexico	The corporation engages in the business of an insurance agency.
Nationwide Financial Institution Distributors Insurance Agency, Inc of Massachusetts		One Nationwide Plaza Columbus, Ohio 43215	Stock	Massachusetts	The corporation engages in the business of an insurance agency.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY <S>	HOME OFFICE <C>	EXECUTIVE OFFICE <C>	TYPE OF COMPANY <C>	STATE INCORPORATED <C>	GENERAL NATURE OF COMPANY <C>
Nationwide Financial Services (Bermuda) Ltd.		One Nationwide Plaza Columbus, Ohio 43215	Stock	Bermuda	The corporation is a long-term insurer that issues variable annuity and variable life products to persons outside the United States and Bermuda.
Nationwide Financial Services Capital Trusts		One Nationwide Plaza Columbus, Ohio 43215	Statutory Business Trust	Delaware	The Trust's sole purpose is to issue and sell certain securities representing individual beneficial interests in the assets of the Trust.
Nationwide Financial Services Capital Trusts II		One Nationwide Plaza Columbus, Ohio 43215	Statutory Business Trust	Delaware	The Trust's sole purpose is to issue and sell certain securities representing individual beneficial interests in the assets of the Trust.
Nationwide Financial Services, Inc.		One Nationwide Plaza Columbus, Ohio 43215	Stock	Delaware	The corporation acts primarily as a holding company within the Nationwide organization that offer or distribute long-term savings and retirement products.
Nationwide Financial Sp. Zo.o		One Nationwide Plaza Columbus, Ohio 43215	Limited Liability Company	Poland	The corporation provides services to Nationwide Global Holdings, Inc. in Poland.
Nationwide Foundation		One Nationwide Plaza Columbus, Ohio 43215	not-for-profit	Ohio	The corporation contributes to non-profit activities and projects.
Nationwide General Insurance Company	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The Corporation transacts a general insurance business, except life insurance.
Nationwide Global Finance, LLC		One Nationwide Plaza Columbus, Ohio 43215	single member limited liability company	Ohio	The company acts as a support company for Nationwide Global Holdings, Inc., in its international capitalization efforts.
Nationwide Global Funds		One Nationwide Plaza Columbus, Ohio 43215	exempt limited liability company	Luxembourg	This company is formed to issue shares of mutual funds.
Nationwide Global Holdings, Inc.		One Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The corporation is a holding company for international operations.
Nationwide Global Holdings, Inc. Luxembourg Branch		One Nationwide Plaza Columbus, Ohio 43215	Branch of Nationwide Global Holdings, Inc	Luxembourg	It serves as an extension of Nationwide Global Holdings, Inc.
Nationwide Global Holdings-NGH Brazil Participacoes LTDA		One Nationwide Plaza Columbus, Ohio 43215	Stock	Brazil	The company acts as a Holding Company.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY <S>	HOME OFFICE <C>	EXECUTIVE OFFICE <C>	TYPE OF COMPANY <C>	STATE INCORPORATED <C>	GENERAL NATURE OF COMPANY <C>
Nationwide Global Japan, Inc		One Nationwide Plaza Columbus, Ohio 43215	Stock	Delaware	The company acts as a Holding Company.
Nationwide Global Limited		One Nationwide Plaza Columbus, Ohio 43215	Stock	Hong Kong	The corporation is a holding company for

Nationwide Health Plans, Inc	5525 Parkcenter Circle Dublin, Ohio 43017	5525 Parkcenter Circle Dublin, Ohio 43017	Stock	Ohio	Asian operations. The corporation operates as a Health Insurance Corporation (HIC).
Nationwide Holdings, SA			Stock	Brazil	The purpose of this company is to participate in other companies related to registrant's international operations.
Nationwide Home Mortgage Distributors, Inc.		710 Fifth Avenue Des Moines, Iowa 50391	Stock	Ohio	This corporation performs the marketing function for Nationwide Home Mortgage Company.
Nationwide Indemnity Company	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	Acts as a reinsurer by assuming business from NMIC and other insurers within the Nationwide Insurance Organization.
Nationwide Insurance Company of America	16 North Carroll Street, Ste 209 Madison, Wisconsin 53703	701 Fifth Avenue Des Moines, Iowa 50391	Stock	Wisconsin	The corporation is an independent agency person lines underwriter of property/casualty insurance.
Nationwide Insurance Company of Florida	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The corporation tracks general business except life insurance.
Nationwide Insurance Sales Company, LLC (Named changed effective 3 Jun 02)		One Nationwide Plaza Columbus, Ohio 43215	Limited Liability Company	Ohio	The company provides administrative services for the product sales and distribution channels of Nationwide Mutual Insurance Company and its affiliates and subsidiary insurance companies.
Nationwide International Underwriters, Inc.		One Nationwide Plaza Columbus, Ohio 43215	Stock	California	The corporation is a special risks, excess and surplus lines underwriting manager.
Nationwide Investment Services Corporation	Two Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Stock	Oklahoma	It is a limited broker-dealer doing business in the deferred compensation market and acts as an investment advisor.
Nationwide Life and Annuity Insurance Company	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The corporation engages in underwriting life insurance and granting purchasing, and disposing of annuities.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY	HOME OFFICE	EXECUTIVE OFFICE	TYPE OF COMPANY	STATE INCORPORATED	GENERAL NATURE OF COMPANY
Nationwide Life and Annuity Company of America (Provident -- acquired 1 Oct 02)	300 Continental Drive Newark, DE 19713-4399	1200 Chesterbrook Blvd Berwyn, PA 19312	Stock	Delaware	The company insures against personal injury, disablement, or death resulting from traveling or general accidents, and against disablement resulting from sickness and every insurance appertaining thereto.
Nationwide Life Assurance Company, Ltd.		One Nationwide Plaza Columbus, Ohio 43215	Limited Liability Company	Thailand	The corporation provides individual life insurance, group life and health insurance, fixed and variable annuity products, and other life insurance

Nationwide Life Insurance Company of America (Provident -- acquired 1 Oct 02)	1000 Chesterbrook Blvd Berwyn, PA 19312	1000 Chesterbrook Blvd Berwyn, PA 19312	Stock	Pennsylvania	products. The company insures against personal injury, disablement, or death resulting from traveling or general accidents, and against disablement resulting from sickness and every insurance appertaining thereto.
Nationwide Life Insurance Company of Delaware (Provident -- acquired 1 Oct 02)	300 Continental Drive Newark, DE 19713-4399	1200 Chesterbrook Blvd Berwyn, PA 19312	Stock	Delaware	The company insures against personal injury, disablement, or death resulting from traveling or general accidents, and against disablement resulting from sickness and every insurance appertaining thereto.
Nationwide Life Insurance Company	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	This corporation provides individual life, group and health insurance, fixed and variable annuity products, and other life insurance products.
Nationwide Lloyds	1333 Corporate Drive Irving, Texas 75038	1333 Corporate Drive Irving, Texas 75038	This is a Texas Lloyds company	Texas	The corporation markets commercial property insurance in Texas.
Nationwide Management System, Inc.	5525 Parkcenter Circle Dublin, Ohio 43017	5525 Parkcenter Circle Dublin, Ohio 43017	Stock	Ohio	The corporation offers a preferred provider organization and other related products and services.
NATIONWIDE MARTIMA VIDA PREVIDENCIA S.A.			Stock	Brazil	To operate as a licensed insurance company in the categories of Life and Unrestricted Private Pension Plans in Brazil.
Nationwide Mortgage Holdings, Inc.		One Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The corporation acts as a holding company.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY	HOME OFFICE	EXECUTIVE OFFICE	TYPE OF COMPANY	STATE INCORPORATED	GENERAL NATURE OF COMPANY
<S>	<C>	<C>	<C>	<C>	<C>
Nationwide Mutual Fire Insurance Company	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Mutual Insurance Company	Ohio	The company engages in a general insurance and reinsurance business, except life insurance.
Nationwide Mutual Funds		Three Nationwide Plaza Columbus, Ohio 43215	open-end investment company	Ohio	The corporation operates as a business trust for the purposes of issuing investment shares to the public and to segregate asset accounts of life insurance companies.
Nationwide Mutual Insurance Company	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Mutual Insurance Company	Ohio	The company engages in general insurance and reinsurance business, except life insurance.
Nationwide Properties, Ltd.		One Nationwide Plaza Columbus, Ohio 43215	Limited Liability Company	Ohio	The company is engaged in the business of developing, owning and operating real estate and real estate investments.
Nationwide Property and Casualty Insurance Company	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The corporation engages in a general insurance business, except life insurance.
Nationwide Provident	103 Springer Bldg	NAME CHANGE PENDING	Stock	Delaware	This is an inactive

Distributors, Inc (fka Providentmutual Distributors, Inc. -- acquired 1 Oct 02)	3411 Silversid Road Wilmington, DE 19850				company.
Nationwide Provident Holding Company (fka -Providentmutual Holding Company Provident -- acquire 1 Oct 02)	1000 Chesterbrook Blvd Berwyn, PA 19312	NAME CHANGE PENDING	Stock	Pennsylvania	This is a holding company.
Nationwide Retirement Plan Services, Inc.		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The corporation is an insurance agency providing individual and group life, disability and health insurance and marketing retirement plan administration and investments.
Nationwide Retirement Services, Inc.		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Delaware	The corporation markets and administers deferred compensation plans for public employees.
Nationwide Retirement Solutions Inc. Of Alabama		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Alabama	The corporation provides retirement products, marketing/education and administration to public employees and educators.
Nationwide Retirement Solutions Insurance Agency, Inc.		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Massachusetts	The corporation markets and administers deferred compensation plans for public employees.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY <S>	HOME OFFICE <C>	EXECUTIVE OFFICE <C>	TYPE OF COMPANY <C>	STATE INCORPORATED <C>	GENERAL NATURE OF COMPANY <C>
Nationwide Retirement Solutions, Inc., of Wyoming		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Wyoming	The corporation markets and administers deferred compensation plans for public employees.
NATIONWIDE RETIREMENT SOLUTIONS, INC. OF ARIZONA		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Arizona	The corporation markets and administers deferred compensation plans for public employees.
NATIONWIDE RETIREMENT SOLUTIONS, INC. OF ARKANSAS		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Arkansas	The corporation markets and administers deferred compensation plans for public employees.
NATIONWIDE RETIREMENT SOLUTIONS, INC. OF MONTANA		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Montana	The corporation markets and administers deferred compensation plans for public employees.
NATIONWIDE RETIREMENT SOLUTIONS, INC. OF NEVADA		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Nevada	The corporation markets and administers deferred compensation plans for public employees.
NATIONWIDE RETIREMENT SOLUTIONS, INC. OF NEW MEXICO		Two Nationwide Plaza Columbus, Ohio 43215	Stock	New Mexico	The corporation markets and administers deferred compensation plans for public employees.
NATIONWIDE RETIREMENT SOLUTIONS, INC. OF OHIO		Two Nationwide Plaza Columbus, Ohio 43215	Stock	Ohio	The corporation provides retirement products, marketing/education and administration to public employees.

NATIONWIDE RETIREMENT SOLUTIONS, INC. OF OKLAHOMA	Two Nationwide Plaza Columbus, Ohio 43215	Stock	Oklahoma	The corporation markets and administers deferred compensation plans for public employees.	
NATIONWIDE RETIREMENT SOLUTIONS, INC. OF SOUTH DAKOTA	Two Nationwide Plaza Columbus, Ohio 43215	Stock	South Dakota	The corporation markets and administers deferred compensation plans for public employees.	
NATIONWIDE RETIREMENT SOLUTIONS, INC. OF TEXAS	Two Nationwide Plaza Columbus, Ohio 43215	Stock	Texas	The corporation markets and administers deferred compensation plans for public employees.	
Nationwide Securities, Inc.	Three Nationwide Plaza Columbus, Ohio 43215	5475 Rings Road Atrium II, Suite 410 Dublin, Ohio 43017	Stock	Ohio	The corporation is a broker-dealer and provides investment management and administrative services.
Nationwide Services Company LLC	One Nationwide Plaza Columbus, Ohio 43215	single member Limited Liability Company	Ohio	The company performs shared services functions for the Nationwide organization.	
Nationwide Services Sp. Zo.o	One Nationwide Plaza Columbus, Ohio 43217	Limited Liability Company	Poland	The corporation provides services to Nationwide Global Holdings, Inc. Poland.	

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY	HOME OFFICE	EXECUTIVE OFFICE	TYPE OF COMPANY	STATE INCORPORATED	GENERAL NATURE OF COMPANY
<S>	<C>	<C>	<C>	<C>	<C>
Nationwide Strategic Investment Fund, LLC (new company 20 May 02)	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Limited Liability Company	Ohio	The company acts as a private equity fund investing in companies for investment purposes and to create strategic opportunities for Nationwide.
Nationwide Towarzystwo Ubezpieczen na Zycie S.A.		One Nationwide Plaza Columbus, Ohio 43215	Stock	Poland	The corporation is authorized to engage in the business of life insurance and pension products in Poland.
Nationwide Trust Company, FSB		Three Nationwide Plaza Columbus, Ohio 43215	Federal Incorporation		This is a federal savings bank chartered by the Office of Thrift Supervision in the United States Department of the Treasury to exercise custody and fiduciary powers.
Nationwide UK Asset Management Holdings, Ltd.	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43215	Stock	England & Wales	The company acts as a holding company.
Nationwide UK Holding Company, Ltd	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43215	Stock	England & Wales	The company acts as a holding company.
Nevada Independent Companies -- Construction	1701 West Charleston Suite 210 Las Vegas, NV 89102	1701 West Charleston Suite 210 Las Vegas, NV 89102	Stock	Nevada	The corporation provides worker's compensation administrative services to Nevada employees in the construction industry.
Nevada Independent Companies Health and Profit	1701 West Charleston Suite 210 Las Vegas, NV 89102	1701 West Charleston Suite 210 Las Vegas, NV 89102	Stock	Nevada	The corporation provides worker's compensation and administrative services to Nevada employees in

Nevada Independent Companies Hospitality and Entertainment	1701 West Charleston Suite 210 Las Vegas, NV 89102	1701 West Charleston Suite 210 Las Vegas, NV 89102	Stock	Nevada	the health and nonprofit Industries. The corporation provides worker's compensation administrative services to Nevada employees in the hospitality and entertainment industries.
Nevada Independent Companies Manufacturing, Transportation and Distribution	1701 West Charleston Suite 210 Las Vegas, NV 89102	1701 West Charleston Suite 210 Las Vegas, NV 89102	Stock	Nevada	The corporation provides worker's compensation administrative services to Nevada employees in the manufacturing, transportation and distribution industries.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY <S>	HOME OFFICE <C>	EXECUTIVE OFFICE <C>	TYPE OF COMPANY <C>	STATE INCORPORATED <C>	GENERAL NATURE OF COMPANY <C>
Newhouse Capital Partners, LLC			Limited Liability Company	Delaware	The company invests in financial services companies that specialize in e-commerce and promote distribution of financial services.
NEWHOUSE SPECIAL SITUATIONS FUND I, LLC			Limited Liability Company	Delaware	The company plans to own and manage Contributed Securities and to achieve long-term capital appreciation from the Contributed Securities and through investments in a portfolio of other equity investments in financial service and related companies that are considered by the Company to be undervalued.
NFS Distributors, Inc.		One Nationwide Plaza Columbus, Ohio 43215	Stock	Delaware	The corporation acts primarily as a holding company for Nationwide Financial Services, Inc. distribution companies.
NFSB Investments Ltd. New company Jul 2002	REGISTERED Cedar House 41 Cedar Ave Hamilton HM	BUSINESS Victoria Hall 11 Victoria Street Hamilton HM 11	Stock	Bermuda	The corporation buys and sells investment securities for its own account in order to enhance the investment returns of its affiliates.
NGH Luxembourg, S, A		3 rue Nicolas Welter L 2740 Luxembourg Grand Duchy of Luxembourg	Stock	Luxembourg	The company acts primarily as a holding company for Nationwide Global Holdings, Inc. European operations.
NGH Netherlands, B.V		One Nationwide Plaza Columbus, Ohio 43215	Stock	Netherlands	The company acts as a holding company for other Nationwide overseas companies.
NGH UK, Ltd.	Gartmore House 8 Fenchurch Place London EC3M4PH United Kingdom	One Nationwide Plaza Columbus, Ohio 43215	Stock	United Kingdom	The company functions as a support company for other Nationwide overseas companies.
NorthPointe Capital, LLC	101 West Big Beaver Rd, Suite 1125 Troy, MI 48084	101 West Big Beaver Rd, Suite 1125 Troy, MI 48084	Limited Liability Company	Delaware	The company acts as a registered investment advisor.
PanEuroLife		291 route d'Arlon	Stock	Luxembourg	This Luxembourg-based

life insurance company provides individual life insurance primarily in the United Kingdom, Belgium and France.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY	HOME OFFICE	EXECUTIVE OFFICE	TYPE OF COMPANY	STATE INCORPORATED	GENERAL NATURE OF COMPANY
<S>	<C>	<C>	<C>	<C>	<C>
Pension Associates, Inc.		44 East Mifflin Street Madison, WI 53703	Stock	Wisconsin	The corporation provides pension plan administration and record keeping services and pension plan compensation consulting.
PNAM, INC. (Provident -- Acquire 1 Oct 02)	103 Springer Bldg 3411 Silverside Road Wilmington, DE 19850		Stock	Delaware	This is a holding company.
Premier Agency, Inc.	5 Sierra Gate Plaza 2d Floor Roseville, CA 95678	701 Fifth Avenue Des Moines, Iowa 50391	Stock	Iowa	This corporation is an insurance agency.
PROVESTCO, INC. (Provident -- acquired 1 Oct 02)	103 Springer Bldg 3411 Silversid Road Wilmington, DE 19850		Stock	Delaware	This is a real estate holding company that serves as a general partnership in joint venture investments of NLICA.
RCMD Financial Services, Inc. (Provident -- acquired 1 Oct 02)	103 Springer Bldg 3411 Silversid Road Wilmington, DE 19850		Stock	Delaware	This is a holding company.
Retention Alternatives, Ltd. New Company (Jun 02)	One Nationwide Plaza Columbus, Ohio 43215	One Nationwide Plaza Columbus, Ohio 43215	Bermuda single member limited liability company	Bermuda	The company will write first dollar insurance policies in the following lines of insurance: workers compensation, general liability and automobile liability for its affiliates in the United States.
RF Advisors, Inc. (Provident -- acquired 1 Oct 02)	PO Box 12610 Wilmington, DE 19850		Stock	Pennsylvania	This is an inactive company.
Riverview Agency		98 San Jacinto Blvd Suite 1100 Austin, Texas 78701	Stock	Texas	The corporation is an insurance agency licensed with the Texas Department of Insurance.
Riverview International Group, Inc. (acquired on 27 June 02 GGAMT)	97 East River Road Rumson, NJ 07760	97 East River Road Rumson, Jew Jersey 07760	Stock	Delaware	This company acts as a broker/dealer.
SBSC (Thailand) Limited			Limited Liability Company	Thailand	This company acts as a holding company.
Scottsdale Indemnity Company	One Nationwide Plaza Columbus, Ohio 43215	8877 North Gainey Center Drive Scottsdale, AZ 85258	Stock	Ohio	The corporation engages in a general insurance business, except life insurance.
Scottsdale Insurance Company	One Nationwide Plaza Columbus, Ohio 43215	8877 North Gainey Center Drive Scottsdale, AZ 85258	Stock	Ohio	The corporation primarily provides excess and surplus lines of property and casualty insurance.
Scottsdale Surplus Lines Insurance Company	8877 North Gainey Center Drive Scottsdale, AZ 85258	8877 North Gainey Center Drive Scottsdale, AZ 85258	Stock	Arizona	The corporation provides excess and surplus lines coverage on a non-admitted basis.

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CHART 2002 NATIONWIDE COMPANIES

NAME OF COMPANY <S>	HOME OFFICE <C>	EXECUTIVE OFFICE <C>	TYPE OF COMPANY <C>	STATE INCORPORATED <C>	GENERAL NATURE OF COMPANY <C>
Siam Ar-Na-Khet Company Limited		One Nationwide Plaza Columbus, Ohio 43215	Limited Liability Company	Thailand	The company is a holding company.
Software Development Corporation (Provident -- acquired 1 Oct 02)	PO Box 15851 Wilmington, DE 19810		Stock	Delaware	This is an inactive company.
TBG Insurance Services Corporation	2029 Century Park East Suite 3720 Los Angeles, CA 90067	2029 Century Park East Suite 3720 Los Angeles, CA 90067	Stock	California	The corporation markets and administers executive benefit plans.
Vertboise, SA		One Nationwide Plaza Columbus, Ohio 43215	Public Limited Liability Company	Luxembourg	The company acts as a real property holding company.
Veterinary Pet Insurance Company	4176 La Palma Ave, Suite 100 Anaheim, CA 92807	4176 La Palma Ave, Suite 100 Anaheim, CA 92807	Stock	California	This company provides pet insurance.
Veterinary Pet Services, Inc.	4176 La Palma Ave, Suite 100 Anaheim, CA 92807	4176 La Palma Ave, Suite 100 Anaheim, CA 92807	Stock	California	This corporation acts as a holding company.
Villanova Securities, LLC	1200 RIVER ROAD CONSHOHOCKEN, PA 19428	1200 River Road Conshohocken, PA 19428	Limited Liability Company	Delaware	The purpose of the company is to provide brokerage services for block mutual fund trading for both affiliated and non-affiliated Investment advisors and perform block mutual fund trading directly with fund companies.
Washington Square Administrative Services, Inc. (Provident -- acquired 1 Oct 02)	300 Continental Drive Newark, DE 19713-4399		Stock	Pennsylvania	This company provided administrative services to NLACA.
Western Heritage Insurance Company	6263 North Scottsdale Road Suite 240 Scottsdale, AZ 85250	6263 North Scottsdale Road Suite 240 Scottsdale, AZ 85250	Stock	Arizona	The corporation underwrites excess and surplus lines of property and casualty insurance.

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NATIONWIDE AFFINITY INSURANCE COMPANY OF AMERICA	ALLIED GROUP, INC. (AGI)	NATIONWIDE LLOYDS  A TEXAS LLOYDS
Common Stock: 500,000 ----- Shares	Common Stock: 850 ----- Shares	
Cost -----	Cost -----	
Casualty- 100% \$23,843,431	Casualty- 100% \$1,245,344,591	
NATIONWIDE INSURANCE COMPANY OF AMERICA	ALLIED DOCUMENT SOLUTIONS, INC.	DEPOSITORS INSURANCE COMPANY (DEPOSITORS)
Common Stock: 12,000 ----- Shares	Common Stock: 10,000 ----- Shares	Common Stock: 300,000 ----- Shares
Cost -----	Cost -----	Cost -----
AGI-100% \$215,273,000	AGI-100% \$610,000	AGI-100% \$22,251,842
AID FINANCE	PREMIER	ALLIED PROPERTY

SERVICES, INC. (AID FINANCE)	AGENCY, INC.	AND CASUALTY INSURANCE COMPANY
Common Stock: 10,000 ----- Shares	Common Stock: 100,000 ----- Shares	Common Stock: 300,000 ----- Shares
Cost -----	Cost -----	Cost -----
AGI-100% \$19,545,634	AGI-100% \$100,000	AGI-100% \$47,018,643
ALLIED GROUP INSURANCE MARKETING COMPANY	AMCO INSURANCE COMPANY (AMCO)	WESTERN HERITAGE INSURANCE COMPANY
Common Stock: 20,000 ----- Shares	Common Stock: 300,000 ----- Shares	Common Stock: 4,776,076 ----- Shares
Cost -----	Cost -----	Cost -----
Aid Finance-100% \$16,059,469	AGI-100% \$147,425,540	SIC-100% \$57,000,000
NATIONWIDE MORTGAGE HOLDINGS INC. (NMHI)	ALLIED GENERAL AGENCY COMPANY	VETERINARY PET SERVICES, INC. (VPSI)
Common Stock: 5,000 ----- Shares	Common Stock: 5,000 ----- Shares	Common Stock: 1,695,985 ----- Shares
Cost -----	Cost -----	Cost -----
AGI-100%	AMCO-100% \$135,342	SIC-5.1% \$60,701
NATIONWIDE HOME MORTGAGE DISTRIBUTORS INC.	ALLIED TEXAS AGENCY, INC.	Preferred-A 403,226 ----- Shares Cost -----
Common Stock: 5,000 ----- Shares	Common Stock: 1,000 ----- Shares	SIC-100% \$1,121,613
Cost -----	Cost -----	Preferred-B 250,596 ----- Shares Cost -----
NMHI-100%	AMCO-100%	SIC-96.5% \$672,968
NATIONWIDE ADVANTAGE MORTGAGE COMPANY (NAMC)	CALFARM INSURANCE AGENCY	VETERINARY PET INSURANCE CO.
Common Stock: 54,348 ----- Shares	Common Stock: 1,000 ----- Shares	Common Stock: 1,000 ----- Shares
Cost -----	Cost -----	Cost -----
NMHI-89.75%	AMCO-100%	VPSI-100%
AGMC REINSURANCE, LTD.	CAL-AG INSURANCE SERVICES, INC.	DVM INSURANCE AGENCY, INC.
Common Stock: 11,000 ----- Shares	Common Stock: 100 ----- Shares	Common Stock: 100 ----- Shares
Cost -----	Cost -----	Cost -----
NAMC-100% \$11,000	CalFarm Insurance Agency-100%	VPSI-100%
		VPI SERVICES INC. ----- VPSI-100%

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NATIONWIDE (R)

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NATIONWIDE MUTUAL  
INSURANCE COMPANY  
(CASUALTY)

NATIONWIDE MUTUAL  
FIRE INSURANCE COMPANY  
(FIRE)

FARMLAND MUTUAL  
INSURANCE COMPANY  
Guaranty Fund

Certificate  
-----  
Cost  
----  
Casualty \$500,000

NATIONWIDE GENERAL  
INSURANCE COMPANY

Common Stock: 20,000  
----- Shares  
Cost  
----  
Casualty-  
100% \$5,944,422

SCOTTSDALE  
INDEMNITY COMPANY

Common Stock: 50,000  
----- Shares  
Cost  
----  
Casualty-  
100% \$8,800,000

F & B, INC.

Common Stock: 1 Share  
-----  
Cost  
----  
Farmland  
Mutual-100% \$1,010

NATIONWIDE PROPERTY  
AND CASUALTY  
INSURANCE COMPANY

Common Stock: 60,000  
----- Shares  
Cost  
----  
Casualty-  
100% \$6,000,000

NATIONWIDE  
INDEMNITY COMPANY  
(NW INDEMNITY)

Common Stock: 28,000  
----- Shares  
Cost  
----  
Casualty-  
100% \$594,529,000

COOPERATIVE SERVICE  
COMPANY

Common Stock: 600 Shares  
-----  
Cost  
----  
Farmland  
Mutual-100% \$5,336,063

NATIONWIDE ASSURANCE  
COMPANY

Common Stock: 1,750  
----- Shares  
Cost  
----  
Casualty-  
100% \$41,750,000

LONE STAR  
GENERAL AGENCY, INC.

Common Stock: 1,000  
----- Shares  
Cost  
----  
Casualty-  
100% \$5,000,000

SCOTTSDALE  
INSURANCE COMPANY  
(SIC)

Common Stock: 30,136  
----- Shares  
Cost  
----  
Casualty-  
100% \$150,000,500

NATIONWIDE AGRIBUSINESS  
INSURANCE COMPANY

Common Stock: 1,000,000  
----- Shares  
Cost  
----  
Casualty-99.9% \$26,714,335  
Other Capital:  
-----  
Casualty-Ptd. \$713,576

COLONIAL COUNTY  
MUTUAL INSURANCE  
COMPANY

Surplus Debentures:  
-----  
Cost  
----  
Colonial \$500,000  
Lone Star 150,000

SCOTTSDALE  
SURPLUS LINES  
INSURANCE COMPANY

Common Stock: 10,000  
----- Shares  
Cost  
----  
SIC-100% \$6,000,000

NATIONAL CASUALTY  
COMPANY  
(NC)

Common Stock: 100 Shares  
-----  
Cost  
----  
Casualty-  
100% \$67,442,439

NATIONWIDE SERVICES  
COMPANY, LLC

Single Member Limited  
Liability Company  
-----  
Casualty-100%

RP&C  
INTERNATIONAL

Common Stock: 963  
----- Shares  
Cost  
----  
Casualty-  
23.88% \$2,400,740

NCC OF AMERICA, LTD.  
(INACTIVE)

NC-100%

AMERICAN MARINE  
UNDERWRITERS, INC.

Common Stock: 20 Shares  
-----  
Cost  
----  
Casualty-  
100% \$5,020

NATIONWIDE CAPITAL MORTGAGE, LLC	NEWHOUSE CAPITAL PARTNERS, LLC	NATIONWIDE INSURANCE COMPANY OF FLORIDA
Mutual-5%	Casualty-70%	Common Stock: 10,000 Shares
NW Indemnity-95%	GGAMI-19%	Cost
	Fire-10%	Casualty-100% \$300,000,000

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NATIONWIDE FOUNDATION MEMBERSHIP NONPROFIT CORPORATION
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NATIONWIDE CASH MANAGEMENT COMPANY	NATIONWIDE CORPORATION	RETENTION ALTERNATIVES, LTD.
Common Stock: 100 Shares	Common Stock: Control	
	13,642,432 100%	
Cost	Shares Cost	
Casualty-100% \$11,226	Casualty 12,992,922 \$1,344,787,854	Fire-100%
	Fire 649,510 118,038,022	
	(See Page 2)	
NATIONWIDE ARENA LLC	ALLNATIONS, INC.	
	Common Stock: 12,227 Shares	
	Cost	
	Casualty-16.1% \$93,555	
	Fire-16.1% \$93,697	
Casualty-90%	Preferred Stock 1,466 Shares	
	Cost	
	Casualty-6.8% \$100,000	
	Fire-6.8% \$100,000	
NATIONWIDE INSURANCE SALES COMPANY, LLC (NISC)	NATIONWIDE INTERNATIONAL UNDERWRITERS	
Single Member Limited Liability Company	Common Stock: 1,000 Shares	
	Cost	
Casualty-100%	Casualty-100% \$10,000	
INSURANCE INTERMEDIARIES, INC.	CALFARM INSURANCE COMPANY	
Common Stock: 1,615 Shares	Common Stock: 52,000 Shares	

Cost	Cost
NISC-100% \$1,615,000	Casualty-100% \$106,164,995
DISCOVER INSURANCE AGENCY, LLC Single Member Limited Liability Company NISC-100%	NATIONWIDE REALTY INVESTORS, LTD Casualty-95% NW Indemnity-5%
DISCOVER INSURANCE AGENCY OF TEXAS, LLC Single Member Limited Liability Company	NATIONWIDE STRATEGIC INVESTMENT FUND, LLC Single Member Limited Liability Company Casualty-100%

</Table>

Subsidiary Companies -- Solid Line  
Contractual Association -- Double Line  
Limited Liability Company -- Dotted Line

October 1, 2002

NATIONWIDE (R)

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NATIONWIDE MUTUAL INSURANCE COMPANY (CASUALTY)
--

NATIONWIDE TOWARZYSTWO UBEZPIECZEN NA ZYCIE SA Common Stock: 1,952,000 Shares NGH-100%	NATIONWIDE GLOBAL HOLDINGS, INC.-LUXEMBOURG BRANCH (BRANCH) Endowment Capital-\$1,000,000	NATIONWIDE GLOBAL HOLDINGS, INC. (NGH) Common Stock: 1 Share Cost NW Corp.-100% \$794,465,454
NATIONWIDE FINANCIAL SP. Z O.O. Common Stock: 40,950 Shares NGH-100%	NGH LUXEMBOURG S.A. (LUX SA) Common Stock: 5,894 Shares Cost BRANCH-99.98% 115,470,723 EURO	NATIONWIDE GLOBAL LIMITED Common Stock: 20,343,752 Shares Shares NGH 20,343,751 LUX SA 1
SIAM AR-NA-KHET COMPANY LTD. (SIAM)	NGH UK, LTD.	NGH NETHERLANDS B.V. Common Stock: 40 Shares

NGH-48.99%					Cost
		LUX SA-100%		NGH-100%	NLG 52,500
-----					
NATIONWIDE LIFE ASSURANCE COMPANY, LTD.		NATIONWIDE GLOBAL HOLDINGS -NGH BRASIL PARTICIPACOES, LTDA (NGH BRASIL)		NATIONWIDE GLOBAL JAPAN, INC.	
NGH-24.3%		Shares	Cost	Common Stock:	100 Shares
SIAM-37.7%					
		LUX SA 6,164,899	R6,164,889		Cost
		NGH 1	R1		-----
				NGH-100%	\$100
-----					
SBSC LTD (THAILAND)		NATIONWIDE HOLDING SA (NHSA)		NATIONWIDE SERVICES SP. Z O.O.	
Common Stock:	24,500	Shares	Cost	Common Stock:	80 Shares
Shares					
NGH-.01%		NGH			Cost
SIAM-48.98%		BRASIL 42,900,999	R42,900,999		-----
		LUX SA 1	R1	NGH-100%	4,000 PLN
-----					
PANEUROLIFE (PEL)		DINAMICA PARTICIPACOES SA (DPSA)		NATIONWIDE GLOBAL FINANCE, LLC	
Common Stock:	1,300,000 Shares	Shares	Cost	Single Member Limited Liability Company	
	Cost	NHSA 132,522,386	R14,723,256		
LUX SA-100%	3,817,832,685	NGH		NGH-100%	
LUF		BRASIL 1	R1, 472		
-----					
VERTBOIS, SA		NATIONWIDE MARITIMA VIDA e PREVIDENCIA SA			
		Common Stock:	134,822,225		
			Shares		
					Cost
PEL-99.99%					-----
LUX SA-.01%		DPSA-86.4%	R14,128,512		
-----					

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			NATIONWIDE MUTUAL
			FIRE INSURANCE COMPANY
			(FIRE)
-----			

NATIONWIDE CORPORATION (NW CORP)		
COMMON STOCK:	CONTROL:	
-----	-----	
13,642,432	100%	
SHARES	COST	
-----	-----	
CASUALTY 12,992,922	\$1,344,787,854	
FIRE 649,510	118,038,022	
-----		

NATIONWIDE SECURITIES, INC.	NATIONWIDE FINANCIAL SERVICES, INC. (NFS)	GARTMORE GLOBAL ASSET MANAGEMENT TRUST (GGAMT)
Common Stock:	Common Stock:	
7,676 Shares	Control	
	-----	
Cost	Class A Public-100%	
----	Class B NW Corp-100%	Corp-100%

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		<table border="1"> <tr> <td colspan="2">GATES, MCDONALD &amp; COMPANY (GATES)</td> </tr> <tr> <td>Common Stock:</td> <td>254 Shares</td> </tr> <tr> <td>-----</td> <td>-----</td> </tr> <tr> <td></td> <td>Cost</td> </tr> <tr> <td></td> <td>----</td> </tr> <tr> <td>NW Corp.-100%</td> <td>\$25,683,532</td> </tr> </table>		GATES, MCDONALD & COMPANY (GATES)		Common Stock:	254 Shares	-----	-----		Cost		----	NW Corp.-100%	\$25,683,532	<table border="1"> <tr> <td colspan="2">NATIONWIDE HEALTH PLANS, INC. (NHP)</td> </tr> <tr> <td>Common Stock:</td> <td>100 Shares</td> </tr> <tr> <td>-----</td> <td>-----</td> </tr> <tr> <td></td> <td>Cost</td> </tr> <tr> <td></td> <td>----</td> </tr> <tr> <td>NW Corp.-100%</td> <td>\$19,103,732</td> </tr> </table>		NATIONWIDE HEALTH PLANS, INC. (NHP)		Common Stock:	100 Shares	-----	-----		Cost		----	NW Corp.-100%	\$19,103,732												
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MEDPROSOLUTIONS, INC.																																									
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<table border="1"> <tr> <td colspan="2">GATES, MCDONALD &amp; COMPANY OF NEW YORK, INC.</td> </tr> <tr> <td>Common Stock:</td> <td>3 Shares</td> </tr> <tr> <td>-----</td> <td>-----</td> </tr> <tr> <td></td> <td>Cost</td> </tr> <tr> <td></td> <td>----</td> </tr> <tr> <td>Gates-100%</td> <td>\$106,947</td> </tr> </table>		GATES, MCDONALD & COMPANY OF NEW YORK, INC.		Common Stock:	3 Shares	-----	-----		Cost		----	Gates-100%	\$106,947	<table border="1"> <tr> <td colspan="2">NEVADA INDEPENDENT COMPANIES-HEALTH AND NONPROFIT</td> </tr> <tr> <td>Common Stock:</td> <td>1,000 Shares</td> </tr> <tr> <td>-----</td> <td>-----</td> </tr> <tr> <td></td> <td>Cost</td> </tr> <tr> <td></td> <td>----</td> </tr> <tr> <td>Gates-100%</td> <td></td> </tr> </table>		NEVADA INDEPENDENT COMPANIES-HEALTH AND NONPROFIT		Common Stock:	1,000 Shares	-----	-----		Cost		----	Gates-100%		<table border="1"> <tr> <td colspan="2">NATIONWIDE AGENCY, INC.</td> </tr> <tr> <td>Common Stock:</td> <td>100 Shares</td> </tr> <tr> <td>-----</td> <td>-----</td> </tr> <tr> <td></td> <td>Cost</td> </tr> <tr> <td></td> <td>----</td> </tr> <tr> <td>NHP-99%</td> <td>\$116,077</td> </tr> </table>		NATIONWIDE AGENCY, INC.		Common Stock:	100 Shares	-----	-----		Cost		----	NHP-99%	\$116,077
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GATESMCDONALD HEALTH PLUS, INC.																																									
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Common Stock:	1,000 Shares																																								
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Gates-100%																																									

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Subsidiary Companies -- Solid Line  
 Contractual Association -- Double Line  
 Limited Liability Company -- Dotted Line

October 1, 2002

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NATIONWIDE (R)										
<S>	<C>	<C>	<C>	<C>	<C>	<C>				
		<table border="1"> <tr> <td colspan="2">NATIONWIDE MUTUAL INSURANCE COMPANY (CASUALTY)</td> </tr> </table>	NATIONWIDE MUTUAL INSURANCE COMPANY (CASUALTY)				<table border="1"> <tr> <td colspan="2">NATIONWIDE MUTUAL FIRE INSURANCE COMPANY (FIRE)</td> </tr> </table>	NATIONWIDE MUTUAL FIRE INSURANCE COMPANY (FIRE)		
NATIONWIDE MUTUAL INSURANCE COMPANY (CASUALTY)										
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY (FIRE)										

NATIONWIDE CORPORATION (NW CORP)		
	COMMON STOCK:	CONTROL:
	13,642,432	100%
	SHARES	COST
	-----	----
CASUALTY	12,992,922	\$1,344,787,854
FIRE	649,510	118,038,022

NATIONWIDE FINANCIAL SERVICES, INC. (NFS)	
Common Stock	Control
-----	-----
Class A	Public-100%
Class B	NW Corp-100%

NATIONWIDE FINANCIAL SERVICES CAPITAL TRUST	NATIONWIDE LIFE INSURANCE COMPANY (NW LIFE)	TBG INSURANCE SERVICES CORPORATION	NATIONWIDE TRUST COMPANY, FSB	NFS DISTRIBUTORS, INC. (NFSDI)
Preferred Stock:	Common Stock: 3,814,779 Shares		Common Stock: 2,800,000 Shares	
-----	-----		-----	
NFS-100%	NFS-100%	NFS-65%	NFS-100% \$3,000,000	NFS-100%
	NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY		NATIONWIDE FINANCIAL INSTITUTION DISTRIBUTORS AGENCY, INC. (NFIDAI)	NATIONAL DEFERRED COMPENSATION, INC.
	Common Stock: 66,000 Shares		Common Stock: 1,000 Shares	
	-----		-----	
	Cost			
	----			
	NW Life-100% \$183,070,003		NFSDI-100%	NFSDI-100%
	-----		-----	-----
	NATIONWIDE INVESTMENT SERVICES CORPORATION	FINANCIAL HORIZONS DISTRIBUTORS AGENCY OF ALABAMA, INC.		FLORIDA RECORDS ADMINISTRATOR, INC
	Common Stock: 5,000 Shares	Common Stock: 10,000 Shares		
	-----	-----		
	Cost	Cost		
	----	----		
	NW Life-100% \$529,728	NFIDAI-100% \$100		
	-----	-----		
	NATIONWIDE FINANCIAL ASSIGNMENT COMPANY	LANDMARK FINANCIAL SERVICES OF NEW YORK, INC.		FINANCIAL HORIZONS DISTRIBUTORS AGENCY OF OHIO, INC
	NW LIFE-100%	Common Stock: 10,000 Shares		
	-----	-----		
		Cost		
		----		
	NATIONWIDE PROPERTIES LTD.	NFIDAI-100% \$10,100		
	Units:			
	-----			
	NW LIFE-97.6%	FINANCIAL HORIZONS SECURITIES CORP.		
	NW Mutual-2.4%	Common Stock: 10,000 Shares		FINANCIAL HORIZONS DISTRIBUTORS AGENCY OF OKLAHOMA, INC
	-----	-----		
		Cost		
		----		
	NATIONWIDE COMMUNITY DEVELOPMENT CORP., LLC	NFIDAI-100% \$153,000		
	Units:			
	-----			
	NW LIFE-67%			
	NW Indemnity-33%	AFFILIATE AGENCY, INC.		



	Common Stock: 100 Shares		FINANCIAL HORIZONS DISTRIBUTORS AGENCY OF TEXAS, INC
NATIONWIDE AFFORDABLE HOUSING, LLC	Cost		
NW LIFE-45%	NFIDAI-100%	\$100	
NW Indemnity-45%			
	NATIONWIDE FINANCIAL INSTITUTION DISTRIBUTORS INSURANCE AGENCY, INC. OF MASS.		AFFILIATE AGENCY OF OHIO, INC.
	Common Stock: 100 Shares		Common Stock: 750 Shares
	NFIDAI-100%		NFIDAI-100%
	NATIONWIDE FINANCIAL INSTITUTION DISTRIBUTORS AGENCY, INC. OF NEW MEXICO		
	Common Stock: 100 Shares		
	NFIDAI-100%		

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NATIONWIDE FINANCIAL SERVICES CAPITAL TRUST II	PENSION ASSOCIATES, INC.	NATIONWIDE LIFE INSURANCE COMPANY OF AMERICA (NLICA)	NATIONWIDE FINANCIAL SERVICES, (BERMUDA) LTD. (NFSB)
	Common Stock: 1,000 Shares		Common Stock: 250,000 Shares
	Cost		Cost
NFS-100%	NFS-100%	\$2,839,392	NFSB-100%
			\$113,500,000
			NFSB INVESTMENTS LTD.
	THE 401 (K) COMPANIES, INC. (401 (K))	NATIONWIDE RETIREMENT SOLUTIONS, INC. (NRS)	Common Stock: 12,000 Shares
		Common Stock: 236,494 Shares	Cost
			NFSB-100%
NFSDI-100%		NFSDI-100%	\$12,000

NATIONWIDE RETIREMENT PLAN SERVICES, INC.	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF ALABAMA	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF NEW MEXICO
Common Stock: Control	Common Stock: 10,000 Shares	Common Stock: 1,000 Shares
----- Cost ----	----- Cost ----	----- Cost ----
Class A NFS-100%	NRS-100%	NRS-100%
Class B NFSDI-100%	\$1,000	\$1,000
-----	-----	-----
401(k) INVESTMENT SERVICES, INC.	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF ARIZONA	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF SO. DAKOTA
Common Stock: 1,000,000 Shares	Common Stock: 1,000 Shares	Common Stock: 1,000 Shares
----- Cost ----	----- Cost ----	----- Cost ----
401(k)-100%	NRS-100%	NRS-100%
\$7,800	\$1,000	\$1,000
-----	-----	-----
401(k) INVESTMENT ADVISORS, INC.	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF ARKANSAS	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF WYOMING
Common Stock: 1,000 Shares	Common Stock: 50,000 Shares	Common Stock: 500 Shares
----- Cost ----	----- Cost ----	----- Cost ----
401(k)-100%	NRS-100%	NRS-100%
\$1,000	\$500	\$500
-----	-----	-----
THE 401(K) COMPANY	NATIONWIDE RETIREMENT SOLUTIONS, INS. AGENCY, INC.	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF OHIO
Common Stock: 855,000 Shares	Common Stock: 1,000 Shares	
----- Cost ----	----- Cost ----	
401(k)-100%	NRS-100%	
\$1,000	\$1,000	
-----	-----	-----
RIVERVIEW AGENCY, INC.	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF MONTANA	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF OKLAHOMA
	Common Stock: 500 Shares	
	----- Cost ----	
	NRS-100%	
	\$500	
-----	-----	-----
	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF NEVADA	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF TEXAS
	Common Stock: 1,000 Shares	
	----- Cost ----	
	NRS-100%	
	\$1,000	
-----	-----	-----

</Table>

Subsidiary Companies -- Solid Line  
Contractual Association -- Double Line  
Limited Liability Company -- Dotted Line

October 1, 2002

NATIONWIDE (R)

<Table>

<S>	<C>	<C>	<C>
NATIONWIDE MUTUAL INSURANCE COMPANY (CASUALTY)	NATIONWIDE MUTUAL FIRE INSURANCE COMPANY (FIRE)		

NATIONWIDE CORPORATION (NW CORP)		
Common Stock:	Control:	
13,642,432	100%	
	Shares	Cost
Casualty	12,992,922	\$1,344,787,854
Fire	649,510	118,038,022

GARTMORE GLOBAL ASSET MANAGEMENT TRUST (GGAMT)
Corp.-100%

<table border="1"> <tr> <td>AUDENSTAR LIMITED (AL)</td> </tr> <tr> <td>GGAMT - 100%</td> </tr> </table>	AUDENSTAR LIMITED (AL)	GGAMT - 100%	<table border="1"> <tr> <td>NATIONWIDE ASSET MANAGEMENT HOLDINGS, LTD. (NAMHL)</td> </tr> <tr> <td>GGAMT - 100%</td> </tr> </table>	NATIONWIDE ASSET MANAGEMENT HOLDINGS, LTD. (NAMHL)	GGAMT - 100%	<table border="1"> <tr> <td>GARTMORE INVESTMENT SERVICES LTD. (GISL)</td> </tr> <tr> <td>GIM - 80%</td> </tr> <tr> <td>GNL - 20%</td> </tr> </table>	GARTMORE INVESTMENT SERVICES LTD. (GISL)	GIM - 80%	GNL - 20%	<table border="1"> <tr> <td>GARTMORE FUND MANAGERS LTD. (GFM)</td> </tr> <tr> <td>GIM - 99.99%</td> </tr> <tr> <td>GNL - .01%</td> </tr> </table>	GARTMORE FUND MANAGERS LTD. (GFM)	GIM - 99.99%	GNL - .01%
AUDENSTAR LIMITED (AL)													
GGAMT - 100%													
NATIONWIDE ASSET MANAGEMENT HOLDINGS, LTD. (NAMHL)													
GGAMT - 100%													
GARTMORE INVESTMENT SERVICES LTD. (GISL)													
GIM - 80%													
GNL - 20%													
GARTMORE FUND MANAGERS LTD. (GFM)													
GIM - 99.99%													
GNL - .01%													
<table border="1"> <tr> <td>RIVERVIEW INTERNATIONAL GROUP, INC. (RIG)</td> </tr> <tr> <td>GGAMT - 79%</td> </tr> <tr> <td>AL - 21%</td> </tr> </table>	RIVERVIEW INTERNATIONAL GROUP, INC. (RIG)	GGAMT - 79%	AL - 21%	<table border="1"> <tr> <td>NATIONWIDE UK ASSET MANAGEMENT HOLDINGS, LTD. (NUKAMHL)</td> </tr> <tr> <td>NAMHL - 100%</td> </tr> </table>	NATIONWIDE UK ASSET MANAGEMENT HOLDINGS, LTD. (NUKAMHL)	NAMHL - 100%	<table border="1"> <tr> <td>GARTMORE INVESTMENT SERVICES GMBH</td> </tr> <tr> <td>GISL - 100%</td> </tr> </table>	GARTMORE INVESTMENT SERVICES GMBH	GISL - 100%	<table border="1"> <tr> <td>FENPLACE LIMITED</td> </tr> <tr> <td>GFM - 100%</td> </tr> </table>	FENPLACE LIMITED	GFM - 100%	
RIVERVIEW INTERNATIONAL GROUP, INC. (RIG)													
GGAMT - 79%													
AL - 21%													
NATIONWIDE UK ASSET MANAGEMENT HOLDINGS, LTD. (NUKAMHL)													
NAMHL - 100%													
GARTMORE INVESTMENT SERVICES GMBH													
GISL - 100%													
FENPLACE LIMITED													
GFM - 100%													
<table border="1"> <tr> <td>GARTMORE RIVERVIEW, LLC</td> </tr> <tr> <td>RIG - 70%</td> </tr> </table>	GARTMORE RIVERVIEW, LLC	RIG - 70%	<table border="1"> <tr> <td>NATIONWIDE UK HOLDING COMPANY, LTD. (NUKHCL)</td> </tr> <tr> <td>NUKAMHL - 96.1%</td> </tr> </table>	NATIONWIDE UK HOLDING COMPANY, LTD. (NUKHCL)	NUKAMHL - 96.1%	<table border="1"> <tr> <td>GARTMORE FUND MANAGERS INTERNATIONAL LIMITED (GFMI)</td> </tr> <tr> <td>GISL - 99.99%</td> </tr> <tr> <td>GSL - .01%</td> </tr> </table>	GARTMORE FUND MANAGERS INTERNATIONAL LIMITED (GFMI)	GISL - 99.99%	GSL - .01%	<table border="1"> <tr> <td>GARTMORE SECURITIES LTD. (GSL)</td> </tr> <tr> <td>GIM - 99.99%</td> </tr> <tr> <td>GNL - .01%</td> </tr> </table>	GARTMORE SECURITIES LTD. (GSL)	GIM - 99.99%	GNL - .01%
GARTMORE RIVERVIEW, LLC													
RIG - 70%													
NATIONWIDE UK HOLDING COMPANY, LTD. (NUKHCL)													
NUKAMHL - 96.1%													
GARTMORE FUND MANAGERS INTERNATIONAL LIMITED (GFMI)													
GISL - 99.99%													
GSL - .01%													
GARTMORE SECURITIES LTD. (GSL)													
GIM - 99.99%													
GNL - .01%													
<table border="1"> <tr> <td>GARTMORE ASSET MANAGEMENT, INC.</td> </tr> <tr> <td>GGAMT - 100%</td> </tr> </table>	GARTMORE ASSET MANAGEMENT, INC.	GGAMT - 100%	<table border="1"> <tr> <td>ASSET MANAGEMENT HOLDINGS PLC (AMH)</td> </tr> <tr> <td>NUKHCL - 100%</td> </tr> </table>	ASSET MANAGEMENT HOLDINGS PLC (AMH)	NUKHCL - 100%	<table border="1"> <tr> <td>GARTMORE SECRETARIES (JERSEY) LTD.</td> </tr> <tr> <td>GFMI - 94%</td> </tr> <tr> <td>GSL - 3%</td> </tr> <tr> <td>GIM - 3%</td> </tr> </table>	GARTMORE SECRETARIES (JERSEY) LTD.	GFMI - 94%	GSL - 3%	GIM - 3%			
GARTMORE ASSET MANAGEMENT, INC.													
GGAMT - 100%													
ASSET MANAGEMENT HOLDINGS PLC (AMH)													
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GARTMORE INVESTMENT MANAGEMENT PLC (GIM)													
AMH - 99.99%													
GNL - .01%													

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GARTMORE INVESTMENT LTD. (GIL)  GIM - 99.9% GNL - .1%	DAMIAN SECURITIES LTD.  GIM - 50% GSL - 50%	GARTMORE CAPITAL MANAGEMENT LTD. (GCM)  GIM - 99.99% GSL - .01%	GARTMORE GLOBAL INVESTMENT, INC. (GGI)  See Page 5
GARTMORE JAPAN LIMITED  GIL - 100%	GARTMORE NOMINEES LTD. (GNL)  GIM - 99.99% GSL - .01%	GARTMORE U.S. LTD. (GUS)  GCM - 100%	
GARTMORE 1990 LTD. (GENERAL PARTNER)  GIM - 50% GSL - 50%	GARTMORE PENSION TRUSTEES, LTD.  GIM - 99% GSL - 1%	GARTMORE GLOBAL PARTNERS (GENERAL PARTNER)  GUS - 50% GSL - 50%	
GARTMORE INDOSUEZ UK RECOVERY FUND (G.P.) LTD.	GIL NOMINEES LTD.  GIM - 50% GSL - 50%		
GARTMORE 1990 TRUSTEE LTD. (GENERAL PARTNER)  GIM - 50% GSL - 50%			

</Table>

Subsidiary Companies - Solid Line  
Contractual Association - Double Line  
Limited Liability Company - Dotted Line

<Table>  
<Caption>

NATIONWIDE (R)

<S>	<C>	<C>																		
NATIONWIDE MUTUAL INSURANCE COMPANY (CASUALTY)		NATIONWIDE MUTUAL FIRE INSURANCE COMPANY (FIRE)																		
<table border="1"> <thead> <tr> <th colspan="3">NATIONWIDE CORPORATION (NW CORP)</th> </tr> <tr> <th>COMMON STOCK:</th> <th colspan="2">CONTROL:</th> </tr> </thead> <tbody> <tr> <td>13,642,432</td> <td colspan="2">100%</td> </tr> <tr> <td>SHARES</td> <td colspan="2">COST</td> </tr> <tr> <td>CASUALTY 12,992,922</td> <td colspan="2">\$1,344,787,854</td> </tr> <tr> <td>FIRE 649,510</td> <td colspan="2">118,038,022</td> </tr> </tbody> </table>			NATIONWIDE CORPORATION (NW CORP)			COMMON STOCK:	CONTROL:		13,642,432	100%		SHARES	COST		CASUALTY 12,992,922	\$1,344,787,854		FIRE 649,510	118,038,022	
NATIONWIDE CORPORATION (NW CORP)																				
COMMON STOCK:	CONTROL:																			
13,642,432	100%																			
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GARTMORE GLOBAL ASSET MANAGEMENT TRUST (GGAMT)																				
Corp.-100%																				
<table border="1"> <thead> <tr> <th colspan="2">GARTMORE GLOBAL INVESTMENTS, INC. (GGI)</th> </tr> </thead> <tbody> <tr> <td colspan="2">Common Stock: 958,750 Shares</td> </tr> <tr> <td colspan="2">GGAMT-94%</td> </tr> <tr> <td colspan="2">Preferred Stock: 500,000 Shares</td> </tr> <tr> <td colspan="2">GGAMT-100%</td> </tr> </tbody> </table>			GARTMORE GLOBAL INVESTMENTS, INC. (GGI)		Common Stock: 958,750 Shares		GGAMT-94%		Preferred Stock: 500,000 Shares		GGAMT-100%									
GARTMORE GLOBAL INVESTMENTS, INC. (GGI)																				
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<table border="1"> <thead> <tr> <th colspan="2">GARTMORE S.A. CAPITAL TRUST (GSA)</th> </tr> </thead> <tbody> <tr> <td colspan="2">DELAWARE BUSINESS TRUST</td> </tr> </tbody> </table>			GARTMORE S.A. CAPITAL TRUST (GSA)		DELAWARE BUSINESS TRUST															
GARTMORE S.A. CAPITAL TRUST (GSA)																				
DELAWARE BUSINESS TRUST																				
<table border="1"> <thead> <tr> <th colspan="2">GARTMORE EMERGING MANAGERS, LLC (GEM)</th> </tr> </thead> <tbody> <tr> <td colspan="2">GSA-100%</td> </tr> </tbody> </table>			GARTMORE EMERGING MANAGERS, LLC (GEM)		GSA-100%															
GARTMORE EMERGING MANAGERS, LLC (GEM)																				
GSA-100%																				
<table border="1"> <thead> <tr> <th colspan="2">NORTHPOINTE CAPITAL LLC</th> </tr> </thead> <tbody> <tr> <td colspan="2">GEM-65%</td> </tr> </tbody> </table>			NORTHPOINTE CAPITAL LLC		GEM-65%															
NORTHPOINTE CAPITAL LLC																				
GEM-65%																				
<table border="1"> <thead> <tr> <th colspan="2">CODA CAPITAL MANAGEMENT LLC</th> </tr> </thead> <tbody> <tr> <td colspan="2">GEM-79%</td> </tr> </tbody> </table>			CODA CAPITAL MANAGEMENT LLC		GEM-79%															
CODA CAPITAL MANAGEMENT LLC																				
GEM-79%																				
<table border="1"> <thead> <tr> <th colspan="2">GARTMORE MUTUAL FUND CAPITAL TRUST</th> </tr> </thead> <tbody> <tr> <td colspan="2">DELAWARE BUSINESS TRUST</td> </tr> </tbody> </table>			GARTMORE MUTUAL FUND CAPITAL TRUST		DELAWARE BUSINESS TRUST															
GARTMORE MUTUAL FUND CAPITAL TRUST																				
DELAWARE BUSINESS TRUST																				

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GARTMORE GLOBAL ASSET MANAGEMENT, INC. (GGAMI)  GSA-100%	ADVISOR SOFTWARE, INC.  GGAMI-23%
GARTMORE INVESTORS SERVICES, INC.  Common Stock: 5 Shares  Cost GGAMI-100% \$5,000	INVESTIA HOLDINGS, LTD.  GGAMI-25%
NATIONWIDE GLOBAL FUNDS  LUXEMBOURG SICAV	GARTMORE MORLEY FINANCIAL SERVICES, INC. (MORLEY)  Common Stock: 82,343 Shares GGAMI-100%
GARTMORE DISTRIBUTION SERVICES, INC.  Common Stock: 10,000 Shares  Cost GGAMI-100% \$146,653	GARTMORE MORLEY CAPITAL MANAGEMENT, INC.  Common Stock: 500 Shares  Cost Morley-100% \$5,000
CORVIANT CORPORATION (CC)  Common Stock: 450,000 Shares Series A Preferred: 250,000 Shares  Cost GGAMI-100% \$10,000,000	GARTMORE TRUST COMPANY  Common Stock: 2,000 Shares  Cost Morley-100% \$50,000
VILLANOVA SECURITIES, LLC  CC-100%	GARTMORE MORLEY & ASSOCIATES, INC.  Common Stock: 3,500 Shares  Cost Morley-100% \$1,000
GGI MGT LLC (GGIMGT)  GGAMI-100%	NEWHOUSE SPECIAL SITUATIONS FUND I, LLC  Common Stock: 10,000 Shares GGIMGT-10% Class A Preferred: 10,000 Shares GGAMI-75%

Subsidiary Companies-  
Solid Line  
Contractual Association-  
Double Line  
Limited Liability Company-  
Dotted Line  
October 1, 2002

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NATIONWIDE (R)

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NATIONWIDE MUTUAL INSURANCE COMPANY (CASUALTY)	NATIONWIDE MUTUAL FIRE INSURANCE COMPANY (FIRE)
--	---

NATIONWIDE CORPORATION (NW CORP)		
COMMON STOCK:	CONTROL:	
13,642,432	100%	
	SHARES	COST
CASUALTY	12,992,922	\$1,344,787,854
FIRE	649,510	118,038,022

NATIONWIDE FINANCIAL SERVICES, INC. (NFS)	
Common Stock:	Control
Class A	Public - 100%
Class B	NW Corp - 100%

NATIONWIDE LIFE INSURANCE COMPANY OF AMERICA (NLICA)	
NFS - 100%	

NATIONWIDE LIFE AND ANNUITY COMPANY OF AMERICA
NLICA - 100%

NATIONWIDE LIFE INSURANCE COMPANY OF DELAWARE
NLICA - 100%

NATIONWIDE PROVIDENT HOLDING COMPANY (NPHC)
NLICA - 100%

WASHINGTON SQUARE ADMINISTRATIVE SERVICES, INC.
NPHC - 100%

FOUR P FINANCE COMPANY
NPHC - 100%

SOFTWARE DEVELOPMENT CORP.
NPHC - 100%

NATIONWIDE PROVIDENT DISTRIBUTORS, INC.
NPHC - 100%

RF ADVISERS, INC.
NPHC - 100%

DELFI REALTY CORPORATION
NPHC - 100%

PNAM, INC.
------------

INSTITUTIONAL CONCEPTS, INC.
---------------------------------

NPHC - 100%	NPHC - 100%
PROVESTCO, INC.	1717 CAPITAL MANAGEMENT COMPANY
NPHC - 100%	NPHC - 100%

</Table>

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<Table>  
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<C>	<C>
RCMD FINANCIAL SERVICES, INC. (RCMD)	1717 BROKERAGE SERVICES, INC. (BSI)
NPHC - 100%	RCMD - 100%
1717 ADVISORY SERVICES, INC.	1717 INSURANCE AGENCY OF MASSACHUSETTS, INC.
RCMD - 100%	BSI - 100%
MARKET STREET INVESTMENT MANAGEMENT COMPANY	
NPHC - 100%	
MARKET STREET FUND	
Delaware Business Trust	
1717 INSURANCE AGENCY OF TEXAS, INC.	

</Table>

Subsidiary Companies - Solid Line  
Contractual Association - Double Line  
Limited Liability Company - Dotted Line

October 1, 2002

Item 30. Indemnification

The By-Laws of Nationwide Life Insurance Company of America provide as follows:

ARTICLE IX

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER PERSONS



Section 9.01. Indemnification. The Corporation shall indemnify any present, former or future Director, officer, employee or agent of the Corporation or any person who may serve or have served at its request as a Director, officer, employee, member, fiduciary, trustee, or agent of another corporation, partnership, joint venture, trust or other enterprise or association, to the extent provided in the Corporation's Articles of Incorporation.

Section 9.02. Non-exclusivity and Supplementary Coverage. The indemnification and advancement of expenses provided for in this Article IX and the Corporation's Articles of Incorporation shall not be deemed exclusive of any other rights to which those persons seeking indemnification and advancement of expenses may be entitled under any By-Law, agreement, vote of the shareholders or disinterested Directors or otherwise, both as to action in their official capacities and as to action in another capacity while holding that office, and shall continue as to a person who has ceased to be a Director, officer or employee and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person; provided, however that indemnification pursuant to this Article IX and the Articles of Incorporation shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness. The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or ensure in any manner its indemnification obligations.

Section 9.03. Payment of Indemnification. An indemnified Director, officer or employee shall be entitled to indemnification within thirty days after a determination that such Director, officer or employee is so entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise as permitted under Section 1746 of the Pennsylvania Business Corporation Law of 1988, as amended, or any successor provision.

Section 9.04. Payment of Expenses. Expenses incurred by a Director, officer or employee in defending any such action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that said Director, officer or employee is not entitled to be indemnified by the Corporation. Advancement of expenses shall be authorized by the Board of Directors.

Section 9.05. Proceedings Initiated by a Director, Officer and Other Persons. Notwithstanding the provisions of Sections 9.01 and 9.02, the Corporation shall not indemnify a Director, officer or employee for any liability incurred in an action, suit or proceeding initiated (which shall not be deemed to include counterclaims or affirmative defenses) or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the action, suit or proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of Directors in office.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any such action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the

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matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Item 31. Principal Underwriter

(a) Other Activity. 1717 Capital Management Company ("1717") is the principal underwriter of the Policies as defined in the Investment Company Act of 1940, as amended. 1717 is also principal underwriter for Market Street Fund, for Nationwide Provident VLI Separate Account A, Nationwide Provident VA Separate Account 1, and Nationwide Provident VA Separate Account A.

(b) Management. The following information is furnished with respect to the officers and directors of 1717:

<Table>  
<Caption>

NAME AND PRINCIPAL BUSINESS ADDRESS*	POSITIONS AND OFFICES WITH 1717	POSITIONS AND OFFICES WITH DEPOSITOR
<S>	<C>	<C>
Peter D. Cuzzo.....	Director and Senior Vice President	Senior Vice President
Lance A. Reihl.....	Director, President, and Chief Operating Officer	N/A
Gary D. McMahan.....	Director	Director, President and Chief Operating Officer
James D. Benson.....	Senior Vice President	Senior Vice President and Assistant Treasurer
Scott V. Carney.....	Senior Vice President	Senior Vice President and Actuary
William E. Mabe***.....	Senior Vice President	Senior Vice President-Operations
Denise Sortino***.....	Senior Vice President	Senior Vice President
Thomas E. Barnes**.....	Vice President and Secretary	Vice President and Assistant Secretary
Todd Miller.....	Treasurer	N/A
Kathleen Walsh***.....	Vice President	Vice President

\* Principal business address is c/o Nationwide Life Insurance Company of America, 1000 Chesterbrook Boulevard, Berwyn, PA 19312-1181, unless otherwise noted.

\*\* The address is One Nationwide Plaza, Columbus, Ohio 43215.

\*\*\* The address is 300 Continental Drive, Newark, Delaware 19713.

(c) Compensation From the Registrant. The following commissions and other compensation were received by each principal underwriter, directly or indirectly, from the Registrant during the Registrant's last fiscal year:

(1) NAME OF PRINCIPAL UNDERWRITER	(2) NET UNDERWRITING DISCOUNTS AND COMMISSIONS	(3) COMPENSATION ON REDEMPTION	(4) BROKERAGE COMMISSIONS	(5) COMPENSATION
<S>	<C>	<C>	<C>	<C>
1717	N/A	None	N/A	N/A

Item 32. Location of Accounts and Records

All accounts and records required to be maintained by Section 31(a) of the Investment Company Act of 1940, as amended, and the rules thereunder are maintained by Nationwide Life Insurance Company of America at 300 Continental Drive, Newark, DE 19713 or at 1000 Chesterbrook Boulevard, Berwyn, PA 19312-1181.

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Item 33. Management Services

All management contracts are discussed in Part A or Part B.

Item 34. Fee Representation

Nationwide Life Insurance Company of America hereby represents that the fees and charges deducted under the Policy, in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by Nationwide Life Insurance Company of America.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, Nationwide Provident VLI Separate Account 1 and Nationwide Life Insurance Company of America have duly caused this pre-effective amendment number 2 to the registration statement to be signed on their behalf by the undersigned, thereunto duly authorized, in the City of Berwyn and Commonwealth of Pennsylvania, on the 4th day of February, 2003.

NATIONWIDE PROVIDENT VLI SEPARATE ACCOUNT 1 (REGISTRANT)

By: NATIONWIDE LIFE INSURANCE

<Table>  
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Attest: /s/ KATHERINE DEPERI

By: /s/ GARY D. MCMAHAN

-----  
Katherine DePeri

-----  
Gary D. McMahan  
Director, President, and Chief Operating  
Officer

</Table>

NATIONWIDE LIFE INSURANCE  
COMPANY OF AMERICA (DEPOSITOR)

<Table>  
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<C>

Attest: /s/ KATHERINE DEPERI

By: /s/ GARY D. MCMAHAN

-----  
Katherine DePeri

-----  
Gary D. McMahan  
Director, President, and Chief Operating  
Officer

</Table>

Pursuant to the requirements of the Securities Act of 1933, this pre-effective amendment number 2 to the registration statement has been signed below by the following persons in the capacities indicated on February 4, 2003.

<Table>  
<Caption>

SIGNATURES

TITLE

<C>

-----  
/s/ GARY D. MCMAHAN

<S>

-----  
Director, President, and Chief Operating Officer  
(Principal Executive Officer)

-----  
Gary D. McMahan

-----  
/s/ JAMES D. BENSON

-----  
Senior Vice President and Assistant Treasurer  
(Principal Financial Officer/Principal Accounting  
Officer)

-----  
James D. Benson

-----  
\*

-----  
Director, Chairperson of the Board, and Chief  
Executive Officer

-----  
W.G. Jurgensen

-----  
\*

-----  
Director and Vice Chairperson of the Board

-----  
Joseph J. Gasper

-----  
\*

-----  
Director

-----  
Richard A. Karas

-----  
\*

-----  
Director, Senior Vice President, and Assistant  
Treasurer

-----  
Mark A. Thresher

-----  
\*By: /s/ KATHERINE DEPERI

-----  
Katherine DePeri  
Attorney-In-Fact  
Pursuant to Power of Attorney

</Table>

EXHIBIT INDEX

<Table>  
<Caption>  
EXHIBITS

<C>

-----  
14.(a) Consent of Sutherland Asbill & Brennan LLP  
14.(b) Consent of PricewaterhouseCoopers LLP  
14.(c) Consent of Scott V. Carney, FSA, MAAA

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</Table>

[SUTHERLAND ASBILL & BRENNAN LLP LETTERHEAD]

CONSENT OF SUTHERLAND ASBILL & BRENNAN LLP

February 7, 2003

Board of Directors  
Nationwide Life Insurance Company of America  
1000 Chesterbrook Boulevard  
Berwyn, Pennsylvania 19312

Directors:

We hereby consent to the reference to our name under the caption "Legal Matters" in the statement of additional information for certain flexible premium variable life insurance policies filed as part of pre-effective amendment number 2 to the registration statement on Form N-6 for Nationwide Provident VLI Separate Account 1 (File No. 333-98629). In giving this consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933.

Very Truly Yours,

SUTHERLAND ASBILL & BRENNAN LLP

By: /s/ Stephen E. Roth

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Stephen E. Roth

[PRICEWATERHOUSECOOPERS LLP LETTERHEAD]

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion, in this Pre-Effective Amendment No. 2 to the Registration Statement under the Securities Act of 1933, as amended, filed on Form N-6 (File No. 333-98629) for the Provident Mutual Variable Life Separate Account, of the following reports:

1. Our report dated January 18, 2002 on our audits of the financial statements of Provident Mutual Life Insurance Company and Subsidiaries as of December 31, 2001 and 2000 and for each of the three years in the period ended December 31, 2001.
2. Our report dated January 18, 2002 on our audits of the financial statements of the Provident Mutual Variable Life Separate Account (comprising twenty-eight subaccounts) as of December 31, 2001 and for each of the three years in the period ended December 31, 2001.

We also consent to the reference to our Firm under the caption "Experts" and "Financial Statements".

/s/ PRICEWATERHOUSECOOPERS LLP

Philadelphia, Pennsylvania

February 10, 2003

[NATIONWIDE LIFE INSURANCE COMPANY OF AMERICA LETTERHEAD]

CONSENT OF SCOTT V. CARNEY, FSA, MAAA

February 7, 2003

Nationwide Life Insurance Company of America  
1000 Chesterbrook Boulevard  
Berwyn, PA 19312

Directors:

I hereby consent to the reference to my name under the caption "Experts" in the statement of additional information included in Pre-Effective Amendment No. 2 to the Registration Statement on Form N-6 for certain flexible premium variable life insurance policies issued through the Nationwide Provident VLI Separate Account 1 (File No. 333-98629).

Sincerely,

/s/ Scott V. Carney

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Scott V. Carney, FSA, MAAA  
Actuary