

Variable Annuity Disclosure Statement

America's Vision AnnuitySM

The BEST of AMERICA[®] variable annuities are underwritten by Nationwide Life Insurance Company and/or Nationwide Life and Annuity Company, Columbus, OH. The general distributor is Nationwide Investment Services Corporation, Member NASD. In Michigan only, Nationwide Investment Svcs. Corporation.

Before investing, understand that annuities and/or life insurance products are not insured by the FDIC, NCUSIF, or any other federal government agency and are not deposits or obligations of, guaranteed by, or insured by the depository institution where offered or any of its affiliates. Annuities and/or life insurance products that involve investment risk may lose value.

All individuals selling these products must be licensed insurance agents and registered representatives.

Annuities have limitations.

This brochure is authorized for client use only when preceded or accompanied by The BEST of AMERICA[®] America's Vision AnnuitySM variable annuity prospectus, which describes the investment selections, risk factors, fees and surrender charges that may apply. Prospectuses can be obtained from your investment professional or by writing to Nationwide Life Insurance Company, P.O. Box 182021, One Nationwide Plaza, Columbus, Ohio, 43218-2021. Read it carefully before you invest.

Variable annuities are sold by prospectus, which describes risk factors, fees and surrender charges that may apply.

Variable annuities are long-term investment vehicles designed for retirement purposes. Withdrawals of taxable amounts will be subject to income tax and if taken prior to age 59 1/2, a 10% IRS penalty may apply.

America's Vision AnnuitySM is underwritten by Nationwide Life Insurance Company, Columbus, Ohio, a member of Nationwide Financial. The general distributor for America's Vision AnnuitySM is Nationwide Investment Services Corporation, member NASD (in MI only: Nationwide Investment Svcs. Corporation). Nationwide Life Insurance Company is a subsidiary of Nationwide Financial Services Corporation, a publicly traded holding company.

The underlying funds discussed in this brochure are only available as investment options in variable annuity and variable life insurance products issued by life insurance companies. They are not offered or made available directly to the general public. These portfolios contain different investments than similarly named mutual funds offered by the money manager. Investment results may result in higher or lower returns.

All guarantees and protections are subject to the claims-paying ability of Nationwide Life Insurance Company. Guarantees and protections do not apply to the investment performance of any variable accounts, which are subject to market risk.

Federal income tax laws are complex and subject to change. The information in this kit is based on current interpretations of the law and is not guaranteed. Neither the company nor its agents/representatives give legal or tax advice. Please consult your tax or legal advisor for answers to your specific questions.

Views expressed in Portfolio Commentaries are those of the funds portfolio managers and investment management companies. Fund holdings and investment strategies are subject to change. Investment in some funds may involve certain risks and may not be appropriate for all investors.

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IMSA membership promotes ethical market conduct for individual life insurance and annuities.

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Contracts/Certificates: (see below for product-specific contract numbers)

America's Vision AnnuitySM - APO-1293-36, APO-1293-54, APO-1293

Morningstar Style Box

The style box reveals a fund's investment strategy. For equity funds, the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend or growth). For fixed-income funds, the vertical axis shows the average credit quality of the bonds owned, and the horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate or long).

Morningstar Rating™

The Morningstar rating reflects historical risk-adjusted performance as of a specific date. The Rating represents the subaccount's overall rating and is a weighted average of the subaccount's 3-, 5- and 10-year Morningstar rating as applicable. Morningstar computes a risk-adjusted score by subtracting the subaccount's risk score (which is the amount by which the subaccount's monthly return trails the return of the 3-month Treasury bill) from the subaccount's load-adjusted return score. This numerical score is then translated into rating categories. Subaccounts scoring in the top 10% of their respective Morningstar categories are labeled five star; the next 22.5% are four star; the next 35% are three star; the next 22.5% are two star; and the bottom 10% are one star. A higher rating reflects either above-average returns or below-average risk, or both.

Morningstar Sectors

As another tool for evaluating risk, Morningstar tracks the holdings of funds based on a standard set of sector categories. This chart lists the percentage of assets in key sectors as of a stated date.

Quarterly Performance

The performance data provided represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original investment. Fund portfolio statistics are current as of the last date of the period reported and are subject to change.

Morningstar proprietary calculations, including the Morningstar Rating™, may be based on adjusted historical returns. If a subaccount was incepted less than three years ago, Morningstar may use the performance of the underlying portfolio for the prior periods, making adjustments to those returns for the difference in fee structure. The adjusted performance is then compared to the Morningstar rated subaccount universe breakpoints to determine its hypothetical rating.

Please note that standardized returns are calculated from the subaccount inception only for the following periods: 1 Yr, 5 Yr, 10 Yr and Since Inception. Non-standardized returns are calculated from the inception of the underlying fund and may contain adjusted historical returns.

Non-standardized gross returns reflect the investment experience as though the subaccount had been in existence since the inception date of the underlying fund. The total return assumes rein-

vestment of dividends and capital gains and is adjusted to reflect subaccount-level expenses, including M&E risk charges and administrative fees, and actual ongoing fund-level expenses such as management fees, but is not adjusted to reflect sales charges, policy-level charges or the effects of taxation. If adjusted, performance quoted would be reduced. Taxable distributions at any age are subject to ordinary income tax and, if taken prior to age 59 1/2, a 10% tax penalty may apply.

Non-standardized net returns reflect the investment experience as though the subaccount had been in existence since the inception date of the underlying fund. The total return assumes reinvestment of dividends and capital gains and is adjusted to reflect subaccount-level expenses, including M&E risk charges and administrative fees, actual ongoing fund-level expenses such as management fees and contingent deferred sales charges. Taxable distributions at any age are subject to ordinary income tax and, if taken prior to age 59 1/2, a 10% tax penalty may apply.

Standardized Return assumes reinvestment of dividends and capital gains. It is also adjusted to reflect subaccount-level expenses, including M&E risk charges and administration fees, actual ongoing fund-level expenses such as management fees, and policy-level charges such as surrender, contract and sales charges. The standardized return is calculated in accordance with the rules outlined in SEC Rule 482, Forms N-3 and N-4, and reflects the investment experience from the inception date of the subaccount.

For purposes of this guide, mortality and expense (M&E) risk charges are assumed to be 1.40%, and contingent deferred sales charges are 7% for the first year, declining annually thereafter as follows: 6%, 5%, 4%, 3%, 2%, 1%, 0%. These charges reflect The BEST of AMERICA® America's Vision AnnuitySM product. Nationwide offers other variable annuity contracts with different charge structures. Please refer to the prospectus for specific information.

Morningstar Subaccount Percentile Rank

This is the fund's total return percentile rank relative to funds that have the same Morningstar Category in Morningstar's Mutual Fund universe. The highest (or most favorable) percentile rank is 1 and the lowest or least favorable percentile rank is 100. The top-performing fund in a category will always receive a rank of 1.

Morningstar Return

A statistic that compares a subaccount's excess return over the risk-free rate (as measured by the return on Treasury bills), with the average excess return for the Morningstar Category. With the return on Treasury bills set as the benchmark, the bottom 10% of funds in each Morningstar Category earns a Low Category Return, the next 22.5% Below Average, the middle 35% Average, the next 22.5% Above Average, and the top 10% High. If the average excess return of the Category is below the return of the Treasury bill, the return of the Treasury bill alone is used as the benchmark. Category returns do not include loads and are calculated only for a three-year period.

Morningstar Risk

A statistic that evaluates a subaccount's downside volatility relative to the other subaccounts in its Morningstar Category. To calculate Category Risk score, Morningstar concentrates on those months during which the subaccount underperformed the 90-day Treasury bill return. The amounts by which the subaccount fell short of the Treasury bill's return are added together and the result is divided by the total number of months in the rating period.

The subaccount's average monthly underperformance is then compared with the average monthly underperformance for the subaccount's Morningstar category. The resulting risk rating expresses how risky the subaccount is related to the average fund in the Morningstar category. The 10% of subaccounts with the least risk in each Morningstar category earns a Low Category Risk, the next 22.5% Below Average, the middle 35% Average, the next 22.5% Above Average, and the top 10% High. Category Risk is calculated only for a three-year period.

Index Performance

Market indices have been provided for comparison purposes only; they are unmanaged and no fees or expenses have been reflected. The benchmark index shown for each fund is intended to represent the index that most closely reflects the composition of the fund. Individuals cannot invest directly in an index.

Morningstar Portfolio Information and Portfolio Statistics

Expense ratio represents the percentage of fund assets paid for by operating expenses and management fees, including 12b-1 fees, administrative fees and all other asset-based costs incurred by the fund, except brokerage costs.

Annual turnover ratio is a measure of the trading activity in a fund's investment portfolio; in essence, how often securities are bought and sold by a fund. A turnover ratio of 100% means that on average, all of a fund's portfolio holdings are bought and sold once a year.

Portfolio Characteristics

Price/Earnings Ratio: The price of a share of stock divided by earnings per share.

Price/Book Ratio: The price of a share of stock divided by book value per share.

Four-year Earnings Growth Percentage: A measure of the trailing annualized earnings growth record of the stocks in the portfolio.

Three-year Standard Deviation: A statistical measure of the volatility of the fund's returns.

Average Effective Maturity: A weighted average of all the maturities of the bonds in the portfolio, computed by weighting each maturity date by the market value of the security.

Average Effective Duration: A measure of the fund's interest rate sensitivity. The longer a fund's duration, the more sensitive the fund is to shifts in interest rates.

Average Credit Quality: An average of each bond's credit rating, adjusted for its relative weighting in the portfolio.

Standard Deviation: A statistical measure of the volatility of the fund's returns.

Median Market Capitalization (Med Mkt Cap): Provides a measure of the size of the companies in which the fund invests.

Beta: A measure of the fund's sensitivity to market movements. A portfolio with a beta greater than one is more volatile than the market, and a portfolio with a beta less than one is less volatile than the market.

Sharpe Ratio: Uses standard deviation and excess return to determine reward per unit of risk.

Investment Risk

Government Bond Funds: While these funds invest primarily in securities of the U.S. Government and its agencies, the fund's value is not guaranteed by these entities.

High-yield Bond Funds: Portfolios that invest in high-yield securities are subject to greater credit risk and price fluctuations than portfolios that invest in higher quality securities.

International/Emerging Markets Funds: Investing internationally involves risks not associated with investing solely in the U.S., such as currency fluctuation, political risk, differences in accounting and the limited availability of information.

Money Market Funds: An investment in a money market fund is not insured or guaranteed by the FDIC or any other federal government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

Non-Diversified Funds: Funds that concentrate in a specific sector or focus on a relatively small number of securities may be subject to greater volatility than a more diversified investment.

Real Estate Funds: Investing in real estate funds entails the risks of the real estate business generally, including sensitivity to economic and business cycles, changing demographic patterns and government actions.

Small Company Funds: Stocks of small or small emerging companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market.

Broad Asset Class Definitions

Ibbotson

Bonds: IOU's issued by governments or corporations.

Cash: Short-term IOU's issued by governments, corporations or financial institutions.

International Stocks: Shares of ownership in corporations headquartered outside the U.S.

Large-cap Stocks: Shares of ownership in large corporations.

Mid-cap Stocks: Shares of ownership in mid-sized corporations.

Small-cap Stocks: Shares of ownership in small corporations.

Nationwide

Asset Allocation: Asset allocation is the apportioning of investment funds among categories of assets such as Domestic Equity, International Equity, Fixed Income, and Cash Equivalent.

Balanced: A combination of stocks, bonds and cash.

Specialty: Securities from narrow sub-sectors of the broader market or uncommon asset classes.

Focus Asset Class Definitions

Ibbotson

Cash: Short-term IOUs issued by governments, corporations or financial institutions.

Developed Market Stocks: Shares of ownership in corporations headquartered outside the U.S. in well-developed countries.

Emerging Market Stocks: Shares of ownership in corporations headquartered outside the U.S. in developing countries.

High-yield Bonds: Higher risk IOU's issued by corporations.

Investment-grade Bonds: Lower risk IOU's issued by governments or corporations.

Large-Cap Growth Stocks: Shares of ownership in large corporations with the potential for high long-term growth.

Large-Cap Value Stocks: Shares of ownership in large corporations whose shares might be considered a bargain because they're undervalued.

Mid-Cap Growth Stocks: Shares of ownership in mid-sized corporations with the potential for high long-term growth.

Mid-Cap Value Stocks: Shares of ownership in mid-sized corporations whose shares might be considered a bargain because they're undervalued.

Small-Cap Stocks: Shares of ownership in small corporations.

Nationwide

Asset Allocation: Asset allocation is the apportioning of investment funds among categories of assets such as Domestic Equity, International Equity, Fixed Income, and Cash Equivalent.

Balanced: A combination of stocks, bonds and cash.

Real Estate Stocks: Shares of ownership in corporations that invest only in real estate.

Specialty: Securities from narrow sub-sectors of the broader market or uncommon asset classes.

Index Definitions

Barra Large Growth: Market capitalization-weighted index of the stocks in the Standard & Poor's 500 Index having the lowest book-to-price ratios. The index consists of approximately half of the S&P 500 on a market capitalization basis.

Barra Large Value: Market capitalization-weighted index of the stocks in the Standard & Poor's 500 Index having the highest book-to-price ratios. The index consists of approximately half of the S&P 500 on a market capitalization basis.

Barra Mid-Cap Growth: Market capitalization-weighted index of the stocks in the Standard & Poor's Mid-Cap 400 Index having the lowest book-to-price ratios. The index consists of approximately half of the S&P 400 on a market capitalization basis.

Barra Mid-Cap Value: Market capitalization-weighted index of the stocks in the Standard & Poor's Mid-Cap 400 Index having the highest book-to-price ratios. The index consists of approximately half of the S&P 400 on a market capitalization basis.

Citigroup Government/Corporate Index 10+ Year: This index includes all Government sponsored (U.S. agency and supranational securities) and Corporate bonds listed in the Citigroup U.S. Broad Investment-Grade (USBIG) Bond Index which have maturities of 10 years or longer. This index is designed to track the performance of bonds issued in the U.S. investment-grade bond market, and maintain a high standard of pricing reliability. The returns we publish for this index are net of dividends.

Citigroup 1 Year Treasury Benchmark Index: This index includes Treasury Bonds (all public obligations of the U.S. Treasury excluding flower bonds and foreign-targeted issues), with approximately one year to maturity to use as one-year benchmark. In most cases, this is an old two-year security.

Citigroup 3 Month Treasury Bill Index: This index measures monthly return equivalents of yield averages that are not marked to market. It is an average of the last three three-month Treasury bill issues. Returns for this index are calculated on a monthly basis only.

Citigroup Government/Corporate Index: This index includes all Government sponsored (U.S. agency and supranational securities) and Corporate bonds listed in the Citigroup U.S. Broad Investment-Grade (USBIG) Bond Index. This index is designed to track performance of bonds issued in the U.S. investment-grade bond market, and maintain a high standard of pricing reliability. The returns we publish for this index are net of dividends.

Citigroup Corporate Index: This index includes bonds issued by industrial companies, utilities, and financial service companies, including those that carry back guarantees. In addition, special purpose debt-issuing subsidiaries of such corporations are included, as are subsidiaries whose primary purpose is to provide financing to customers for the purchase and/or lease of the parent companies' products.

Citigroup Government/Corporate Index 1-3 Year: This index includes all Government sponsored (U.S. agency and supranational securities) and Corporate bonds listed in the Citigroup U.S. Broad Investment-Grade (USBIG) Bond Index which have maturities between 1 to 3 years. This index is designed to track performance of bonds issued in the U.S. investment-grade bond market, and maintain a high standard of pricing reliability. The returns we publish for this index are net of dividends.

Citigroup Treasury/Government Sponsored Index: This index includes all Government sponsored (U.S. agency and supranational securities) and Treasury bonds listed in the Citigroup U.S. Broad Investment-Grade (USBIG) Bond Index. This index is designed to track performance of bonds issued in the U.S. investment-grade bond market, and maintain a high standard of pricing reliability. The returns we publish for this index are net of dividends.

Citigroup Treasury/Government Sponsored Index 1-3 Year: This index includes all Government sponsored (U.S. agency and supranational securities) and Treasury bonds listed in the Citigroup U.S. Broad Investment-Grade (USBIG) Bond Index which have maturities between 1 to 3 years. This index is designed to track performance of bonds issued in the U.S. investment-grade bond market, and maintain a high standard of pricing reliability. The returns we publish for this index are net of dividends.

Citigroup Treasury/Government Index Sponsored 10 Year Plus: This index includes all Government sponsored (U.S. agency and supranational securities) and Treasury bonds listed in the Citigroup U.S. Broad Investment-Grade (USBIG) Bond Index which have maturities of 10 years or longer. This index is designed to track performance of bonds issued in the U.S. investment-grade bond market, and maintain a high standard of pricing reliability. The returns we publish for this index are net of dividends.

Citigroup ESBI - Capped Brady Index: Global Emerging Market Sovereign Bond Index (ESBI) includes Brady bonds, globals, Yankees, and Eurodollar sovereign debt, and excludes defaulted bonds.

Lehman Brothers Aggregate Bond Index: Composed of the Lehman Brothers Government/Credit Index, the Mortgage-backed Securities Index, and the Asset-backed Securities Index. The returns we publish for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Intermediate Treasury: This index includes treasury bonds with maturates of at least one year and up to 10 years with an outstanding par value of at least 100 million. They include fixed-rate debt issues, rated investment-grade or higher by Moody's Investor Services, Standard & Poor's Corporation, or Fitch Investor's Service (in that order). Treasuries include all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues. The returns we publish for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Long-term Treasury: Includes all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues with maturates of 10 years or more. The returns we publish for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Credit: Listed for corporate bond-general and high-quality funds. This index tracks the returns of all publicly issued, fixed-rate, nonconvertible, dollar-denominated, SEC-registered, investment-grade corporate debt. The returns we publish for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Government/Credit: Represents a combination of the Government and Corporate Bond Indices. The returns we publish for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Intermediate Credit: Serves as a measure of all publicly issued, nonconvertible, investment-grade corporate debts that have a maturity of one to three years. The returns we publish for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Long Credit: Serves as a measure of all publicly issued, nonconvertible, investment-grade corporate debts that have a maturity of 10 years or more. The returns we publish for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Government Bond Index: Listed for government bond general and treasury funds. Because it tracks the returns of U.S. Treasuries, agency bonds, and one- to three-year U.S. government obligations, this index is effective for tracking portfolios holding non-mortgage government securities. The returns we publish for the index are total returns, which include reinvestment of dividends.

Lehman Brothers 1-3 year Government Bond: Comprised of both the Treasury Bond Index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues) and the Agency Bond Index (all publicly issued debt of U.S. government agencies and quasi-federal corporations and corporate-debt guaranteed by the U.S. government). These bonds also must have maturities of one to three years. The returns we publish for the index are total returns, which include reinvestment of dividends.

MSCI EAFE ID: A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. & Canada. This index consists of the following 21 developed-market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The ID portion of the name indicates that it is listed in U.S. dollars and that dividends are not reinvested.

MSCI World ID: A free-float-adjusted market capitalization index that is designed to measure global developed-market equity performance. This index consists of the following 23 developed-market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The ID portion of the name indicates that it is listed in U.S. dollars and that dividends are not reinvested.

MSCI Europe ID: Measures the performance of the stock market in the following countries: Czech Republic, Hungary, Poland, Russia and Turkey. The ID portion of the name indicates that it is listed in U.S. dollars and that dividends are not reinvested.

MSCI EMF ID: A capitalization-weighted index of stocks from 26 emerging markets that only includes issues that may be traded by foreign investors. The reported returns reflect equities priced in U.S. dollars and do not include the effects of reinvested dividends. The index consists of equities from emerging markets in Argentina, Brazil, Chile, China, Columbia, the Czech Republic, Greece, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Portugal, Poland, South Africa, Sri Lanka, Taiwan Free, Turkey, Thailand and Venezuela.

MSCI Em Latin America: Formerly known as MS EMG Latin America ID, this index measures the performance of the stock market in Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela. The ID portion of the name indicates that it is listed in U.S. dollars, without net dividends reinvested.

MSCI Pacific Free ID: This index is a free-float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region. The index measures the performance of the stock market in the following countries: Australia, Hong Kong, Japan, New Zealand and Singapore. The ID portion of the name indicates that it is listed in U.S. dollars and that dividends are not reinvested.

Russell 2000 Growth: Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the investable U.S. equity market.

Russell 2000: Consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization. The returns we publish for the index are total returns, which include reinvestment of dividends.

Russell 2000 Value: Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the investable U.S. equity market.

S&P 400 Index: Includes approximately 10% of the capitalization of U.S. equity securities. These are comprised of stocks in the middle capitalization range. At the original time of screening, this was a \$200 million to \$5 billion market value range. Any mid-cap stocks already included in the S&P 500 are excluded from this index, which started on December 31, 1990. The level of the index reflects the total market value of all 400 component stocks relative to this date. A level of 135, for example, indicates that the market value of the index portfolio has risen 35% from December 31, 1990. The S&P 400 figure is presented as a total return.

S&P 500 Index: A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility and transportation companies. Since mid-1989, this composition has been more flexible and the number of issues in each sector has varied. The returns presented in Principia Pro for the S&P 500 are total returns, including the reinvestment of dividends each month.

S&P 600: This small-cap index consists of 600 domestic stocks chosen for market size, liquidity and industry group representation. It is a market-weighted index (stock price x shares outstanding), with each stock affecting the index in proportion to its market value. The S&P 600 figure is presented as a total return.

The Investment Profile Page User's Guide

This guide will help you use the Morningstar Investment Profile to your advantage. For more information about each investment, we recommend you read the prospectus before investing.



XYZ Fund

as of 12/31/02

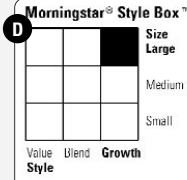
Morningstar Return
Average

Morningstar Risk
Below Average

Overall Morningstar Rating™
★★★★
Out of 1,669 Domestic Equity VA subaccounts

Category: Large Growth
Large-cap growth funds invest in big companies that are projected to grow faster than the overall stock market. Most of these funds focus on either companies in rapidly expanding industries, such as technology and health care, or multinational companies with a high percentage of sales coming from foreign markets.

Broad asset class: Large Cap Stocks
Shares of ownership in large corporations.

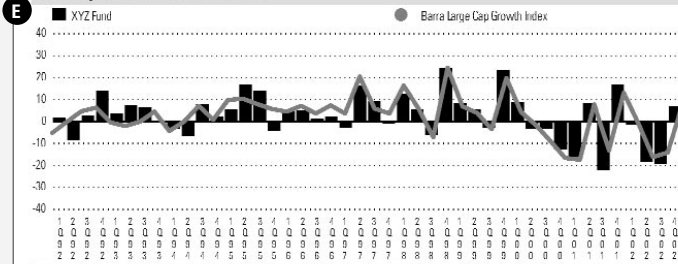


What is this investment's strategy?

This subaccount is funded by the XY7 Portfolio, which seeks to achieve capital appreciation. The fund normally invests in common stocks believed to have above-average growth potential. It may invest in securities of foreign issuers in addition to securities of domestic issuers. The fund may lend to broker-dealers or other institutions to earn additional income for the fund. This information is from the fund's prospectus.

Focused Category: Large Cap Growth Stocks
Shares of ownership in large corporations with the potential for high long-term growth expectations.

Quarterly Performance as of 12-31-02



The Quarterly Performance chart is provided to show the comparison of the subaccount performance to that of an index benchmark. The index benchmark is intended to represent the index that most closely reflects the composition of the subaccount and is selected by Nationwide. Market indices are unmanaged and no fees or expenses have been reflected. Individuals cannot invest directly in an index. Chart performance is at the subaccount level and therefore includes insurance and fund level fees, as applicable.

Total Returns as of 12/31/02

	YTD	Average annual, if greater than 1 year				Since Inception
		1 Year	3 Year	5 Year	10 Year	
Non-Standardized Gross %	-20.18	-20.18	-22.65	-3.55	7.18	—
Non-Standardized Net %	-30.86	-30.86	-20.62	-1.15	7.57	9.53
Standardized Return %		-37.25	-27.75	-6.88	2.70	—
Barra Large Cap Growth %	-23.59	-23.59	-19.60	-1.08	8.79	—
Subaccount Rank Percentile	62 ¹	62 ²	31 ³	37 ⁴	51 ⁵	—

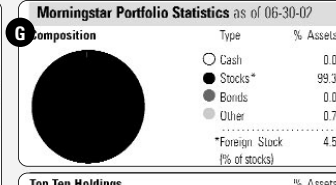
Morningstar Rating™: ****

1) out of 1,280 Large Growth VA subaccounts; 2) out of 1,280 Large Growth VA subaccounts; 3) out of 675 Large Growth VA subaccounts; 4) out of 700 Large Growth VA subaccounts; 5) out of 280 Large Growth VA subaccounts; 6) out of 1,669 Domestic Equity VA subaccounts; 7) out of 3,280 Domestic Equity VA subaccounts; 8) out of 1,310 Domestic Equity VA subaccounts.

Portfolio Information

Fund Inception Date: 10-09-86
 Subaccount Inception Date: 12/31/91
 Expense Ratio: 0.65% of fund assets
 Subaccount Total Assets (\$mil): 95.7
 Advisor: XYZ Management & Research
 Subadvisor: XYZ Company
 Portfolio Manager(s): Jennifer S. Smith, BA, Harvard U., 1983; MPA, Dartmouth C., 1987. Since 01-88.

Notes
 This material is authorized for client use only when preceded or accompanied by a Disclosure Statement, a current plan performance summary, and fund prospectus(es) and/or informational brochures containing more complete information. These can be obtained from your registered representative and should be read carefully before investing or sending money.
 NOT A DEPOSIT. NOT FDIC INSURED. NOT INSURED BY ANY FED. GOVERNMENT AGENCY. NOT GUARANTEED BY THE INSURANCE COMPANY. MAY GO DOWN IN VALUE.
 1) The Broad or Focused Asset Class categories listed corresponds to the diversification approaches shown on the performance summary and were identified by Nationwide in conjunction with Ibbotson Associates. Diversification does not assure a profit or guarantee against loss in a declining market.



Top Ten Holdings

	% Assets
Microsoft	6.21
Pfizer	5.25
Wal-Mart Stores	3.09
Intel	2.79
American Intl Grp	2.52
Coca Cola	2.46
General Elec	2.25
Merck	2.09
Johnson & Johnson	1.91
Wyeth	1.81

Total Number of Stock Holdings: 195
 Total Number of Bond Holdings: 0
 Annual Turnover Ratio: 105

Morningstar® Sectors

	% Assets	S&P500
Information Economy	31	22
Software	10	5
Hardware	18	9
Media	3	4
Telecommunications	1	4
Service Economy	48	48
Healthcare	21	15
Consumer Services	10	9
Business Services	6	1
Financial Services	10	20
Manufacturing Economy	21	30
Consumer Goods	9	10
Industrial Materials	8	11
Energy	3	6
Utilities	0	3

Portfolio Characteristics as of 06/30/02

	Portfolio Average
Price/Earnings Ratio	78.7
Price/Book Ratio	4.8
3 Yr Earnings CAGR	8.43
3 Yr Standard Deviation	6.72
Mkt Mkt Cap Sml	39,415.1
Beta	1.15
Sharpe Ratio	-1.46

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A Morningstar Rating™ See “How to Use the Morningstar Rating.”

B Category Morningstar assigns each investment option a category, based on the stocks and bonds that have found their way into the portfolio over the past three years. Here, we describe that category.

C Broad or Focused Asset Class The Broad Asset Class categories listed correspond to the diversification approaches shown on the investment guides and were identified by Nationwide in conjunction with Ibbotson Associates. Diversification does not assure a profit or guarantee against loss in a declining market. (Not all investment profile pages feature the Focus Category data point.)

D Morningstar® Style Box™ See “How to Use the Morningstar Style Box.”

E Performance History The investment’s total return is shown for the preceding year, as well as the average annualized return for the past three, five, and 10 years. To provide you with a point of comparison, the return of benchmark indexes are shown for the same periods.

F Portfolio Information Find out where to write or call for more information, along with the name of the person who determines which stocks or bonds belong in the investment portfolio (the “portfolio manager”) and how long that manager has been working on the portfolio.

G Composition We break down the fund’s holdings into general investment classes. The pie chart shows how much emphasis is placed on stocks, bonds, or cash. We also show how much is held in foreign stocks. Funds that hold more than 10% cash usually carry less risk because not all of their holdings are exposed to a market.

H Top Ten Holdings The top holdings are the stocks or bonds with the most influence on a portfolio’s returns. Conservative portfolios typically devote no more than 3% to 4% of their assets to any one stock or bond. More daring portfolios may devote 7% or more to one stock. Add up the weighting of the top five holdings for another measure of risk. A conservative option generally bets 15% or less on the top five holdings, while a portfolio with more than 25% in the top five may be considered aggressive.

I Annual Turnover Ratio A proxy for how frequently a manager has traded his or her portfolio in the last year.

J Morningstar® Sectors Morningstar determines how much of each stock portfolio is held in each of Morningstar’s 12 major industrial sectors, which roll up into three broader categories. A portfolio with 25% or more of assets in any one sector is almost certainly taking on more risk than a portfolio that spreads itself more evenly among sectors.

International investments include:

Country Weightings: Since the returns of international portfolios are affected by the performance of the international markets in which they invest, our international investment profiles tell which five countries have the largest influence on a portfolio, along with the top five securities in the portfolio.

Bond investments replace the sector weighting with the following:

Credit Analysis: We reveal the quality of the bonds in a bond-heavy portfolio, from least risky to most risky, with the percentage assigned to each. If the portfolio holds a large percentage of assets in lower-quality issues, also called junk or high-yield bonds, then the fund follows a more aggressive style and is probably more concerned with yield than credit quality.

How to Use the Morningstar® Style Box™

The Morningstar Style Box is a visual tool that helps investors see past confusing fund names and descriptions to better understand the “investment style” of stocks and mutual funds.

We assign each investment into one of our nine Style Box squares by analyzing its portfolio and determining the best fit.

Things to Remember About the Morningstar Style Box

Risk increases as you move down and to the right of the Morningstar Style Box. Don't put all your eggs in one basket. The returns of investments from different parts of the Morningstar Style Box probably won't move in the same direction at the same time. By combining investments from different parts of the Morningstar Style Box, your portfolio's overall returns will likely be more stable.

What the Morningstar Style Box Does

It paints a picture of what's in an investment's portfolio. Are the companies large or small? Are the stocks cheap or expensive? Do the bonds have long or short maturities? Are they of high or low quality? The Morningstar Style Box also provides a basis for our domestic stock fund categories. Similar investments are categorized together, then rated on their ability to balance risk and reward relative to other investments in that same, fairly narrow category. ■■

Morningstar Style Box Equity					Morningstar Style Box Bond				
Risk	Investment Style			Median Market Cap.	Risk	Duration			Quality
	Value	Blend	Growth			Short	Intermediate	Long	
Low <input type="radio"/>	Large-cap Value	Large-cap Blend	Large-cap Growth	Large	Low <input type="radio"/>	Short-term High Quality	Interm-term High Quality	Long-term High Quality	High
Moderate <input type="radio"/>	Mid-cap Value	Mid-cap Blend	Mid-cap Growth	Mid	Moderate <input type="radio"/>	Short-term Medium Quality	Interm-term Medium Quality	Long-term Medium Quality	Medium
High <input checked="" type="radio"/>	Small-cap Value	Small-cap Blend	Small-cap Growth	Small	High <input checked="" type="radio"/>	Short-term Low Quality	Interm-term Low Quality	Long-term Low Quality	Low

Within the stock grid, nine possible combinations exist, ranging from large-cap value for the safest investments to small-cap growth for the riskiest.

Within the bond grid, nine possible combinations exist, ranging from short duration or maturity/high quality for the safest investments to long duration or maturity/low quality for the riskiest.

How to Use the Morningstar Rating™

The Morningstar Rating is a useful tool for identifying investments worthy of further research, but it's not the only thing to consider.

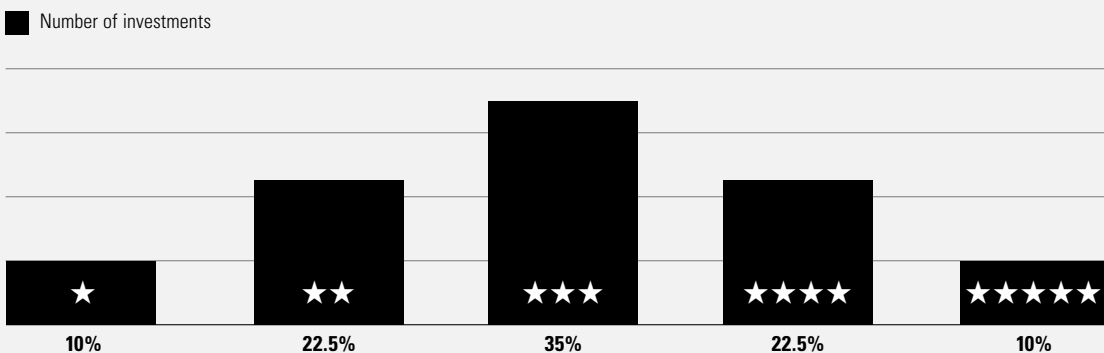
The Morningstar Rating, commonly called the "star rating," tells you how well an investment has performed relative to similar offerings after adjusting for all costs and risk. It rates investments from one to five stars, with the best performers receiving five stars and the worst performers receiving a single star.

The star rating is best used as an initial screen to identify investments worthy of further research, those that have performed well relative to their peers. It's a strictly quantitative measure—a high rating doesn't imply the approval or endorsement of a Morningstar

analyst. Keep in mind that the rating is based solely on historical performance, and a highly rated offering may no longer have the portfolio manager responsible for that performance. Or—conversely—a lower-rated or non-rated offering might now employ a manager who produced excellent results with other managed investment products.

Also, because ratings are based on performance within specific categories, it's important to note that not all five-star offerings are equal or even interchangeable. A five-star sector fund, for example, might have the best risk-adjusted return within its specific category, but it's probably far riskier than a highly rated diversified offering. Rather than choosing investments according to their ratings, investors should first decide on an overall portfolio strategy and then seek the best investments for each portion of their portfolio. The Morningstar Rating can then be used to identify possible candidates, but you should never make a buy or sell decision based solely on the rating. ■■

Morningstar Rating



The Morningstar Rating is based on risk-adjusted return, which is calculated by subtracting a risk penalty from total return, after accounting for all sales charges, loads, and redemption fees. The penalty is determined by the amount of variation in monthly returns, with an emphasis on downward variation. The greater the variation, the larger the penalty. Investments are ranked within their Morningstar Categories by their risk-adjusted return and assigned stars using the

following distribution: the top 10% receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Ratings are calculated for up to three time periods—three-, five-, and 10 years—and combined to produce an overall rating. Investments with less than three years of performance history are not rated.