

We are adding the table required in Note 1A since the Company has Net Income and Surplus.



LIFE AND ACCIDENT AND HEALTH COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012
OF THE CONDITION AND AFFAIRS OF THE

Nationwide Life Insurance Company

NAIC Group Code 0140 (Current) 0140 (Prior) NAIC Company Code 66869 Employer's ID Number 31-4156830

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile United States of America

Incorporated/Organized 03/21/1929 Commenced Business 01/10/1931

Statutory Home Office One West Nationwide Blvd., Columbus, OH, US 43215-2220

Main Administrative Office One West Nationwide Blvd., Columbus, OH, US 43215-2220

Mail Address One West Nationwide Blvd., 1-04-701 Columbus, OH, US 43215-2220

Primary Location of Books and Records One West Nationwide Blvd., 1-04-701 Columbus, OH, US 43215-2220

Internet Website Address www.nationwide.com

Statutory Statement Contact Ronald S. Porter, statacct@nationwide.com, 614-249-1545

OFFICERS

President & COO Kirt Alan Walker, Sr VP & Treasurer David Patrick LaPaul, VP - Corp Governance & Secretary Robert William Horner III, VP - NF Chief Actuary Steven Andrew Ginnan

OTHER

List of other officers including Anne Louise Arvia, James David Benson, Wesley Kim Austen, David Alan Bano, etc.

DIRECTORS OR TRUSTEES

Timothy Gerard Frommeyer, Eric Shawn Henderson, Stephen Scott Rasmussen, Mark Raymond Thresher, Kirt Alan Walker

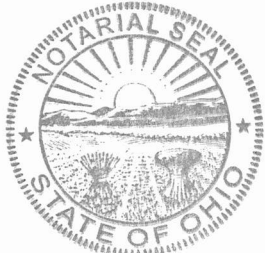
State of Ohio, County of Franklin SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Signatures of Kirt Alan Walker, Robert William Horner, III, and David Patrick LaPaul with their respective titles.

Subscribed and sworn to before me this 28 day of JANUARY, 2013 by Jeffrey W. Cloud

a. Is this an original filing? Yes [X] No []
b. If no, 1. State the amendment number..... 2. Date filed..... 3. Number of pages attached.....



Jeffrey W. Cloud
Notary Public, State of Ohio
My Commission Expires 09-29-2016

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory financial statements of Nationwide Life Insurance Company (NLIC or the Company) have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners' (NAIC) and the State of Ohio.

The Ohio Department of Insurance (Department) recognizes only statutory accounting practices (SAP) prescribed or permitted by the Department for determining and reporting the financial condition and results of operations of an insurance company, as well as, determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' *Accounting Practices and Procedures* manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio. The Company has no statutory accounting practices that differ from NAIC SAP.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio is shown below:

	<u>State of Domicile</u>	<u>2012</u>	<u>2011</u>
<u>Net Income</u>			
Net Income, Ohio basis	OH	\$ 764,355,375	\$ 18,441,132
Ohio Prescribed Practices: NONE	OH	-	-
Ohio Permitted Practices: NONE	OH	-	-
Net Income, NAIC SAP	OH	<u>\$ 764,355,375</u>	<u>\$ 18,441,132</u>
<u>Surplus</u>			
Statutory Capital and Surplus, Ohio basis	OH	\$ 3,836,633,913	\$ 3,590,913,117
Ohio Prescribed Practices: NONE	OH	-	-
Ohio Permitted Practices: NONE	OH	-	-
Statutory Capital and Surplus, NAIC SAP	OH	<u>\$ 3,836,633,913</u>	<u>\$ 3,590,913,117</u>

The amounts in this statement pertain to the entire Company business including, as appropriate, its Separate Account business.

B. Use of Estimates in Preparation of the Financial Statements

In preparing the financial statements in conformity with the Annual Statement Instructions and NAIC SAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ significantly from those estimates.

C. Accounting Policies

Life insurance premiums are recognized as revenue over the premium paying period of the related policies. Annuity considerations are recognized as revenue when received. Health insurance premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Policy benefits and claims that are expensed include interest credited to policy account balances and benefits and claims incurred in the period in excess of related policy reserves. The provision for policyholder dividends is based on the current dividend scales. Dividend scales are approved by the Board of Directors. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments consist of investments with maturities of twelve months or less at acquisition and are stated at amortized cost, which approximates fair value.
- (2) Bonds, excluding loan-backed and structured securities, are stated at amortized cost, except those with an NAIC designation of "6", which are stated at the lower of amortized cost or fair value. Amortization of premiums and discounts is calculated using the effective yield method.
- (3) Unaffiliated common stocks are reported at fair value.
- (4) Preferred stocks are stated at amortized cost, except those with an NAIC designation of "4" through "6", which are stated at the lower of amortized cost or fair value.
- (5) Mortgage loans are carried at the unpaid principal balance adjusted for premiums and discounts, less a valuation allowance. The valuation allowance for mortgage loans reflects management's best estimate of probable credit losses.
- (6) Loan-backed and structured securities (collectively, loan-backed securities) are stated at amortized cost or the lower of amortized cost or fair value in accordance with the provisions of Statement of Statutory Accounting Principles (SSAP) No. 43-Revised and the Purposes and Procedures Manual of the NAIC Securities Valuation Office. The retrospective adjustment method is used to value loan-backed securities where the collection of all contractual cash flows is probable. For all other loan-backed securities, the Company uses the prospective adjustment method. Refer to Note 5(D) for a discussion of the other-than-temporary impairment policy for loan-backed securities.
- (7) The investment in the Company's wholly-owned insurance subsidiary is carried at the value of its underlying audited statutory capital and surplus. The Company's investment in non-insurance subsidiaries, controlled and affiliated entities are carried at the value of the respective underlying audited Generally Accepted Accounting Principles (GAAP) basis equity.

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- (8) Other invested assets consist primarily of investments in partnerships, limited liability companies and joint ventures. Except for investments in low income housing tax credit partnerships, interests are reported using the equity method of accounting. Changes in carrying value as a result of the equity method are reflected as net unrealized capital gains and losses as a direct adjustment to surplus. Realized gains and losses are generally recognized through income at the time of disposal or when operating distributions are received. Partnership interests in low income housing tax credits are carried at amortized cost with amortization charged to investment income over the period in which the tax benefits, primarily credits, are utilized.
- (9) Refer to Note 8 for the derivative accounting policy.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation.
- (11) The Company's accident and health liabilities include amounts for the following coverage(s): comprehensive medical, dental, prescription drug, accident only, short-term disability, and long-term disability (LTD).

For all coverages, except LTD, the liabilities for loss are determined using a completion factor method. The factors are based on historical payment patterns for the respective coverage(s). Consideration is made for early duration adjustments using loss ratio techniques. Consideration is also made for review of claim count levels (backlogs) relative to historical levels. Additionally, retrospective reserve testing is done to judge prior levels and the appropriateness.

For LTD liabilities, a seriatim reserve is established for individual claimants using an established valuation table and interest rates.

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based upon past experiences, for losses incurred but not reported. Such liabilities are based upon assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

- (12) The Company has not modified its capitalization policy from the prior period.
- (13) Not Applicable – The Company does not have any pharmaceutical rebate receivables.

(2) Accounting Changes and Corrections of Errors

On January 1, 2012, the Company adopted a new standard, SSAP No. 101, *Income Taxes*, which supersedes SSAP No. 10R, *Income Taxes Revised – A Temporary Replacement of SSAP No. 10*. The standard applies a 'more likely than not' threshold for the recognition of federal and foreign tax loss contingencies and establishes a new framework for determining the admissibility of deferred tax assets (DTA). The framework sets a three year limit on loss carryback provisions, introduces guardrails for determining the realization period and percentage of capital and surplus companies may use to determine DTA admissibility, and establishes parameters around offsetting DTAs against deferred tax liabilities (DTL) as it relates to the admissibility of a DTA. The standard also adopts new disclosure requirements related to tax planning strategies, the amounts and components used to determine admissible DTA amounts, and information about reasonably possible increases in the total liability for any federal or foreign income tax loss contingencies within twelve months of the reporting date. There was no impact to the financial statements of the Company upon adoption.

On January 1, 2012, the Company adopted revisions to SSAP No. 100, *Fair Value Measurements*. These revisions require financial instruments that are disclosed but not reported at fair value to be identified as level 1, 2, or 3 fair value measurements. The revised guidance also requires disclosure of the method used to obtain the fair value for all financial instruments with fair value measurements and the gross presentation of purchases, sales, issues, and settlements within the level 3 rollforward. There was no impact to the financial statements of the Company upon adoption. Refer to Note 20 for the required disclosures.

On December 31, 2011, the Company adopted revisions to SSAP No. 5, *Liabilities, Contingencies and Impairments of Assets* (SSAP No. 5R) which require insurance entities to recognize, at inception of a guarantee, a liability for the obligations it has undertaken in issuing the guarantee, even if the likelihood of having to make payments under the guarantee is remote. The revised guidance does not require liability recognition for guarantees made to or on behalf of direct or indirect wholly-owned insurance and non-insurance subsidiaries or for guarantees considered unlimited. The Company also adopted additional revisions related to disclosure requirements of SSAP No. 25, *Accounting for and Disclosures about Transactions with Affiliated and Other Related Parties* to correspond with SSAP No. 5R. The guidance is effective for all guarantees issued or outstanding as of December 31, 2011, and disclosure of all guarantees must be reported annually. Refer to Note 14 for the required disclosures and financial impact of this guidance.

On December 31, 2011, the Company adopted revisions within Statement of Statutory Accounting Principles (SSAP) No. 43R, *Loan-backed and Structured Securities*. These revisions incorporate the most recent reporting and designation guidance prescribed by the Valuation of Securities Task Force for modeled, modeling-exempt, and all other types of loan-backed and structured securities. The adoption of the revised guidance resulted in an immaterial impact to the financial statements of the Company. Refer to Note 5(D) for the required disclosures.

On January 1, 2011, the Company adopted changes to the definition of loan-backed and structured securities within SSAP No. 43R, *Loan-backed and Structured Securities*. These changes required certain securities to be reclassified into the loan-backed and structured securities classification and resulted in an immaterial impact to the Company upon adoption. Refer to Note 5 (D) for required disclosures and financial impact.

On January 1, 2011, the Company adopted revisions to SSAP No. 51, *Life Contracts*, SSAP No. 52, *Deposit Type Contracts*, and SSAP No. 61, *Life, Deposit-Type and Accident and Health Reinsurance*, which expanded the breakdown of withdrawal disclosures by characteristic for annuity contracts, deposit-type contracts, and reinsurance contracts under the scope of these three standards. The revised breakdown requires separate disclosure categories for the general account, the separate account with guarantees, the separate account nonguaranteed, and the total. Refer to Note 32 to view the expanded disclosures.

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Pending Accounting Standards

On January 1, 2013, the Company will adopt SSAP No. 92R, *Accounting for Postretirement Benefits Other Than Pensions - A Replacement of SSAP No. 14 and SSAP No. 102, Accounting for Pensions - A Replacement of SSAP No. 89*. The standards require insurers to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability and include non-vested employees in determining the plan obligations. In addition, a sponsor's fiscal year end will be used as the measurement date for estimating the fair value of postretirement benefit assets and liabilities. The guidance contains a transition provision that gives insurers the option to recognize the initial impact to surplus over 10 years. The Company is currently in the process of determining the impact of adoption of these standards.

On January 1, 2013, the Company adopted SSAP No. 103, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. The standard establishes accounting for transfers and servicing of financial assets, including asset securitizations and securitizations of policy acquisition costs, extinguishments of liabilities, repurchase agreements, repurchase financing and reverse repurchase agreements, including dollar repurchase and dollar reverse repurchase agreements. The guidance provides criteria to determine whether a transferor has surrendered control over transferred financial assets. It also forbids offsetting for repurchase and reverse repurchase transactions in accordance with master netting agreements. As the provisions of this guidance are applied prospectively, there will be no impact to the financial statements of the Company upon adoption.

On December 31, 2013, the Company will adopt revisions to SSAP No. 34, *Investment Income Due and Accrued* and SSAP No. 37, *Mortgage Loans*. The revisions enhance required disclosures related to mortgage loans to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. The adoption will result in increased disclosures only and will have no impact on the Company's financial statements.

On December 31, 2013, the Company will adopt revisions to SSAP No. 35R, *Guaranty Fund and Other Assessments*. The revisions require disclosure of the nature of fees paid to the federal government by health insurers under the Affordable Care Act and an estimate of their financial impact, including the impact on the Company's risk based capital position. The adoption will result in increased disclosures only and will have no impact on the Company's financial statements.

- (3) Business Combinations and Goodwill
 - A. Statutory Purchase Method - Not Applicable.
 - B. Statutory Merger - Not Applicable.
 - C. Assumption Reinsurance - Not Applicable.
 - D. Impairment Loss - Not applicable.
- (4) Discontinued Operations - None.

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(5) Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

(1) The minimum and maximum lending rates for mortgage loans issued during 2012 were:

<u>Residential</u>	<u>Commercial</u>
Not Applicable	3.50% and 8.50%

(2) During 2012, the Company reduced interest rates of outstanding mortgage loans as follows:

Not Applicable

(3) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was 86.2%.

	<u>12/31/2012</u>	<u>12/31/2011</u>
(4) As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest	\$ -	\$ -
a. Total interest due on mortgages with interest more than 180 days past due	\$ -	\$ -
(5) Taxes, assessments, and any amounts advanced and not included in the mortgage loan total	\$ -	\$ -
(6) Current year impaired loans with a related allowance for credit losses	\$ 76,667,297	\$ 126,027,548
a. Related allowance for credit losses	\$ 17,054,297	\$ 25,592,838
(7) Impaired mortgage loans without an allowance for credit losses	\$ -	\$ -
(8) Average recorded investment in impaired loans	\$ 80,023,855	\$ 142,673,885
(9) Interest income recognized during the period the loans were impaired	\$ 8,941,596	\$ 14,468,884
(10) Amount of interest income recognized on a cash basis during the period the loans were impaired	\$ 9,070,196	\$ 15,046,975
(11) Allowance for credit losses:		
a. Balance at beginning of period	\$ 54,814,763	\$ 82,047,014
b. Additions charged to operations	1,806,980	21,691,946
c. Direct write-downs charged against the allowances	(4,677,816)	(45,147,717)
d. Recoveries of amounts previously charged off	(7,295,756)	(3,776,480)
e. Balance at end of period	<u>\$ 44,648,171</u>	<u>\$ 54,814,763</u>

(12) The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest received on non-accrual status mortgage loans on real estate is included in net investment income in the period received.

B. Debt Restructuring

	<u>12/31/2012</u>	<u>12/31/2011</u>
(1) The total recorded investment in restructured loans, as of period ended	\$ 2,246,659	\$ 2,376,978
(2) The realized capital losses related to these loans	\$ 4,368,944	\$ 4,368,944
(3) Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	\$ -	\$ -
(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest received on non-accrual status mortgage loans on real estate is included in net investment income in the period received.		

C. Reverse Mortgages - None.

D. Loan-Backed Securities

(1) Prepayment assumptions are generally obtained using a model provided by a third-party vendor.

(2) None.

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- (3) The following table summarizes other-than-temporary impairments for loan-backed securities held at the end of the year based on the fact that the present value of projected cash flows expected to be collected was less than the amortized cost basis of the securities:

As of 12/31/2012

CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present value of projected cash flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair value at time of OTTI	Date of Financial Statement where reported
01448YAE3	\$ 759,387	\$ 564,059	\$ 195,328	\$ 564,059	\$ 53,166	Q4'12
02147LAN3	10,522,505	9,135,768	1,386,737	9,135,768	7,172,331	Q4'12
45662JAC6	9,705,551	8,545,994	1,159,557	8,545,994	5,460,140	Q4'12
52518RCD6	1,448,000	985,854	462,146	985,854	300,599	Q4'12
74042EAC8	1,749,121	1,489,938	259,183	1,489,938	7,264	Q4'12
02147JAE8	10,400,997	9,925,427	475,570	9,925,427	8,189,397	Q2'12
12667GH71	13,632,511	12,772,161	860,350	12,772,161	10,538,579	Q2'12
39539MAA7	15,406,039	15,216,304	189,735	15,216,304	9,953,846	Q2'12
74042EAD6	102,216	0	102,216	0	(0)	Q2'12
74042WAD6	4,912,828	3,308,596	1,604,232	3,308,596	(0)	Q2'12
7609855D9	1,485,829	1,259,161	226,668	1,259,161	558,625	Q2'12
761143AD8	9,938,003	9,379,723	558,280	9,379,723	7,289,185	Q2'12
93363PAA8	1,904,700	1,815,412	89,289	1,815,412	1,365,747	Q2'12
17309AAB5	897,967	724,562	173,405	724,562	261,279	Q1'12
46627MAP2	2,378,444	2,103,614	274,829	2,103,614	1,712,334	Q1'12
74041AAG8	3,567,331	3,406,542	160,789	3,406,542	183,205	Q1'12
81744HAD5	11,497,177	10,800,742	696,435	10,800,742	8,893,185	Q1'12
01448TAD6	4,531,646	3,966,224	565,423	3,966,224	1,367,370	Q4'11
12668BRZ8	7,416,492	7,270,038	146,454	7,270,038	5,861,231	Q4'11
45660LPE3	1,414,541	1,116,507	298,034	1,116,507	908,605	Q4'11
45660LXA2	8,637,741	7,973,930	663,811	7,973,930	6,854,818	Q4'11
74041AAG8	3,649,692	3,539,686	110,006	3,539,686	164,724	Q4'11
74041EAC9	58,263	0	58,263	0	-	Q4'11
74042EAD6	29,847	0	29,847	0	(0)	Q4'11
75903AAD9	140,442	0	140,442	0	0	Q4'11
76110H3B3	10,531,288	9,844,566	686,722	9,844,566	8,196,111	Q4'11
761143AD8	11,011,787	10,412,719	599,068	10,412,719	8,139,854	Q4'11
86361QAG9	17,348,899	17,000,211	348,688	17,000,211	11,590,281	Q4'11
01448TAD6	4,688,582	4,478,592	209,990	4,478,592	1,360,473	Q3'11
01448YAE3	904,102	629,531	274,571	629,531	285,273	Q3'11
01449CAK6	1,883,379	1,587,008	296,372	1,587,008	623,644	Q3'11
02146PAF2	29,478,008	29,181,061	296,947	29,181,061	18,720,300	Q3'11
02147JAE8	12,361,387	11,629,906	731,482	11,629,906	9,455,492	Q3'11
251513AT4	7,509,425	6,631,137	878,288	6,631,137	5,682,525	Q3'11
39539MAA7	17,652,454	17,012,211	640,243	17,012,211	11,586,393	Q3'11
45661KAG5	10,492,061	9,613,270	878,791	9,613,270	6,071,945	Q3'11
45662DAA3	4,552,798	4,354,732	198,065	4,354,732	2,455,672	Q3'11
46629DAK1	4,421,341	3,530,806	890,535	3,530,806	3,466,309	Q3'11
75115LAA5	17,219,217	15,192,535	2,026,682	15,192,535	10,674,165	Q3'11
76112FAG6	3,664,042	3,494,359	169,683	3,494,359	2,733,208	Q3'11
761143AD8	11,236,126	11,083,320	152,806	11,083,320	8,284,532	Q3'11
93935HAJ6	13,571,090	12,382,320	1,188,770	12,382,320	9,069,716	Q3'11
01449CAK6	2,697,850	1,841,171	856,679	1,841,171	621,111	Q2'11
02147LAN3	14,321,009	13,895,767	425,242	13,895,767	9,170,196	Q2'11
02148JAJ6	5,497,686	5,310,520	187,166	5,310,520	4,403,228	Q2'11
02149HAW0	17,490,337	16,759,932	730,405	16,759,932	13,975,686	Q2'11
03072SFZ3	2,534,491	2,247,946	286,545	2,247,946	505,087	Q2'11
12566QAA1	6,885,483	5,785,724	1,099,759	5,785,724	4,997,142	Q2'11
126670FB9	4,124,307	4,067,928	56,379	4,067,928	3,091,215	Q2'11
23245LAB6	8,161,430	7,464,376	697,054	7,464,376	6,301,062	Q2'11
46629DAK1	5,257,578	4,640,349	617,229	4,640,349	3,880,295	Q2'11
5764342D5	16,983,893	16,831,522	152,371	16,831,522	12,917,221	Q2'11
74041AAG8	3,877,884	3,600,663	277,220	3,600,663	252,891	Q2'11
74041EAC9	108,213	24,717	83,496	24,717	0	Q2'11
74042EAC8	1,981,346	1,712,165	269,181	1,712,165	6,141	Q2'11
74042EAD6	90,801	(0)	90,801	(0)	(0)	Q2'11
75970JAB2	6,383,025	6,247,587	135,438	6,247,587	4,636,639	Q2'11
760985RZ6	806,898	539,061	267,837	539,061	316,702	Q2'11
761143AD8	11,796,496	11,548,905	247,591	11,548,905	8,851,026	Q2'11
86363AAA5	3,323,916	2,495,359	828,557	2,495,359	739,916	Q2'11
92926UAD3	14,098,908	13,641,429	457,479	13,641,429	11,095,933	Q2'11
93934FKZ4	20,879,662	19,122,592	1,757,070	19,122,592	16,686,942	Q2'11
93935HAJ6	14,237,167	13,882,166	355,001	13,882,166	9,755,425	Q2'11
01448TAD6	5,750,486	4,586,253	1,164,233	4,586,253	310,885	Q1'11
17309AAB5	2,379,795	1,076,726	1,303,069	1,076,726	1,479,256	Q1'11
18976GAQ9	19,568,224	18,688,476	879,749	18,688,476	15,100,844	Q1'11
251513AT4	8,696,257	8,383,936	312,321	8,383,936	6,736,085	Q1'11

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(continued)

CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present value of projected cash flows	Recognized other-than- temporary impairment	Amortized cost after other-than- temporary impairment	Fair value at time of OTTI	Date of Financial Statement where reported
45662DAA3	5,302,545	5,121,809	180,735	5,121,809	3,423,925	Q1 '11
5764342D5	17,992,571	17,580,782	411,789	17,580,782	13,573,345	Q1 '11
74041AAG8	4,021,118	3,853,518	167,600	3,853,518	281,113	Q1 '11
75970JAB2	6,932,618	6,383,025	549,593	6,383,025	4,866,582	Q1 '11
760985RZ6	975,846	806,898	168,948	806,898	318,385	Q1 '11
76112FAG6	4,539,708	3,857,911	681,797	3,857,911	3,094,193	Q1 '11
761143AD8	13,857,335	12,149,405	1,707,930	12,149,405	9,541,744	Q1 '11
93935HAJ6	14,781,356	14,584,902	196,454	14,584,902	10,445,685	Q1 '11
02147BAA3	5,092,870	4,990,375	102,495	4,990,375	3,951,633	Q4 '10
02148JAJ6	5,896,187	5,683,715	212,472	5,683,715	4,760,242	Q4 '10
32052WAC3	19,627,498	18,137,659	1,489,840	18,137,659	16,139,614	Q4 '10
45660LPE3	2,534,657	1,496,117	1,038,540	1,496,117	1,310,615	Q4 '10
74040PAC5	555,502	147,646	407,856	147,646	0	Q4 '10
74041AAG8	5,065,948	3,973,822	1,092,126	3,973,822	456,950	Q4 '10
74041EAC9	4,136,810	74,844	4,061,965	74,844	13,123	Q4 '10
74138NAA7	3,220,069	3,065,807	154,262	3,065,807	371,700	Q4 '10
89234CAC8	4,612,347	3,096,031	1,516,316	3,096,031	2,378,145	Q4 '10
939344AR8	5,179,387	4,762,574	416,813	4,762,574	3,001,908	Q4 '10
93934FBQ4	9,500,649	8,899,243	601,406	8,899,243	6,414,120	Q4 '10
93935HAJ6	15,987,453	15,115,452	872,001	15,115,452	9,652,296	Q4 '10
01448TAD6	5,805,273	5,649,823	155,450	5,649,823	205,244	Q3 '10
74041EAC9	5,033,850	4,120,377	913,472	4,120,377	171,548	Q3 '10
74042TAC5	8,939,392	8,864,586	74,806	8,864,586	5,424,057	Q3 '10
75115LAA5	19,478,540	19,402,587	75,953	19,402,587	11,067,457	Q3 '10
785778HD6	3,985,233	3,860,943	124,290	3,860,943	1,821,495	Q3 '10
01448TAD6	8,131,389	5,748,201	2,383,188	5,748,201	204,102	Q2 '10
01448YAE3	1,681,435	784,802	896,633	784,802	126,687	Q2 '10
01449CAK6	2,714,708	2,478,114	236,594	2,478,114	405,285	Q2 '10
02148JAJ6	6,471,339	6,195,887	275,452	6,195,887	4,533,490	Q2 '10
03072SFZ3	2,798,352	2,534,491	263,861	2,534,491	450,165	Q2 '10
18976GAQ9	23,640,195	22,912,414	727,781	22,912,414	18,121,132	Q2 '10
23243NAH1	1,848,214	1,483,504	364,710	1,483,504	1,153,183	Q2 '10
45662BAD1	14,629,913	14,194,008	435,905	14,194,008	10,698,660	Q2 '10
74040XAC8	5,928,754	5,858,102	70,652	5,858,102	2,589,696	Q2 '10
92719UAD4	3,000,000	2,747,523	252,477	2,747,523	2,130,000	Q2 '10
939344AR8	5,342,692	5,256,356	86,336	5,256,356	3,206,639	Q2 '10
93934FBQ4	9,780,021	9,500,649	279,372	9,500,649	5,716,370	Q2 '10
01448TAD6	8,416,244	7,926,280	489,965	7,926,280	200,000	Q1 '10
01448YAE3	3,291,254	1,658,520	1,632,734	1,658,520	126,114	Q1 '10
01449CAK6	5,440,539	2,674,373	2,766,166	2,674,373	403,671	Q1 '10
02146PAF2	29,781,562	29,478,008	303,554	29,478,008	18,020,172	Q1 '10
05946XY72	9,655,894	9,505,866	150,028	9,505,866	7,323,350	Q1 '10
05948KXQ7	15,036,134	14,689,087	347,048	14,689,087	11,341,994	Q1 '10
05948KXS3	12,155,403	11,680,221	475,182	11,680,221	9,234,456	Q1 '10
05948KZH5	19,979,458	19,366,220	613,238	19,366,220	15,288,000	Q1 '10
12667F4S1	25,011,677	24,072,655	939,022	24,072,655	19,420,712	Q1 '10
12669GTD3	25,577,061	25,332,046	245,015	25,332,046	19,395,782	Q1 '10
23243NAH1	3,835,434	1,967,538	1,867,897	1,967,538	1,141,800	Q1 '10
23245LAB6	11,213,676	9,991,456	1,222,219	9,991,456	7,918,465	Q1 '10
251510FX6	3,691,758	3,523,925	167,833	3,523,925	2,844,361	Q1 '10
251513AT4	11,876,142	10,405,802	1,470,340	10,405,802	8,033,122	Q1 '10
45662BAD1	14,866,879	14,629,913	236,966	14,629,913	10,633,428	Q1 '10
45662DAA3	7,135,171	6,255,360	879,811	6,255,360	3,910,345	Q1 '10
46625YQ48	1,503,643	1,373,369	130,274	1,373,369	524,972	Q1 '10
46627MAA5	4,451,044	4,173,823	277,221	4,173,823	3,383,404	Q1 '10
46629EAH6	17,930,572	16,274,249	1,656,323	16,274,249	12,768,672	Q1 '10
5764342D5	23,576,655	20,500,018	3,076,637	20,500,018	18,068,402	Q1 '10
61756UAH4	4,929,123	4,753,444	175,679	4,753,444	2,738,275	Q1 '10
74040XAC8	6,679,913	5,902,755	777,158	5,902,755	2,636,250	Q1 '10
74042WAD6	7,589,547	4,609,870	2,979,677	4,609,870	1,043,186	Q1 '10
74138PAA2	2,509,352	2,368,856	140,496	2,368,856	1,188,110	Q1 '10
76114HAK1	11,540,923	11,000,489	540,435	11,000,489	8,863,601	Q1 '10
863579VS4	8,927,949	8,409,551	518,398	8,409,551	6,929,291	Q1 '10
86361QAG9	20,452,089	17,528,372	2,923,717	17,528,372	13,817,624	Q1 '10
89234CAC8	5,303,856	4,710,255	593,601	4,710,255	2,649,411	Q1 '10
92926UAD3	17,069,653	16,528,409	541,244	16,528,409	12,095,537	Q1 '10
93934FKZ4	21,477,559	21,368,958	108,601	21,368,958	16,020,828	Q1 '10
01448YAE3	3,664,500	3,246,680	417,820	3,246,680	125,000	Q4 '09

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE NATIONWIDE LIFE INSURANCE COMPANY

(continued)

CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present value of projected cash flows	Recognized other-than- temporary impairment	Amortized cost after other-than- temporary impairment	Fair value at time of OTTI	Date of Financial Statement where reported
01449CAK6	7,822,282	5,390,194	2,432,087	5,390,194	401,658	Q4 '09
02147LAN3	16,116,566	15,999,284	117,282	15,999,284	9,080,226	Q4 '09
05952DAB4	8,375,952	8,231,119	144,832	8,231,119	5,736,452	Q4 '09
05952HBR9	24,367,743	22,508,541	1,859,202	22,508,541	18,853,425	Q4 '09
12667GD34	7,438,221	6,828,666	609,554	6,828,666	4,492,146	Q4 '09
18976GAQ9	27,053,787	25,761,153	1,292,634	25,761,153	21,481,643	Q4 '09
251513AT4	13,809,087	12,238,997	1,570,090	12,238,997	9,037,486	Q4 '09
5764342D5	25,673,834	24,653,575	1,020,260	24,653,575	21,601,773	Q4 '09
74040PAC5	1,377,111	1,265,215	111,896	1,265,215	837,828	Q4 '09
74040XAC8	7,189,073	6,679,913	509,160	6,679,913	2,359,500	Q4 '09
741382AA3	6,492,394	3,717,828	2,774,566	3,717,828	3,107,000	Q4 '09
74138NAA7	6,558,505	3,108,273	3,450,232	3,108,273	1,329,300	Q4 '09
74138PAA2	4,414,039	2,421,632	1,992,407	2,421,632	1,054,641	Q4 '09
86361QAG9	20,731,197	20,452,089	279,108	20,452,089	13,503,075	Q4 '09
86363AAA5	3,785,885	3,608,016	177,869	3,608,016	1,427,865	Q4 '09
89234CAC8	5,681,430	5,303,856	377,574	5,303,856	2,539,019	Q4 '09
939344AR8	5,818,851	5,455,584	363,268	5,455,584	3,310,839	Q4 '09
93935HAJ6	17,318,802	17,181,461	137,341	17,181,461	12,344,269	Q4 '09
01448YAE3	3,163,245	3,664,500	(501,255)	3,664,500	836,966	Q3 '09
01449CAK6	2,129,270	7,829,057	(5,699,787)	7,829,057	859,852	Q3 '09
02147BAA3	5,316,975	5,092,870	224,105	5,092,870	3,327,680	Q3 '09
02147JAE8	14,842,275	12,559,868	2,282,407	12,559,868	11,441,366	Q3 '09
02147LAN3	17,696,875	16,116,566	1,580,309	16,116,566	9,445,788	Q3 '09
02148JAJ6	7,488,774	7,052,819	435,955	7,052,819	4,960,587	Q3 '09
02149DAJ8	7,159,624	6,851,669	307,955	6,851,669	5,020,986	Q3 '09
05948KXQ7	15,174,512	15,079,001	95,511	15,079,001	10,987,656	Q3 '09
05948KZH5	20,178,490	19,979,458	199,032	19,979,458	14,110,720	Q3 '09
05952DAB4	8,869,545	8,718,699	150,846	8,718,699	5,165,920	Q3 '09
05952HBR9	24,926,305	24,367,743	558,562	24,367,743	19,378,075	Q3 '09
12667F4S1	25,201,335	25,022,581	178,754	25,022,581	17,476,108	Q3 '09
12667F5L5	21,627,898	21,283,846	344,052	21,283,846	16,062,308	Q3 '09
12667GD26	10,296,376	9,514,887	781,489	9,514,887	7,176,097	Q3 '09
12667GD34	8,446,295	7,754,131	692,165	7,754,131	4,909,981	Q3 '09
12667GDW0	9,958,829	9,816,116	142,713	9,816,116	7,245,590	Q3 '09
126686AC8	3,396,182	4,536,359	(1,140,176)	4,536,359	4,357,442	Q3 '09
12668BEH2	29,229,970	26,651,296	2,578,674	26,651,296	23,096,250	Q3 '09
12668BQA4	6,803,679	6,389,518	414,161	6,389,518	4,870,789	Q3 '09
12668BRZ8	3,257,082	7,880,400	(4,623,318)	7,880,400	6,363,702	Q3 '09
12669GTD3	26,463,187	25,694,048	769,139	25,694,048	19,019,024	Q3 '09
12669RAB3	8,441,354	9,224,596	(783,241)	9,224,596	7,013,279	Q3 '09
17309AAB5	5,150,441	3,127,729	2,022,712	3,127,729	2,789,643	Q3 '09
2254585Q7	9,231,398	8,882,253	349,145	8,882,253	6,971,163	Q3 '09
225458EV6	12,979,477	12,795,345	184,132	12,795,345	9,883,341	Q3 '09
251513AT4	14,156,047	13,809,087	346,960	13,809,087	10,613,123	Q3 '09
32051GTC9	5,895,532	5,692,566	202,966	5,692,566	4,317,765	Q3 '09
36297NAC9	1,980,209	1,761,858	218,351	1,761,858	518,859	Q3 '09
43709BAE9	32,971,228	30,599,731	2,371,497	30,599,731	14,170,563	Q3 '09
44984QAC4	24,982,069	24,621,075	360,994	24,621,075	13,845,550	Q3 '09
45660LSS9	6,839,039	6,583,015	256,024	6,583,015	4,932,556	Q3 '09
45660LXA2	11,994,109	11,148,084	846,025	11,148,084	9,632,399	Q3 '09
45662DAA3	7,960,823	7,674,660	286,163	7,674,660	3,935,350	Q3 '09
46627MEH6	3,929,869	3,441,925	487,944	3,441,925	2,825,104	Q3 '09
46629EAH6	18,454,993	18,239,540	215,453	18,239,540	12,820,587	Q3 '09
50177AAE9	9,647,595	9,535,707	111,888	9,535,707	7,918,934	Q3 '09
5764342D5	28,013,357	27,172,107	841,251	27,172,107	21,064,785	Q3 '09
74040XAC8	7,473,233	7,189,073	284,160	7,189,073	2,231,177	Q3 '09
74041CAB5	7,305,942	6,694,493	611,450	6,694,493	1,865,002	Q3 '09
74042EAB0	7,756,676	7,062,256	694,420	7,062,256	1,899,723	Q3 '09
74042TAC5	9,499,020	8,939,392	559,629	8,939,392	4,201,091	Q3 '09
74042WAB0	8,600,880	7,912,026	688,854	7,912,026	3,901,108	Q3 '09
74138NAA7	7,491,124	6,558,505	932,619	6,558,505	1,974,391	Q3 '09
74138PAA2	5,040,995	4,414,039	626,956	4,414,039	1,369,311	Q3 '09
74978AAB6	19,621,440	19,490,486	130,954	19,490,486	13,749,684	Q3 '09
75115LAA5	22,282,937	22,159,212	123,725	22,159,212	10,646,227	Q3 '09
76112FAG6	5,402,912	4,816,533	586,379	4,816,533	3,903,978	Q3 '09
863579VS4	10,720,046	8,927,949	1,792,097	8,927,949	6,703,686	Q3 '09
86361QAG9	24,759,391	20,731,197	4,028,194	20,731,197	14,286,618	Q3 '09
86363AAA5	4,556,628	3,854,431	702,198	3,854,431	1,545,079	Q3 '09

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(continued)

CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present value of projected cash flows	Recognized other-than- temporary impairment	Amortized cost after other-than- temporary impairment	Fair value at time of OTTI	Date of Financial Statement where reported
89234CAC8	6,315,884	5,681,430	634,454	5,681,430	1,097,597	Q3 '09
89234NAB6	4,341,828	6,657,410	(2,315,581)	6,657,410	4,322,801	Q3 '09
933634AJ6	9,891,145	9,399,979	491,166	9,399,979	7,788,405	Q3 '09
93363PAA8	5,632,751	5,590,611	42,140	5,590,611	4,479,702	Q3 '09
9393362H5	20,721,331	20,586,126	135,204	20,586,126	15,887,854	Q3 '09
9393363H4	31,279,423	31,098,546	180,877	31,098,546	23,557,922	Q3 '09
9393364Y6	30,732,724	30,504,426	228,298	30,504,426	22,074,266	Q3 '09
9393366F5	25,309,589	25,085,637	223,952	25,085,637	18,403,478	Q3 '09
93934FKZ4	22,728,902	21,477,559	1,251,343	21,477,559	16,811,113	Q3 '09
93935HAJ6	19,100,286	17,532,065	1,568,221	17,532,065	12,650,827	Q3 '09
01448TAD6	4,525,870	8,416,224	(3,890,355)	8,416,224	1,889,221	Q3 '09
02149HAW0	9,891,716	17,723,311	(7,831,595)	17,723,311	14,162,290	Q3 '09
126673DQ2	1,094,668	2,088,333	(993,666)	2,088,333	947,455	Q3 '09
152314DS6	850,701	1,649,063	(798,362)	1,649,063	530,907	Q3 '09
251510FX6	2,796,609	3,760,539	(963,930)	3,760,539	2,684,761	Q3 '09
36228FXK7	2,610,039	2,302,578	307,461	2,302,578	2,394,569	Q3 '09
45660LPE3	2,536,817	2,651,458	(114,640)	2,651,458	2,741,308	Q3 '09
74041AAG8	3,374,614	5,039,000	(1,664,386)	5,039,000	1,436,460	Q3 '09
74042WAD6	7,072,541	7,477,551	(405,010)	7,477,551	1,167,893	Q3 '09
76114HAK1	7,706,596	12,669,456	(4,962,859)	12,669,456	10,335,545	Q3 '09
84751PLP2	1,307,407	4,257,838	(2,950,431)	4,257,838	2,366,971	Q3 '09
Total			<u>\$ 104,447,624</u>			

- (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

As of 12/31/2012

- a. The aggregate amount of unrealized losses:

1. Less than 12 Months	<u>\$ (986,474)</u>
2. 12 Months or Longer	<u>\$ (201,458,397)</u>

- b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	<u>\$ 86,279,437</u>
2. 12 Months or Longer	<u>\$ 1,183,726,704</u>

- (5) The Company reviews all loan-backed and structured securities in which the fair value of the given security is less than the amortized cost to determine if a given security is other-than-temporarily impaired. The Company examines characteristics of the underlying collateral, such as delinquency and default rates, the quality of the underlying borrower, the type of collateral in the pool, the vintage year of the collateral, subordination levels within the structure of the collateral pool, and the quality of any credit guarantors, to determine the cash flows expected to be received for the security.

If the severity and duration of the security's unrealized loss indicates a risk of an other-than-temporary impairment, then the Company will evaluate if the amortized cost basis of the security will be recovered by comparing the present value of the cash flows expected to be received for the given security with the amortized cost basis of the security. If the present value of cash flows is greater than the amortized cost basis of a security then the security is deemed not to be other-than-temporarily impaired.

E. Repurchase Agreements and/or Securities Lending Transactions

- (1) For repurchase agreements, Company policy requires a minimum of 102% of the fair value of securities purchased under repurchase agreements to be maintained as collateral. Cash collateral received is invested in short-term investments and the offsetting collateral liability is included in aggregate write-ins for liabilities. There were no open repurchase agreements as of year-end.

The Company's securities lending agreement requires a minimum of 102% of the fair value of loaned securities to be held as collateral.

- (2) No assets were pledged as collateral as of year-end.

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(3) Collateral Received

a. Aggregate Amount Cash Collateral Received

1. Repurchase Agreement – Not Applicable

2. Securities Lending

	<u>Fair</u> <u>Value</u>
(a) Open	\$ 128,411,796
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater than 90 Days	-
(f) Sub-Total	<u>\$ 128,411,796</u>
(g) Securities Received	-
(h) Total Collateral Received	<u>\$ 128,411,796</u>

3. Dollar Repurchase Agreement – Not applicable

b. The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral)

\$ 127,259,994

c. The reporting entity receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The reporting entity invests the cash collateral (primarily in short-term investments) to earn additional yield.

(4) The Company did not have any securities lending activities with an affiliated agent.

(5) Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

1. Repurchase Agreement – Not applicable

2. Securities Lending

	<u>Amortized</u> <u>Cost</u>	<u>Fair</u> <u>Value</u>
(a) Open	\$ -	\$ -
(b) 30 Days or Less	126,043,850	126,043,850
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	551,998	538,144
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater than 3 Years	<u>1,249,840</u>	<u>678,000</u>
(k) Sub-Total	<u>\$ 127,845,688</u>	<u>\$ 127,259,994</u>
(l) Securities Received	-	-
(m) Total Collateral Reinvested	<u>\$ 127,845,688</u>	<u>\$ 127,259,994</u>

3. Dollar Repurchase Agreement – Not applicable

b. Since the borrower or the Company may terminate a securities lending transaction at any time, to the extent loans are terminated in advance of reinvestment collateral maturities, the Company would repay its securities lending payable obligation from operating cash flows or the proceeds of sales from its investment portfolio, which includes significant liquid securities.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE NATIONWIDE LIFE INSURANCE COMPANY

F. Real Estate

- (1) Impairments – Not Applicable.
- (2) a. Franklin Mills Retail Building is classified as held for sale. Investment Real Estate Owned properties are reviewed quarterly for potential sale. Market value estimates, projections of future cash flow, leasing assumptions, capital improvement costs, market conditions and other factors are considered to determine sale desirability and likelihood. Properties identified as held for sale are marketed through commercial real estate brokerage firms to maximize exposure to the market and sales proceeds.
- b. Not Applicable.
- (3) Plan of Sale – Not Applicable.
- (4) Retail Land and Sale Operations - Not Applicable.
- (5) Real Estate with Participating Mortgage Loan Features – Not Applicable.

G. Low-Income Housing Tax Credits (LIHTC)

- (1) The number of remaining years of unexpired tax credits and required holding period for the Company’s LIHTC investments.

Low -Income Housing Tax Credits	Remaining years	Holding Period
Boston Capital Tax Credit Fund XV	3	2015
Hudson Housing Tax Credit Fund XLVI LLC	9	2021
Nationwide Affordable Housing Fund 31(Moved to NLICA)	9	2021
Nationwide Affordable Housing Fund 42	10	2022
Nationwide Affordable Housing Fund 43	10	2022
Nationwide Affordable Housing Fund II	4	2016
Nationwide Affordable Housing Fund XXIII	5	2017
Nationwide Life Tax Credit Partners 2002 - B	6	2018
Nationwide Life Tax Credit Partners 2002 - C	2	2014
Nationwide Life Tax Credit Partners 2004 - A, LLC	3	2015
Nationwide Life Tax Credit Partners 2004 - E, LLC	4	2016
Nationwide Life Tax Credit Partners 2004 - F, LLC	4	2016
Nationwide Life Tax Credit Partners 2005 A, LLC	5	2017
Nationwide Life Tax Credit Partners 2005 B, LLC	5	2017
Nationwide Life Tax Credit Partners 2005 C, LLC	7	2019
Nationwide Life Tax Credit Partners 2005 D, LLC	7	2019
Nationwide Life Tax Credit Partners 2007 A, LLC	6	2018
Nationwide Life Tax Credit Partners 2009 C, LLC	9	2021
Nationwide Life Tax Credit Partners 2009 D, LLC	9	2021
Nationwide Life Tax Credit Partners 2009-I	9	2021
Nationwide Tax Credit Partners 2011-A	10	2022
NHT XII NW Tax Credit Fund, LLC	2	2014
Ohio Equity Fund IX	4	2016
Ohio Equity Fund VIII	2	2014
Ohio Equity Fund X	1	2013
Provident Tax Credit Fund IV	1	2013
Raymond James Housing Opportunities Fund 19 LLC	10	2022
Russell Emerging Fund	1	2013
Texas Housing Fund (FKA Nationwide Affordable Housing Fund I)	0	2012
USA Institutional Tax Credit Fund XXII	1	2013
WNC Institutional Tax Credit Fund 33	10	2022
WNC Institutional Tax Credit Fund XXII	10	2022

- (2) The Company’s investments in LIHTC are made up of several property investments which are subject to periodic reviews by HUD (if applicable) and state housing agencies. The Company receives updates from property managers as to the status of any regulatory review and investigates further as needed.
- (3) Aggregate LIHTC investments do not exceed 10 percent of the total admitted assets.
- (4) Analysis is done for LIHTC investments to determine if an impairment exists by comparing the book value of the investment with the present value of future tax benefits. The investment is written down if the book value is higher than the present value and the write-down is accounted for as a realized loss. During 2012, the Company impaired 11 tax credit partnerships totaling \$10,154,317 due to an intent to sell. Fair value was determined by the purchaser’s bidding price. These tax credits were subsequently sold in 2013.
- (5) No write-downs or reclassifications were made during the year due to the forfeiture or ineligibility of LIHTC investments.

(6) Joint Ventures, Partnerships, and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its total admitted assets.
- B. Other than the LIHTC investment impairment identified in Note 5(G)(4), there were no other impairments in Joint Ventures, Partnerships and Limited Liabilities Companies in 2012.

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(7) Investment Income

A. Accrued Investment Income

The Company nonadmits investment income due and accrued if amounts are over 90 days past due with the exception of mortgage loans in default which are nonadmitted if amounts are over 180 days past due.

B. Amounts Nonadmitted

The total amount of investment income due and accrued nonadmitted was \$184,654 as of December 31, 2012.

(8) Derivative Instruments

- A. The Company is exposed to certain risks relating to its ongoing business operations which are managed using derivative instruments. The primary risks managed by using derivative instruments are foreign currency, interest rate, equity and credit risks. The Company uses cross currency swaps, interest rate swaps, interest rate futures, equity futures, equity options, equity swaps and credit default swaps to hedge these risks. The Company also uses credit default swap contracts to synthetically replicate investment risks and returns.

The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. Potential losses are minimized through careful evaluation of counterparty credit standing, selection of counterparties from a limited group of high quality institutions, and collateral agreements.

The cash requirements of a derivative will vary by contract. In a cross currency swap, notional amounts are typically exchanged in the respective contracted currencies at both settlement date and at expiration. Interest payments are also exchanged in the contracted currencies, timing and amounts. Interest rate swap payments are based on the notional of the contract; the fixed and floating leg payments are netted and exchanged periodically with the appropriate counterparty. For exchange-traded futures, the broker for the various types of contracts that the Company may employ establishes margin requirements. The margin account is settled daily for movements in market values of open contracts and settlement of closed contracts. The Company uses cash to settle variation margin requirements and either cash or highly liquid securities to settle initial margin requirements. In a credit default swap, where protection is either bought or sold on a single-name entity, periodic payments are paid or received, respectively, by the Company in exchange for promised credit protection on a referenced security. If there is a credit event declared by the International Swap Dealers Association on the referenced security, settlement of the credit default swap would be triggered and cash would be received or paid, respectively, between the Company and the counterparty in the amount of the contract notional less a recovery rate. Option contracts are assets that are either purchased with upfront cash or financed. Financed options are structured to include the payment of the initial value of the option with final payment on the expiration date. Options can either expire in-the-money or out-of-the money. If the option expires in-the-money the counterparty pays the Company the difference between the strike price and the level at which the contract expires. If the contract expires out-of-the money, no payment is received from the counterparty. Equity swaps exchange cash on both a total return leg, referencing a total return index, and a financing leg. Periodic cash flows at specified intervals are netted and paid to or from the appropriate counterparty.

- B. *Equity Market Risk Management.* The Company offers a variety of variable annuity programs with a guaranteed minimum balance or guaranteed withdrawal benefits. These programs expose the Company to various market risks, including equity risk. Adverse changes in the equity markets expose the Company to significant volatility. To mitigate these risks, the Company enters into various equity index futures, equity options and total return swaps.

The Company does not expect any meaningful level of claims under the living benefit features for several years and believes the impact of claims is expected to be mitigated by its economic hedging program.

Interest Rate Risk Management. The Company uses interest rate swaps and interest rate futures to reduce and/or alter interest rate exposure arising from mismatches between assets and liabilities. Under the interest rate swap, the Company enters into a contractual agreement with various parties to exchange, at specified intervals, the difference between fixed rate and variable rate interest amounts, calculated on the notional amount of the interest rate swap. Interest rate futures are based off an underlying security that changes in value as interest rates change. As the value of the underlying referenced security changes, the promise to deliver or cash settle in the future at a fixed price through the futures contract also changes to offset interest rate risks the Company faces.

Foreign currency risk management. As part of its regular investing activities, the Company may purchase foreign currency denominated investments. These investments and the associated income expose the Company to volatility associated with movements in foreign exchange rates. In an effort to mitigate this risk, the Company uses cross-currency swaps. As foreign exchange rates change, the increase or decrease in the cash flows of the derivative instrument generally offset the changes in the functional-currency equivalent cash flows of the hedged item.

Credit Risk Management. The Company enters into credit derivative contracts which allow the Company to buy credit protection on a specific creditor or credit index. Credit default swap protection is used on selected debt instruments exposed to short-term credit concerns, or because the combination of the corporate bond and purchased default protection provides sufficient spread and duration targeted by the Company.

Asset replication strategy. The Company enters into credit default swaps to synthetically create investments as a less expensive alternative to the cash markets. The structure includes a highly rated cash instrument together with selling protection on a single-name entity. The strategy gains the Company exposure to a risk-free rate of return plus the credit spread return from the credit protection, synthesizing an otherwise permissible investment in a fixed income corporate bond.

- C. Periodic cash flows and accruals of income/expense are reported in a manner consistent with the hedged item, generally as other investment income. Realized gains and losses on commitment and anticipatory hedges are used to adjust the basis of the hedged item and are therefore amortized into investment income over the remaining life of the hedged item.

Fair value of derivative instruments is determined using various valuation techniques relying predominately on observable market inputs. These inputs include interest rate swap curves, credit spreads, interest rates, counterparty credit risk, equity volatility and equity index levels. In some cases, the Company will utilize non-binding broker quotes to determine fair value.

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Derivative instruments used in hedging transactions considered to be effective hedges are valued and reported in a manner consistent with the hedged items (i.e., hedge accounting). Derivative instruments used in hedging transactions that do not meet or no longer meet the criteria of an effective hedge are accounted for at fair value with changes in fair value recorded in surplus as unrealized gains or losses.

- D. No gain or loss recognized in derivative instruments' unrealized gains or losses during the year were excluded from the assessment of hedge effectiveness.
- E. There is also no net gain or loss recognized during the year resulting from derivatives that no longer qualify for hedge accounting.
- F. (1) In addition, no amounts of gains or losses were classified in unrealized gains/losses related to cash flow hedges that have been discontinued because it was no longer probable that the original forecasted transaction would occur as anticipated.
- (2) The Company is not currently engaged in written covered options used for income generation or derivatives accounted for as cash flow hedges of a forecasted transaction, other than the payment of variable interest on existing financial instruments.

(9) Income Taxes

- A. The net deferred tax asset (liability) as of December 31, 2012 and the change from prior year are comprised of the following components:

	12/31/2012		
	Ordinary	Capital	Total
(1a) Gross deferred tax assets	\$ 873,755,718	\$ 82,811,383	\$ 956,567,101
(1b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(1c) Adjusted gross deferred tax assets	\$ 873,755,718	\$ 82,811,383	\$ 956,567,101
(1d) Deferred tax assets nonadmitted	\$ 274,642,183	\$ 52,371,391	\$ 327,013,574
(1e) Subtotal net admitted deferred tax asset	\$ 599,113,535	\$ 30,439,992	\$ 629,553,527
(1f) Deferred tax liabilities	\$ 125,737,825	\$ 1,042,851	\$ 126,780,676
(1g) Net admitted deferred tax asset/(net deferred tax liability)	\$ 473,375,710	\$ 29,397,141	\$ 502,772,851

	12/31/2011		
	Ordinary	Capital	Total
(1a) Gross deferred tax assets	\$ 900,079,511	\$ 94,775,135	\$ 994,854,646
(1b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(1c) Adjusted gross deferred tax assets	\$ 900,079,511	\$ 94,775,135	\$ 994,854,646
(1d) Deferred tax assets nonadmitted	\$ 331,997,028	\$ 57,823,110	\$ 389,820,138
(1e) Subtotal net admitted deferred tax asset	\$ 568,082,483	\$ 36,952,025	\$ 605,034,508
(1f) Deferred tax liabilities	\$ 136,111,666	\$ 647,638	\$ 136,759,304
(1g) Net admitted deferred tax asset/(net deferred tax liability)	\$ 431,970,817	\$ 36,304,387	\$ 468,275,204

	Change		
	Ordinary	Capital	Total
(1a) Gross deferred tax assets	\$ (26,323,793)	\$ (11,963,752)	\$ (38,287,545)
(1b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(1c) Adjusted gross deferred tax assets	\$ (26,323,793)	\$ (11,963,752)	\$ (38,287,545)
(1d) Deferred tax assets nonadmitted	\$ (57,354,845)	\$ (5,451,719)	\$ (62,806,564)
(1e) Subtotal net admitted deferred tax asset	\$ 31,031,052	\$ (6,512,033)	\$ 24,519,019
(1f) Deferred tax liabilities	\$ (10,373,841)	\$ 395,213	\$ (9,978,628)
(1g) Net admitted deferred tax asset/(net deferred tax liability)	\$ 41,404,893	\$ (6,907,246)	\$ 34,497,647

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The deferred tax asset admission calculation components per SSAP No. 101:

	12/31/2012		
	Ordinary	Capital	Total
(2a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 2,430,688	\$ -	\$ 2,430,688
(2b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from (2a) above) after application of the threshold limitation (the lessor of (2b)1 and (2b)2 below)	\$ 470,945,022	\$ 29,397,141	\$ 500,342,163
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ 470,945,022	\$ 29,397,141	\$ 500,342,163
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	\$ 500,079,159
(2c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	\$ 125,737,825	\$ 1,042,851	\$ 126,780,676
(2d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((2a) + (2b) + (2c))	\$ 599,113,535	\$ 30,439,992	\$ 629,553,527

	12/31/2011		
	Ordinary	Capital	Total
(2a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 70,514,437	\$ 36,304,387	\$ 106,818,824
(2b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from (2a) above) after application of the threshold limitation (the lessor of (2b)1 and (2b)2 below)	\$ 361,456,380	\$ -	\$ 361,456,380
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ 361,456,380	\$ -	\$ 361,456,380
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	\$ 455,932,998
(2c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	\$ 136,111,666	\$ 647,638	\$ 136,759,304
(2d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((2a) + (2b) + (2c))	\$ 568,082,483	\$ 36,952,025	\$ 605,034,508

	Change		
	Ordinary	Capital	Total
(2a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ (68,083,749)	\$ (36,304,387)	\$ (104,388,136)
(2b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from (2a) above) after application of the threshold limitation (the lessor of (2b)1 and (2b)2 below)	\$ 109,488,642	\$ 29,397,141	\$ 138,885,783
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ 109,488,642	\$ 29,397,141	\$ 138,885,783
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	\$ 44,146,161
(2c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	\$ (10,373,841)	\$ 395,213	\$ (9,978,628)
(2d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((2a) + (2b) + (2c))	\$ 31,031,052	\$ (6,512,033)	\$ 24,519,019

	12/31/2012	12/31/2011
(3a) Ratio percentage used to determine recovery period and threshold limitation amount	980%	1105%
(3b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in (2b)2 above	\$ 3,333,861,061	\$ 3,043,368,096

Impact of Tax Planning Strategies

	12/31/2012		
	Ordinary	Capital	Total
(4a) Adjusted Gross DTAs (% of total adjusted gross DTAs)	0.0%	0.0%	0.0%
(4b) Net admitted adjusted gross DTAs (% of the total net admitted adjusted gross DTAs)	36.8%	5.9%	42.7%

	12/31/2011		
	Ordinary	Capital	Total
(4a) Adjusted Gross DTAs (% of total adjusted gross DTAs)	0.0%	0.0%	0.0%
(4b) Net admitted adjusted gross DTAs (% of the total net admitted adjusted gross DTAs)	11.8%	7.8%	19.6%

	Change		
	Ordinary	Capital	Total
(4a) Adjusted Gross DTAs (% of total adjusted gross DTAs)	0.0%	0.0%	0.0%
(4b) Net admitted adjusted gross DTAs (% of the total net admitted adjusted gross DTAs)	25.0%	-2.0%	23.1%

(4c) Does this Company's tax-planning strategies include the use of reinsurance?	Yes []	No [X]
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B. Deferred tax liabilities are not recognized for the following amounts:

There are no temporary differences for which deferred tax liabilities are not recognized.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE NATIONWIDE LIFE INSURANCE COMPANY

C. Current income taxes incurred consist of the following major components:

	12/31/2012	12/31/2011	Change
1. Current Income Tax			
(a) Federal	\$ (92,515,061)	\$ (837,453)	\$ (91,677,608)
(b) Foreign	\$ -	\$ -	\$ -
(c) Subtotal	\$ (92,515,061)	\$ (837,453)	\$ (91,677,608)
(d) Federal income tax on net capital gains	\$ 4,479,129	\$ 54,376,098	\$ (49,896,969)
(e) Utilization of capital loss carry-forwards	\$ -	\$ -	\$ -
(f) Other	\$ -	\$ -	\$ -
(g) Federal and foreign income taxes incurred	\$ (88,035,932)	\$ 53,538,645	\$ (141,574,577)

	12/31/2012	12/31/2011	Change
2. Deferred Tax Assets			
(a) Ordinary:			
(1) Discounting of unpaid losses	\$ -	\$ -	\$ -
(2) Unearned premium reserve	\$ 3,580,029	\$ 3,623,162	\$ (43,133)
(3) Policyholder reserves	\$ 111,091,321	\$ 242,375,985	\$ (131,284,664)
(4) Investments	\$ 135,197,030	\$ 163,610,354	\$ (28,413,324)
(5) Deferred acquisition costs	\$ 232,441,431	\$ 232,899,324	\$ (457,893)
(6) Policyholder dividends accrual	\$ 14,259,336	\$ 17,297,027	\$ (3,037,691)
(7) Fixed Assets	\$ 7,693,983	\$ 9,160,838	\$ (1,466,855)
(8) Compensation benefits accrual	\$ 39,583,895	\$ 30,809,180	\$ 8,774,715
(9) Pension accrual	\$ -	\$ 1,293,738	\$ (1,293,738)
(10) Receivables - nonadmitted	\$ 4,040	\$ 104,101	\$ (100,061)
(11) Net operating loss carry-forward	\$ -	\$ -	\$ -
(12) Tax credit carry-forward	\$ 287,174,754	\$ 183,885,256	\$ 103,289,498
(13) Other (including items <5% of total ordinary tax assets)	\$ 42,729,899	\$ 15,020,546	\$ 27,709,353
(99) Subtotal	\$ 873,755,718	\$ 900,079,511	\$ (26,323,793)
(b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c) Nonadmitted	\$ 274,642,183	\$ 331,997,028	\$ (57,354,845)
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 599,113,535	\$ 568,082,483	\$ 31,031,052
(e) Capital:			
(1) Investments	\$ 82,811,383	\$ 94,775,135	\$ (11,963,752)
(2) Net capital loss carry-forward	\$ -	\$ -	\$ -
(3) Real estate	\$ -	\$ -	\$ -
(4) Other (including items <5% of total capital tax assets)	\$ -	\$ -	\$ -
(99) Subtotal	\$ 82,811,383	\$ 94,775,135	\$ (11,963,752)
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g) Nonadmitted	\$ 52,371,391	\$ 57,823,110	\$ (5,451,719)
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ 30,439,992	\$ 36,952,025	\$ (6,512,033)
(i) Admitted deferred tax assets (2d + 2h)	\$ 629,553,527	\$ 605,034,508	\$ 24,519,019

	12/31/2012	12/31/2011	Change
3. Deferred Tax Liabilities			
(a) Ordinary:			
(1) Investments	\$ 3,168,677	\$ 3,050,777	\$ 117,900
(2) Fixed assets	\$ -	\$ -	\$ -
(3) Deferred and uncollected premium	\$ 14,817,053	\$ 18,057,815	\$ (3,240,762)
(4) Policyholder reserves	\$ 97,348,018	\$ 106,466,105	\$ (9,118,087)
(5) Other (including items <5% of total ordinary tax liabilities)	\$ 4,722,233	\$ 14,203	\$ 4,708,030
(6) Compensation and benefit accrual	\$ 5,681,844	\$ 8,522,766	\$ (2,840,922)
(99) Subtotal	\$ 125,737,825	\$ 136,111,666	\$ (10,373,841)
(b) Capital:			
(1) Investments	\$ 1,042,851	\$ 647,638	\$ 395,213
(2) Real estate	\$ -	\$ -	\$ -
(3) Other (including items <5% of total capital tax liabilities)	\$ -	\$ -	\$ -
(99) Subtotal	\$ 1,042,851	\$ 647,638	\$ 395,213
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 126,780,676	\$ 136,759,304	\$ (9,978,628)
4. Net deferred tax asset/(liability) (2i - 3c)	\$ 502,772,851	\$ 468,275,204	\$ 34,497,647

5. The change in deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets are reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	12/31/2012	12/31/2011	Change
(a) Adjusted gross deferred tax assets	\$ 956,567,101	\$ 994,854,646	\$ (38,287,545)
(b) Total deferred tax assets (liabilities)	126,780,676	136,759,304	263,539,980
(c) Net deferred tax assets (liabilities)	\$ 829,786,425	\$ 858,095,342	\$ (28,308,917)
(d) Tax effect of unrealized gains (losses)			129,815,973
(e) Prior period adjustment			7,895,868
(f) Change in deferred income tax			\$ (166,020,758)

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D. 1. The provision for federal income taxes incurred is different from that which would be obtained by applying the federal statutory income tax rate to pre-tax income. The significant book to tax adjustments causing this difference are as follows:

	12/31/2012	12/31/2011
(a) Current income taxes incurred	\$ (88,035,932)	\$ 53,538,645
(b) Change in deferred income tax	\$ 166,020,758	\$ (164,877,749)
(c) Total income tax reported	\$ 77,984,826	\$ (111,339,104)
(d) Income before taxes	\$ 676,319,442	\$ 71,979,778
(e) Federal statutory tax rate	35%	35%
(f) Expected income tax expense (benefit) at 35% statutory rate	\$ 236,711,805	\$ 25,192,922
(1) Dividends received deduction	\$ (75,495,783)	\$ (76,683,966)
(2) Nondeductible expenses for meals, penalties, and lobbying	\$ 674,819	\$ 1,224,865
(3) Tax-exempt income	\$ (100,653)	\$ (111,284)
(4) Deferred tax benefit on nonadmitted assets	\$ 1,380,159	\$ 2,405,168
(5) Change in tax reserves	\$ (7,812,211)	\$ (34,951,723)
(6) Tax credits	\$ (85,339,546)	\$ (31,123,817)
(7) Tax adjustment for IMR	\$ 3,623,340	\$ 836,056
(8) Prior year adjustments	\$ 3,471,504	\$ 1,012,614
(9) Other	\$ 871,392	\$ 860,061
(g) Total	\$ 77,984,826	\$ (111,339,104)

E. Operating loss carryforward

1. As of December 31, 2012, operating loss or tax credit carryforwards are available as follows:

	Amount	Origination	Expiration
Operating loss carryforwards	\$ -	N/A	N/A
Amount of AMT tax credits	\$ 68,471,769	2004	N/A
	\$ 9,752,177	2006	N/A
	\$ 12,117,461	2007	N/A
	\$ 15,447,840	2009	N/A
	\$ 63,572,853	2011	N/A
Foreign tax credits	\$ 4,665,680	2009	2019
	\$ 6,331,203	2010	2020
	\$ 9,861,994	2011	2021
	\$ 9,933,454	2012	2022
Business credits	\$ 803,658	2005	2024
	\$ 11,252,821	2006	2025
	\$ 11,864,828	2007	2026
	\$ 12,007,502	2008	2027
	\$ 14,553,113	2009	2029
	\$ 15,628,184	2010	2030
	\$ 11,393,024	2011	2031
	\$ 9,517,193	2012	2032

2. The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are:

2012	\$ -
2011	\$ 2,430,688

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated federal income tax return

1. The Company's federal income tax return is consolidated with the following entities:

Nationwide Life and Annuity Insurance Company (NLAIC)
Olentangy Reinsurance, LLC

2. The method of allocation among the companies is subject to the resolution approved by the Board of Directors. Allocation is based upon separate return or sub-group aggregated separate return calculations with the Company being reimbursed for the actual Federal income tax benefit of its net operating losses which are actually used to reduce the taxable income of other companies in the consolidated return.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

(10) Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

The Company is a wholly-owned subsidiary of Nationwide Financial Services, Inc. (NFS), incorporated in the State of Delaware, which in turn, is a wholly-owned subsidiary of Nationwide Corporation (Nationwide Corp.). Nationwide Corp. is a subsidiary of Nationwide Mutual Insurance Company (NMIC) and Nationwide Mutual Fire Insurance Company (NMFIC).

During 2012, the Company paid dividends of \$40,000,000 to NFS.

During 2012, the Company paid capital contributions to NLAIC of \$81,000,000 (\$100,000,000 in 2011), of which \$31,000,000, was paid on February 6, 2013. Effective February, 15, 2013, the Department granted the Company approval to record the \$31,000,000 contribution as a Type I Subsequent Event in its 2012 statutory financial statements.

On November 13, 2012, the Company loaned Nationwide Realty Investors \$25,000,000 for Crowne Plaza/Lofts Hotel property.

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On December 19, 2012, the Company loaned \$30,000,000 to Nationwide Realty Investors for 10 W. Nationwide Blvd property.

On October 26, 2012, the Company received loan payment of \$21,719,293 from Nationwide Realty Investors for the Equitable Resources Building.

On December 28, 2012, the Company received loan payment of \$65,700,653 from Nationwide Realty Investors for NRI Gilbert Loans.

During 2011, the Company sold commercial mortgage loans to NMIC with a book value of \$33,176,852 plus accrued interest of \$80,331. The sales were executed at market value for cash and resulted in realized losses of \$3,703,813. In 2012, the Company did not sell commercial loans to NMIC.

The Company leases office space from NMIC and certain of its subsidiaries. For the years ended December 31, 2012 and 2011, the Company made lease payments to NMIC and its subsidiaries of approximately \$12,953,600 and \$13,792,000, respectively.

The Company and various affiliates entered into agreements with Nationwide Cash Management Company (NCMC), an affiliate, under which NCMC acts as a common agent in handling the purchase and sale of short-term securities for the respective accounts of the participants. Amounts on deposit with NCMC were \$765,728,243 and \$904,910,724 as of December 31, 2012 and 2011 respectively.

The Company also participates in inter-company repurchase agreements with affiliates whereby the seller transfers securities to the buyer at a stated value. Upon demand or after a stated period, the seller repurchases the securities from the buyer at the original sales price plus interest. As of December 31, 2012 and 2011, the Company had no outstanding borrowings from affiliated entities under such agreements. The most the Company had outstanding at any given time was \$193,000,000 and \$108,000,000, and the Company incurred interest expense on inter-company repurchase agreements of \$36,160 and \$11,953 as of December 31, 2012 and 2011 respectively. The Company believes that the terms of the repurchase agreements are materially consistent with what the Company could have obtained with unaffiliated parties.

The Company has a reinsurance agreement with NMIC whereby nearly all of the Company's accident and health business that is not ceded to unaffiliated reinsurers is ceded to NMIC on a modified coinsurance basis. Either party may terminate the agreement on January 1 of any year with prior notice. Under a modified coinsurance agreement, the ceding company retains invested assets and investment earnings are paid to the reinsurer. Under the terms of the Company's agreements, the investment risk associated with changes in interest rates is borne by the reinsurer. Risk of asset default is retained by the Company, although a fee is paid to the Company for the retention of such risk. The ceding of risk does not discharge the Company, as the original insurer, from its primary obligation to the policyholder. The Company believes that the terms of the modified coinsurance agreements are consistent in all material respects with what the Company could have obtained with unaffiliated parties. Amounts ceded to NMIC include revenues for the years ended December 31, 2012 and 2011 of \$160,779,105 and \$202,986,540, respectively, while benefits, claims and expenses were \$166,591,197 and \$211,920,355, respectively.

The Company has entered into significant, recurring transactions and agreements with NMIC, other affiliates and subsidiaries as a part of its ongoing operations. These include annuity and life insurance contracts, office space leases, and agreements related to reinsurance, cost sharing, administrative services, marketing, intercompany loans, intercompany repurchases, cash management services and software licensing. Measures used to allocate expenses among companies include individual employee estimates of time spent, special cost studies, the number of full-time employees, commission expense and other methods agreed to by the participating companies. In addition, Nationwide Services Company, LLC (NSC), a subsidiary of NMIC, provides data processing, systems development, hardware and software support, telephone, mail and other services to the Company, based on specified rates for units of service consumed. For the years ended December 31, 2012 and 2011, the Company made payments to NMIC and NSC totaling approximately \$264,398,032 and \$243,922,000, respectively.

Funds of Nationwide Funds Group (NFG), an affiliate, are offered to the Company's customers as investment options in certain of the Company's products. As of December 31, 2012 and 2011, customer allocations to NFG funds were \$44,351,291,694 and \$21,279,530,592, respectively. For the years ended December 31, 2012 and 2011, NFG paid the Company \$142,610,903 and \$126,523,292, respectively, for the distribution and servicing of these funds.

The Company has issued group annuity and life insurance contracts and performs administrative services for NMIC and its affiliates. Total account values of these contracts were approximately \$3,183,887,000 and \$3,044,254,000 as of December 31, 2012 and 2011, respectively. Total revenues from these contracts were approximately \$139,734,000 and \$147,725,000 for years ended December 31, 2012 and 2011, respectively, and include policy charges, net investment income from investments backing the contracts and administrative fees. Total interest credited to the account balances was approximately \$113,071,000 and \$121,493,000 for the years ended December 31, 2012 and 2011, respectively. The terms of these contracts are consistent in all material respects with what the Company offers to unaffiliated parties.

The Company has an inter-company reinsurance agreement with NLAIC whereby certain inforce and subsequently issued fixed individual deferred annuity contracts are assumed on a modified coinsurance basis. Under terms of the agreement, the Company bears the investment risk associated with changes in interest rates. Risk of asset default remains with NLAIC, and the Company pays a fee to NLAIC for the retention of such risk. The agreement will remain inforce until all contract obligations are settled. The ceding of risk does not discharge the original insurer from its primary obligation to the contract holder. The Company believes that the terms of the modified coinsurance agreement are consistent in all material respects with what the Company could have obtained with unaffiliated parties. Amounts assumed from NLAIC in 2012 are included in the Company's results of operations and include premiums of \$750,300,292 (\$136,865,792 in 2011), net investment income of \$115,691,365 (\$116,538,873 in 2011) and benefits, claims and other expenses of \$371,568,482 (\$360,904,759 in 2011). Amounts recoverable, as of December 31, 2012, related to this contract were \$22,521,720 (\$3,175,122 recoverable as of December 31, 2011). The reserve adjustment represents reserve increases related to this fixed block of business, offset by investment earnings on the underlying assets.

The Company has an inter-company reinsurance agreement with NLAIC whereby a certain life insurance contract is assumed on a 100% coinsurance basis. Policy reserves assumed under this agreement totaled \$146,822,655 and \$142,680,270 as of December 31, 2012 and 2011 respectively.

See Note 13 (11) for discussion of surplus notes issued to NFS.

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(11) Debt

A. The Company has not issued capital notes.

In May 2011, the Company entered into an agreement reducing the commercial paper program from \$800,000,000 to \$600,000,000. The rating agency guidelines recommend that the Company maintain minimum liquidity backup, which includes cash and liquid assets as well as committed bank lines, equal to 50% of any amounts outstanding under the commercial paper program. Therefore, availability under the aggregate \$600,000,000 credit facility is reduced by the amount outstanding in excess of available cash and liquid assets. The Company had \$300,000,000 outstanding at December 31, 2012 and 2011. The Company paid \$855,100 and \$878,680 in interest during 2012 and 2011, respectively. The commercial paper will not be redeemed prior to maturity or be subject to voluntary prepayment. The proceeds from the sale of the commercial paper will be used to meet working capital requirements and for general corporate purposes, including the funding of acquisitions.

In April 2011, the Company entered into a \$600,000,000 unsecured revolving promissory note and line of credit agreement with its parent company, NFS. Outstanding principal balances of the line of credit bear interest at the rate of six-month U.S. LIBOR plus 1.25%. Interest is due and payable as of the last day of each interest period, as defined in the agreement, while there are outstanding principal balances. The Company paid \$5,482,126 and \$4,351,058 in interest during 2012 and 2011, respectively. As of December 31, 2012, the agreement was cancelled with no outstanding balance.

In May 2011, NMIC, NFS, and the Company extended the \$600,000,000 revolving variable rate credit facility upon expiration of its existing facility. The new facility matures on May 6, 2015, with an option to convert the outstanding balances into a one-year term loan. The credit may be used for general corporate purposes. Terms of the new facility remain consistent with the facility that matured in May 2011. The borrower has the option to draw funds at a variable rate based on the Eurodollar rate. The facility modifies financial covenants to require NMIC to maintain a statutory surplus in excess of \$7,900,000,000 and that total debt is not to exceed 35% of statutory surplus, both figures determined as of the end of each fiscal quarter. A breach of these and other named covenants will impact the availability of the line for the other borrowers and may accelerate payment. The Company has no amounts outstanding under the new or existing facilities as of December 31, 2012 and 2011.

The Company has an agreement with its custodial bank to borrow against the cash collateral that is posted in connection with its securities lending program. This is an uncommitted facility contingent on the liquidity of the securities lending program. The borrowing facility was established to fund commercial mortgage loans that were originated with the intent of sale through securitization. The maximum amount available under the agreement is \$350,000,000. The borrowing rate on this program is equal to one-month LIBOR. The Company had no amounts outstanding under this agreement as of December 31, 2012 and 2011.

B. Federal Home Loan Bank (FHLB) Agreements

(1) The Company is a member of the FHLB of Cincinnati. Through its membership, the Company has issued debt to the FHLB of Cincinnati in exchange for cash advances in the amount of \$25,000,000. It is part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB of Cincinnati for use in general operations would be accounted for consistent with SSAP No. 15, *Debt and Holding Company Obligations* as borrowed money. The table below indicates the amount of FHLB of Cincinnati stock purchased, collateral pledged, assets and liabilities related to the agreement with FHLB of Cincinnati.

	<u>12/31/2012</u>	<u>12/31/2011</u>
(2) FHLB stock purchased/owned as part of the agreement	\$ 25,000,000	\$ -
(3) Collateral pledged to the FHLB	-	-
(4) Borrowing capacity currently available	250,000,000	-
(5) Agreement assets and liabilities		
General Account:		
a. Assets	-	-
b. Liabilities	-	-
Separate Account:		
c. Assets	-	-
d. Liabilities	-	-

(12) Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-Retirement Benefit Plans

A. Defined Benefit Plan - Not Applicable.

B. Defined Contribution Plans

NMIC sponsors a defined contribution retirement savings plan (401(k)) covering substantially all employees. Employees may make salary deferral contributions of up to 80%. Salary deferrals of up to 6% are subject to a 50% Company match. The Company match is funded on a biweekly basis and the expense of such contributions are allocated to the Company based on employee contributions. The Company's allocated expense for contributions was approximately \$4,031,000 and \$4,202,000 for the years ended December 31, 2012 and 2011, respectively. Individuals are subject to a dollar limit on salary deferrals per IRS Section 402(g) (\$17,000 in 2012 and \$16,500 in 2011). Other limits also apply. The Company has no legal obligation for benefits under this plan.

C. Multiemployer Plans - Not Applicable.

D. Consolidated/Holding Company Plans

The Company, together with other affiliated companies, participates in a qualified defined benefit pension plan (the Nationwide Retirement Plan or the NRP), several non-qualified defined benefit supplemental executive retirement plans, and postretirement benefit plans (life and health care), all sponsored by NMIC.

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The NRP covers all employees of participating employers who have completed at least one year of service and who are at least 21 years of age. Plan assets are invested in a third-party trust and group annuity contracts issued by the Company. All participants are eligible for benefits based on an account balance feature. Participants hired prior to 2002, who are at least 21 years of age, are eligible for benefits based on the highest average annual salary of a specified number of consecutive years of the last ten years of service (final average pay formula), if such benefits are of greater value than the account balance feature.

Effective January 1, 2010, NMIC eliminated the company-paid early retirement enhancement, which is part of the final average pay formula. This enhancement provided an additional benefit for associates retiring between age 55 and 65. In addition, for participants eligible for the final average pay formula, pay credits under the account balance formula has stopped. Affected associates' benefits cannot be less than the NRP benefit they have accrued as of the date of change.

The Company funds pension costs accrued for direct employees plus an allocation of pension costs accrued for employees of affiliates whose work benefits the Company. In addition, separate non-qualified defined benefit pension plans sponsored by NMIC cover certain executives with at least one year of service. The Company's portion of expense relating to these plans was \$5,690,000 and \$2,530,000 for the years ended December 31, 2012 and 2011, respectively.

In addition to the NRP, the Company and certain affiliated companies participate in life and health care benefit plans sponsored by NMIC for qualifying retirees. Post-retirement life and health care benefits are contributory and generally available to full time employees hired prior to June 1, 2000 (prior to January 1, 1994 for life benefits), who have attained age 55 and have accumulated 15 years of service with the Company. The employee subsidy for the post-retirement death benefit was capped beginning in 2007. Employer subsidies for retiree life insurance ended as of December 31, 2008. No future employer contributions are anticipated for retiree life insurance and settlement accounting was applied during 2008. Post-retirement health care benefit contributions are adjusted annually and contain cost-sharing features such as deductibles and co-insurance. In addition, there are caps on the Company's portion of the per-participant cost of the post-retirement health care benefits. The Company does not receive a Medicare Part D subsidy from the government. The Company's policy is to fund the cost of health care benefits in amounts determined at the discretion of management. Plan assets are invested in a group annuity contract issued by the Company and a third-party trust.

Effective December 31, 2009, each employee's current subsidy percentage was fixed and no additional service for benefits will be credited to the current plan formula. This modification does not impact former associates receiving Nationwide-sponsored medical benefits prior to January 1, 2010. Additionally, effective January 1, 2010, all non-highly compensated employees (NHCE) as defined by Internal Revenue Code 414 become eligible to receive an annual health care credit up to a maximum of \$1,000 per year, not to exceed a maximum lifetime benefit of \$25,000. The contribution will be a match of 33% of the NHCE's otherwise unmatched savings account or 401(a) contributions. No contributions will be made by NMIC if the employee does not make eligible contributions.

The Company's portion of expense relating to these plans was \$951,000 and \$442,000 for the years ended December 31, 2012 and 2011, respectively.

The Company, together with other affiliated companies, also participates in non-qualified deferred compensation arrangements for certain employees and agents. The employer has no legal obligation for benefits under the plans. Expenses are allocated to the Company based on individual participants.

Total Plan liabilities for non-qualified deferred compensation plans were \$249,164,000 and \$246,289,000 on December 31, 2012 and 2011, respectively. Total Plan liabilities for non-qualified defined benefit plans were \$283,561,000 and \$271,053,000 on December 31, 2012 and 2011, respectively. Total expenses related to the non-qualified benefit plans were \$23,941,000 for 2012 and \$17,311,000 for 2011.

E. Postemployment Benefits and Compensated Absences

The Company has no obligation to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation. The liability for earned but untaken vacation has been accrued.

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – Not Applicable.

(13) Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

(1) The Company has 3,814,779 Class A shares issued, authorized and outstanding as of December 31, 2012.

(2) The Company has no preferred stock outstanding.

(3) – (5) The payment of dividends by the Company is subject to restrictions set forth in the insurance laws and regulations of the State of Ohio, its domiciliary state. The State of Ohio insurance laws require Ohio-domiciled life insurance companies to seek prior regulatory approval to pay a dividend or distribution of cash or other property if the fair market value thereof, together with that of other dividends or distributions made in the preceding twelve months, exceeds the greater of (i) 10% of statutory-basis policyholders' surplus as of the prior December 31 or (ii) the statutory-basis net income of the insurer for the prior year. The Company paid a cash dividend of \$40,000,000 in 2012. The Company's statutory capital and surplus as of December 31, 2012 was \$3,836,633,913, and statutory net income for 2012 was \$764,355,375. As of January 1, 2013, the Company has the ability to pay dividends to NFS of \$724,355,374 without obtaining prior approval.

The State of Ohio insurance laws also require insurers to seek prior regulatory approval for any dividend paid from other than earned surplus. Earned surplus is defined under the State of Ohio insurance laws as the amount equal to an insurer's unassigned funds as set forth in its most recent statutory financial statements, including net unrealized capital gains and losses or revaluation of assets. Additionally, following any dividend, an insurer's policyholder surplus must be reasonable in relation to the insurer's outstanding liabilities and adequate for its financial needs. The payment of dividends by the Company may also be subject to restrictions set forth in the insurance laws of the State of New York that limit the amount of statutory profits on the Company's participating policies (measured before dividends to policyholders) available for the benefit of the Company and its shareholder. The Company currently does not expect such regulatory requirements to impair its ability to pay operating expenses and dividends in the future.

(6) Not Applicable.

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- (7) Not Applicable.
- (8) The Company does not hold any stock for special purpose.
- (9) As of December 31, 2011, the Company’s special surplus funds consisted of the expanded deferred tax assets in accordance with SSAP No. 10R. As of December 31, 2012, SSAP No. 101 superseded this guidance and the special surplus funds is no longer used for the expanded deferred tax asset so the change in this balance is to bring it to zero.
- (10) The portion of unassigned funds (surplus) represented or (reduced) by each item below is as follows:

	12/31/2012	12/31/2011
a. Unrealized gains (losses)	\$ (551,010,645)	\$ (238,898,953)
b. Nonadmitted asset values	\$ 446,561,243	\$ 513,311,118
c. Asset valuation reserves	\$ 182,564,945	\$ 115,994,699
d. Provision for reinsurance	\$ 19,584,522	\$ 20,611,522

(11) Surplus Notes

The following table summarizes surplus notes issued by the Company to NFS as of December 31, 2012:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
12/19/2001	7.50%	\$ 300,000,000	\$ 300,000,000	\$ 22,500,000	\$ 247,500,000	-	12/19/2031
6/27/2002	8.15%	300,000,000	300,000,000	24,450,000	252,106,667	-	6/27/2032
12/23/2003	6.75%	100,000,000	100,000,000	6,750,000	57,787,500	-	12/23/2033
	Total	\$ 700,000,000	\$ 700,000,000	\$ 53,700,000	\$ 557,394,167	-	XXX

The surplus notes were issued in accordance with Section 3901.72 of the Ohio Revised Code. The principal and interest on these surplus notes shall not be a liability or claim against the Company, or any of its assets, except as provided in Section 3901.72 of the Ohio Revised Code. The Department must approve interest and principal payments before they are paid.

(12) Quasi –Reorganization - Not Applicable.

(13) Quasi –Reorganization - Not Applicable.

(14) Contingencies

A. Contingent Commitments

(1) In accordance with SSAP No. 5R, for all guarantees made to or on behalf of wholly-owned subsidiaries, no initial liability recognition has been made and there would be no net financial statement impact should action be required on these guarantees by the Company.

The Company agrees to maintain the capital and surplus of its wholly-owned subsidiary, NLAIC, at or above the levels necessary to satisfy the compulsory surplus level required by the various insurance departments in the states in which it is doing business.

The Company has guaranteed the obligations and liabilities of its wholly-owned subsidiary, Nationwide Investment Services Corporation (NISC), including, without limitation, the full and prompt payment of all accounts payable to any party now or in the future. If for any reason NISC fails to satisfy any of its obligations, the Company will cause such obligation, loss or liability to be fully satisfied.

The contractual obligations under NLAIC’s single premium deferred annuity (SPDA) contracts in force and issued before September 1, 1988 are guaranteed by the Company. Total SPDA contracts affected by this guarantee in force as of December 31, 2012 and 2011 were approximately \$23,643,000 and \$24,263,000, respectively.

Low Income-Housing Tax Credit Funds

The Company has sold \$859,455,772 in Low Income-Housing Tax Credit Funds to unrelated third parties. The Company has guaranteed cumulative after-tax yields to the third party investors ranging from 1.00% to 7.75% through periods ending in 2027. As of December 31, 2012, the Company held guarantee reserves totaling \$7,439,000 on these transactions. These guarantees are in effect for periods of approximately 15 years each. The Tax Credit Funds provide a stream of tax benefits to the investors that will generate a yield and return of capital. If the tax benefits are not sufficient to provide these cumulative after-tax yields, the Company must fund any shortfall. The maximum amount of undiscounted future payments that the Company could be required to pay the investors under the terms of the guarantees is \$288,358,420. The Company’s risks are mitigated in the following ways: (1) the Company has the right to buyout the equity related to the guarantee under certain circumstances, (2) the Company may replace underperforming properties to mitigate exposure to guarantee payments and (3) the Company oversees the asset management of the deals. The Company does not anticipate making any material payments related to these guarantees.

As of December 31, 2012, the Company held stabilization reserves totaling \$403,000 as collateral for certain properties owned by the Tax Credit Funds, as the Tax Credit Funds that have met all of the criteria necessary to generate tax credits. Such criteria include completion of construction and the leasing of each unit to a qualified tenant, among others. Properties meeting the necessary criteria are considered to have “stabilized”. The properties are evaluated regularly, and the collateral is released when stabilized. In both 2012 and 2011, the stabilization reserve has not increased and none of the stabilization reserve has been released into income.

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To the extent there are cash deficits in any specific property owned by the Tax Credit Funds, property reserves, property operating guarantees and reserves held by the Tax Credit Funds are exhausted before the Company is required to perform under its guarantees. To the extent the Company is ever required to perform under its guarantees, it may recover any such funding out of the cash flow distributed from the sale of the underlying properties of the Tax Credit Funds. This cash flow distribution would be paid to the Company prior to any cash flow distributions to unrelated third party investors.

Commitments

Commitments to fund fixed rate mortgage loans are agreements to lend to a borrower and are subject to conditions established in the underlying contracts. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a deposit. Commitments extended by the Company are based on management's case-by-case credit evaluation of the borrower and the borrower's loan collateral. The underlying mortgaged property represents the collateral if the commitment is funded. The Company's policy for new mortgage loans is to generally lend no more than 80% of collateral value. Should the commitment be funded, the Company's exposure to credit loss in the event of nonperformance by the borrower is represented by the contractual amounts of these commitments less the net realizable value of the collateral. The contractual amounts also represent the cash requirements for all unfunded commitments.

As of December 31, 2012, the Company had unfunded commitments of \$75,500,000 related to its investments in limited partnerships and limited liability companies.

(2)

1	2	3	4	5
Nature and circumstances of guarantee and key attributes, including date and duration of agreement.	Liability recognition of guarantee. (Include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R.)	Ultimate financial statement impact if action under the guarantee is required.	Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be specifically noted.	Current status of payment or performance risk of guarantee. Also provide additional discussion as
The Company guarantees the contractual obligations under NLAIC's SPDA contracts in force and issued before September 1, 1988.	\$ 23,643,000	Investments in SCA	\$ 23,643,000	NLAIC is current in all contractual obligations for the SPDA contracts so no performance under this guarantee has been required.
Credit Funds to third party investors ranging from 1.00% to 7.75% through periods ending in 2027.	7,439,000	Joint Venture	288,358,420	The Company does not anticipate making any material payments related to these guarantees.
The Company agrees to maintain the capital and surplus of NLAIC at or above the levels necessary to satisfy the compulsory surplus level required by the various insurance departments in the states in which it is doing business	Guarantee made to/or on behalf of a wholly-owned subsidiary and as such are excluded from recognition under SSAP 5R, paragraph 17.	Investment in SCA	As an unlimited guarantee, it is not possible to determine the maximum potential amount	NLAIC levels of capital and surplus are in excess of levels required so no performance under this guarantee has been required.
The Company has guaranteed the obligations and liabilities of NISC.	Guarantee made to/or on behalf of a wholly-owned subsidiary and as such are excluded from recognition under SSAP 5R, paragraph 17	Investment in SCA	As an unlimited guarantee, it is not possible to determine the maximum potential amount	NISC is current in all obligations and liabilities so no performance under this guarantee has been required.
Total	\$ 31,082,000		\$ 312,001,420	

(3)

a. Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make under guarantees. (Should equal total of Column 4 for (2) above.)	\$ 312,001,420
b. Current Liability Recognized in F/S:	
1. Noncontingent Liabilities	\$ -
2. Contingent Liabilities	\$ 31,082,000
c. Ultimate Financial Statement Impact if action under the guarantee is required.	
1. Investments in SCA	\$ 23,643,000
2. Joint Venture	\$ 288,358,420
3. Dividends to Stockholders (capital contribution)	\$ -
4. Expense	\$ -
5. Other	\$ -
6. Total (Should equal (3)a.)	\$ 312,001,420

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B. Assessments

(1) The increase in the number of insurance companies that are under regulatory supervision has resulted, and is expected to continue to result in increased assessments by state guaranty funds to cover losses to policyholders of insolvent or rehabilitated insurance companies. Those mandatory assessments may be partially recovered through a reduction in future premium taxes in certain states. The Company records an estimate of the amounts it expects to be assessed in future periods as a liability. Separately, the Company records an estimated premium tax recoverable. Charges in the estimated future liability and premium tax recoverable are recognized in current period operations.

(2)

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end.	\$ 1,547,707
b. Decreases current year:	\$ -
c. Increases current year:	
To adjust guaranty fund accrual	\$ 237,651
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end.	<u>\$ 1,785,358</u>

C. Gain Contingencies – Not Applicable.

D. Claims Related Extra Contractual Obligation on Bad Faith Losses Stemming from Lawsuits – None.

E. All Other Contingencies

Legal and Regulatory Matters

The Company is subject to legal and regulatory proceedings in the ordinary course of its business. The Company's legal and regulatory matters include proceedings specific to the Company and other proceedings generally applicable to business practices in the industries in which the Company operates. These matters are subject to many uncertainties, and given their complexity and scope, their outcomes cannot be predicted. Regulatory proceedings could also affect the outcome of one or more of the Company's litigation matters. Furthermore, it is often not possible to determine the ultimate outcomes of the pending regulatory investigations and legal proceedings or to provide reasonable ranges of potential losses with any degree of certainty. Some matters, including certain of those referred to below, are in very preliminary stages, and the Company does not have sufficient information to make an assessment of the plaintiffs' claims for liability or damages. In some of the cases seeking to be certified as class actions, the court has not yet decided whether a class will be certified or (in the event of certification) the size of the class and class period. In many of the cases, the plaintiffs are seeking undefined amounts of damages or other relief, including punitive damages and equitable remedies, which are difficult to quantify and cannot be defined based on the information currently available. The Company believes, however, that based on currently known information, the ultimate outcome of all pending legal and regulatory matters is not likely to have a material adverse effect on the Company's financial position. Nonetheless, given the large or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that such outcomes could materially affect the Company's financial position or results of operations in a particular quarter or annual period.

The various businesses conducted by the Company are subject to oversight by numerous federal and state regulatory entities, including but not limited to the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Department of Labor, the IRS and state insurance authorities. Such regulatory entities may, in the normal course, be engaged in general or targeted inquiries, examinations and investigations of the Company and/or its affiliates. The financial services industry has been the subject of increasing scrutiny in connection with a broad spectrum of regulatory issues; with respect to all such scrutiny directed at the Company and/or its affiliates, the Company is cooperating with regulators. The Company will cooperate with NMIC insofar as any inquiry, examination or investigation encompasses NMIC's operations.

In October 2012, NLIC and NLAIC entered into a Regulatory Settlement Agreement with the Florida Office of Insurance Regulation and twenty-one other state Departments of Insurance to resolve a multi-state market conduct exam regarding claim settlement practices. The Regulatory Settlement Agreement applies prospectively and requires NLIC and NLAIC to adopt and implement additional procedures relating to the use of the Social Security Death Master File and identifying and locating beneficiaries once deaths are identified. In October 2012, NLIC and NLAIC also entered into a Global Resolution Agreement to resolve the related unclaimed property audit.

Other jurisdictions may pursue similar investigations, examinations or inquiries. The results of these investigations, examinations or inquiries could result in the payment or escheatment of unclaimed death benefits, and/or changes in the Company's practices and procedures to its claims handling and escheat processes, all of which could impact claim payments and reserves and/or result in payment of investigation costs, fines or penalties.

On November 20, 2007, Nationwide Retirement Solutions, Inc. (NRS) and NLIC were named in a lawsuit filed in the Circuit Court of Jefferson County, Alabama entitled *Ruth A. Gwin and Sandra H. Turner, and a class of similarly situated individuals v. Nationwide Life Insurance Company, Nationwide Retirement Solutions, Inc., Alabama State Employees Association, PEBCO, Inc. and Fictitious Defendants A to Z*. On March 12, 2010, NRS and NLIC were named in a Second Amended Class Action Complaint filed in the Circuit Court of Jefferson County, Alabama entitled *Steven E. Coker, Sandra H. Turner, David N. Lichtenstein and a class of similarly situated individuals v. Nationwide Life Insurance Company, Nationwide Retirement Solutions, Inc, Alabama State Employees Association, Inc., PEBCO, Inc. and Fictitious Defendants A to Z* claiming to represent a class of all participants in the Alabama State Employees Association, Inc. ("ASEA") Plan, excluding members of the Deferred Compensation Committee, ASEA's directors, officers and board members, and PEBCO's directors, officers and board members. On October 22, 2010, the parties to this action executed a court approved stipulation of settlement that agreed to certify a class for settlement purposes only, that provided for payments to the settlement class, and that provided for releases, certain bar orders, and dismissal of the case. The settlement fund has been paid out. On December 6, 2011, the Court entered an Order that NRS owes indemnification to ASEA and PEBCO for only the Coker (Gwin) class action, and dismissed NLIC. The Company has resolved the indemnification claims of ASEA. On June 19 and 20, 2012, the Court held an evidentiary hearing on the amount of indemnification owed to PEBCO. The Court has taken the matter under advisement. NRS continues to defend this case vigorously.

On August 15, 2001, NFS and NLIC were named in a lawsuit filed in the U.S. District Court for the District of Connecticut entitled *Lou Haddock, as trustee of the Flyte Tool & Die, Incorporated Deferred Compensation Plan, et al v. Nationwide Financial Services, Inc. and Nationwide Life Insurance Company*. On November 18, 2009, the plaintiffs filed a sixth amended complaint amending the list of named plaintiffs and claiming to represent a class of qualified retirement plan trustees under Employee Retirement Income Security Act of 1974 ("ERISA") that purchased variable annuities from NLIC. The plaintiffs allege that they invested ERISA plan assets in their variable annuity contracts and that NLIC and NFS breached ERISA fiduciary duties by allegedly accepting service payments from certain mutual funds. The complaint seeks disgorgement of some or all of the payments allegedly received by NFS and NLIC, other unspecified relief for restitution, declaratory and injunctive relief, and attorneys' fees. On November 6, 2009, the Court granted the plaintiff's motion for class certification and certified a class of "All trustees of all employee pension benefit plans covered by ERISA which had variable annuity contracts with NFS and NLIC or whose participants had individual variable annuity contracts with NFS and NLIC at any time from January 1, 1996, or the first date NFS and NLIC began receiving payments from mutual funds based on a percentage of assets invested in the funds by NFS and NLIC, whichever came first, to the date of November 6, 2009". On October 21, 2010, the District Court dismissed NFS from the lawsuit. On February 6, 2012, the Second Circuit Court of Appeals vacated the November 6, 2009 order granting class certification and remanded the case back to the District Court for further consideration. The plaintiffs have renewed their motion for class certification. On December 18, 2012, the District Court heard oral argument on the motion for class certification. NLIC continues to defend this lawsuit vigorously.

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On June 8, 2011, NMIC and NLIC were named in a lawsuit filed in Court of Common Pleas, Cuyahoga County, Ohio entitled Stanley Andrews and Donald Clark, on their behalf and on behalf of the class defined herein v. Nationwide Mutual Insurance Company and Nationwide Life Insurance Company. The complaint alleges that NMIC and NLIC have an obligation to review the Social Security Administration Death Master File database for all life insurance policyholders who have at least a 70% probability of being deceased according to actuarial tables. The complaint further alleges that NMIC and NLIC are not conducting such a review. The complaint seeks injunctive relief and declaratory judgment requiring NMIC and NLIC to conduct such a review, and alleges NMIC and NLIC have violated the covenant of good faith and fair dealing and have been unjustly enriched by not having conducted such reviews. The complaint seeks certification as a class action. NMIC and NLIC filed a motion to dismiss. By order dated January 18, 2012, the State Court issued an order dismissing the lawsuit. On January 30, 2012, plaintiffs filed their appeal. On October 24, 2012, the Court of Appeals affirmed the dismissal. On November 9, 2012, plaintiffs filed a petition for rehearing en banc. On December 14, 2012, the Court of Appeals denied the petition for rehearing. Plaintiffs filed a notice of appeal to the Ohio Supreme Court on January 24, 2013. NMIC and NLIC have filed an opposition memorandum.

In 2012 the Plaintiff, Debtor in Possession Lehman Brothers Special Financing, Inc., filed a class action suit in the United States Bankruptcy Court for the Southern District of New York seeking the recovery of nearly \$3.0 billion in assets from all the named defendants including NLIC and NMIC. This litigation arises from two collateralized debt obligation transactions, 801 Grand and Alta, which resulted in payments to NLIC and NMIC. In 2008 the Plaintiff and its parent company, Lehman Brothers Holding, Inc. filed for bankruptcy which triggered an early termination of the above transactions. The Plaintiff seeks to have sums returned to the bankruptcy estate in addition to prejudgment interest and costs. The case is currently stayed and answers of defendants are due on March 5, 2013.

Tax Matters

The Company's federal income tax returns are routinely audited by the IRS. The Company provides for federal income taxes based on amounts the Company believes it ultimately will owe. Inherent in the provision for federal income taxes are estimates regarding the deductibility of certain items and the realization of certain tax credits. In the event the ultimate deductibility of certain items or the realization of certain tax credits differs from estimates, the Company may be required to change the provision for federal income taxes recorded in the statutory financial statements, which could be significant. Management has used best estimates to establish reserves for uncertain tax positions based on current facts and circumstances regarding tax exposure items where the ultimate deductibility is open to interpretation. Management believes its tax reserves reasonably provide for potential assessments that may result from IRS examinations and other tax-related matters for all open tax years.

Indemnifications

In the normal course of business, the Company provides standard indemnifications to contractual counterparties in connection with numerous transactions, including acquisitions, divestitures and leases. The types of indemnifications typically provided include indemnifications for breaches of representations and warranties, taxes and certain other liabilities, such as third party lawsuits. The indemnification clauses are often standard contractual terms and are entered into in the normal course of business based on an assessment that the risk of loss would be remote. The terms of the indemnifications vary in duration and nature. In many cases, the maximum obligation is not explicitly stated and the contingencies triggering the obligation to indemnify have not occurred and are not expected to occur. Consequently, the maximum amount of the obligation under such indemnifications is not determinable. Historically, the Company has not made any material payments pursuant to these obligations.

(15) Leases

The Company does not have any material lease obligations at this time.

(16) Information about Financial Instruments with Off Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

(1) The table below summarizes the face amount of the Company's financial instruments with off balance sheet risk.

	Assets		Liabilities	
	2012	2011	2012	2011
Swaps	\$ 22,814,344,730	\$ 22,778,001,704	\$ 25,500,127,474	\$ 23,681,971,962
Futures	436,400	3,641,650	1,179,700	-
Options	7,445,230,614	7,162,474,506	-	-
Total	\$ 30,260,011,744	\$ 29,944,117,860	\$ 25,501,307,174	\$ 23,681,971,962

(2) Commitments to fund fixed rate mortgage loans on real estate are agreements to lend to a borrower, and are subject to conditions established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of deposit. Commitments extended by the Company are based on management's case-by-case credit evaluation of the borrower and the borrower's loan collateral.

Notional amounts of derivative financial instruments significantly exceed the credit risk associated with these instruments and represent contractual balances on which calculations of amounts to be exchanged are based. Credit exposure is limited to the sum of the aggregate fair value of positions that have become favorable to the Company, including accrued interest receivable due from counterparties, net of collateral received.

(3) Should the commitment be funded, the Company's exposure to credit loss in the event of nonperformance by the borrower is represented by the contractual amounts of these commitments less the net realizable value of the collateral. The contractual amounts also represent the cash requirements for all unfunded commitments.

Potential credit losses are minimized through careful evaluation of counterparty credit standing, selection of counterparties from a limited group of high quality institutions, collateral agreements and other contract provisions.

(4) The underlying mortgage property represents the collateral if the commitment is funded. The Company's policy for new mortgage loans on real estate is to lend no more than 80% of collateral value.

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Collateral requirements for over-the-counter derivative instruments are controlled by the International Swap Dealers Association and Credit Support Annex documents that are negotiated with each counterparty. Generally, these documents outline each party's rights and obligations for receiving and posting collateral. The documents address such issues as calculating collateral due/owed, delivery and return of collateral, uses and substitution for collateral, distributions and interest rights and remedies for both parties, credit thresholds and eligible collateral (typically cash, debt obligations issued by the United States Treasury, or obligations issued by government agencies). The Company monitors their collateral position on a daily basis, adjusting positions as necessary, and in accordance with the terms of these agreements. For future contracts, the broker for the various types of futures contracts that the Company may employ establishes margin requirements. The margin account is settled daily for changes in contracts outstanding and movements in market values of open contracts. The Company uses cash to cover the margin account for future activity.

(17) Sale, Transfer, and Servicing of Financial Assets and Extinguishment of Liabilities

A. Transfers of Receivables Reported as Sales - Not Applicable.

B. Transfer and Servicing of Financial Assets

- (1) There were no assets obtained or liabilities incurred in transfers of financial assets where it is not practicable to estimate their fair value.
- (2) The Company has entered into a securities lending agreement with an agent bank whereby eligible securities may be loaned to third parties, primarily major brokerage firms. These transactions are used to generate additional income on the securities portfolio. Loaned securities continue to be reported as invested assets and the Company is entitled to receive any payments of interest or dividends paid on loaned securities. The agreement requires a minimum of 102% of the fair value of loaned securities to be held as collateral. Cash collateral received from borrowers is reflected as a "Payable for securities lending" on the "Statement of Liabilities, Surplus and Other Funds" while non-cash collateral is recorded off-balance sheet. Cash collateral received is reinvested by the agent bank in accordance with the Company's authorized investment policy and included in "Securities lending reinvested collateral assets" in the "Statement of Assets". If the fair value of the reinvested collateral assets is less than the fair value of the securities loaned, the shortfall is non-admitted. Because the borrower or the Company may terminate a securities lending transaction at any time, if loans are terminated in advance of the reinvested collateral asset maturities, the Company would repay its securities lending obligation from operating cash flows or the proceeds of sales from its investment portfolio, which includes significant liquid securities.

The fair value of loaned securities was \$125,538,667, as of December 31, 2012. The Company does not hold any non-cash collateral for loaned securities as of December 31, 2012.

Reinvested collateral assets reported on Schedule DL are excluded from other statutory schedules and disclosures.

See Note 5 E. for additional information concerning securities lending.

- (3) No servicing assets or liabilities were recognized during the period.
- (4) There were no assets securitized during the period.
- (5) There were no retained interests since there were no securitized financial assets.
- (6) There were no transfers of receivables with recourse.

C. Wash Sales – None.

(18) Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – None.

(19) Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The aggregate amount of direct premiums through Third Party Administrators did not equal or exceed 5% of the Company's surplus for 2012.

(20) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources while unobservable inputs reflect the Company's view of market assumptions in the absence of observable market information. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. In determining fair value, the Company uses various methods including market, income and cost approaches.

The Company categorizes its assets and liabilities into a three-level hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety.

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The Company categorizes the fair value of assets and liabilities as follows:

Level 1. Unadjusted quoted prices accessible in active markets for identical assets or liabilities at the measurement date and mutual funds where the value per share (unit) is determined and published daily and is the basis for current transactions.

Level 2. Unadjusted quoted prices for similar assets or liabilities in active markets or inputs (other than quoted prices) that are observable or that are derived principally from or corroborated by observable market data through correlation or other means. Primary inputs to this valuation technique may include comparative trades, bid/asks, interest rate movements, U.S. Treasury rates, U.S. LIBOR, prime rates, cash flows, maturity dates, call ability, estimated prepayments and/or underlying collateral values.

Level 3. Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate about the assumptions market participants would use at the measurement date in pricing the asset or liability. Consideration is given to the risk inherent in both the method of valuation and the valuation inputs. Primary inputs to this valuation technique include broker quotes and comparative trades.

The Company reviews its fair value hierarchy classifications for financial assets and liabilities quarterly. Changes in observability of significant valuation inputs identified during these reviews may trigger reclassifications. Reclassifications are reported as transfers at the beginning of the period in which the change occurs.

To determine the fair value of bonds and stocks for which market quotations are available, independent pricing services are most often utilized. For these bonds and stocks, the Company obtains the pricing services' methodologies, inputs and assumptions and classifies the investments accordingly in the fair value hierarchy.

A corporate pricing matrix or an internally developed pricing model is used in valuing certain bonds. The corporate pricing matrix is developed using private spreads for bonds with varying weighted average lives and credit quality ratings. The weighted average life and credit quality rating of a particular bond to be priced using the corporate pricing matrix are important inputs into the model and are used to determine a corresponding spread that is added to the appropriate U.S. Treasury yield to create an estimated market yield for that bond. The estimated market yield and other relevant factors are then used to estimate the fair value of the particular bond.

Non-binding broker quotes are also utilized to determine the fair value of certain bonds when quotes are not available from independent pricing services, corporate pricing matrix or internal pricing models. These bonds are classified accordingly in the fair value hierarchy as only one broker quote is ordinarily obtained, the investment is not traded on an exchange, the pricing is not available to other entities and/or the transaction volume in the same or similar investments has decreased. Inputs used in the development of prices are not provided to the Company by the brokers as the brokers often do not provide the necessary transparency into their quotes and methodologies. Broker quotes are subject to validation of price movements that require approval from the Company's management. Management uses its knowledge of the investment and current market conditions to determine if the price is indicative of the investment's fair value.

Fair value of derivative instruments is determined using various valuation techniques relying predominately on observable market inputs. These inputs include interest rate swap curves, credit spreads, interest rates, counterparty credit risk, equity volatility and equity index levels. In cases where observable inputs are not available, the Company will utilize non-binding broker quotes to determine fair value and these instruments are classified accordingly in the fair value hierarchy.

The following table summarizes financial assets and liabilities measured at fair value as of December 31, 2012:

	As of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds:				
Industrial & miscellaneous	\$ -	\$ 9,285,476	\$ 15,866,804	\$ 25,152,281
Total bonds	\$ -	\$ 9,285,476	\$ 15,866,804	\$ 25,152,281
Assets at fair value:				
Securities lending collateral assets	\$ -	\$ 176,601	\$ -	\$ 176,601
Common stocks	51,889	-	8,144,335	8,196,224
Derivative assets	-	1,964,526,564	821,897,448	2,786,424,012
Separate account assets ¹	66,971,877,019	2,007,837,589	2,028,325,733	71,008,040,341
Total assets at fair value	\$ 66,971,928,908	\$ 3,981,826,230	\$ 2,874,234,320	\$ 73,827,989,459
Liabilities at fair value				
Derivative liabilities	\$ -	\$ 2,096,686,713	\$ -	\$ 2,096,686,713
Total liabilities at fair value	\$ -	\$ 2,096,686,713	\$ -	\$ 2,096,686,713

¹The value of separate account liabilities is set to equal the fair value of separate account assets.

The following table presents the rollforward of Level 3 financial assets and liabilities held at fair value during the twelve months ended December 31, 2012:

	Balance as of December 31, 2011	Transfers into Level 3	Transfers Out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance as of December 31, 2012
Assets at fair value										
Bonds:										
Industrial & miscellaneous	\$ 15,589,975	\$ -	\$ (3,713,909)	\$ (1,298,795)	\$ 4,842,319	\$ 1,239,731	\$ -	\$ (1,655,211)	\$ 862,694	\$ 15,866,804
Total bonds	\$ 15,589,975	\$ -	\$ (3,713,909)	\$ (1,298,795)	\$ 4,842,319	\$ 1,239,731	\$ -	\$ (1,655,211)	\$ 862,694	\$ 15,866,804
Assets at fair value:										
Common stocks	\$ 4,676,739	\$ -	\$ -	\$ -	\$ 3,467,596	\$ -	\$ -	\$ -	\$ -	\$ 8,144,335
Derivative assets	1,003,962,926	-	-	(96,027,367)	(256,678,778)	349,643,345	-	\$(179,002,678)	-	821,897,448
Separate account assets ¹	1,967,866,725	-	(4,259,003)	(472,047)	73,863,221	1,940,000	-	\$(10,640,761)	27,598	2,028,325,733
Total assets at fair value	\$ 2,992,096,365	\$ -	\$ (7,972,912)	\$ (97,798,209)	\$ (174,505,642)	\$ 352,823,076	\$ -	\$ (191,298,650)	\$ 890,292	\$ 2,874,234,320

¹The value of separate account liabilities is set to equal the fair value of separate account assets.

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The following table presents the rollforward of Level 3 financial assets and liabilities held at fair value during the three months ended December 31, 2012:

	Balance as of September 30, 2012	Transfers into Level 3	Transfers Out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance as of December 31, 2012
Assets at fair value										
Bonds:										
Industrial & miscellaneous	\$ 14,193,504	\$ 3,001,932	\$ (4,320,000)	\$ (454,511)	\$ 3,164,039	\$ 281,840	\$ -	\$ -	\$ -	\$ 15,866,804
Total bonds	\$ 14,193,504	\$ 3,001,932	\$ (4,320,000)	\$ (454,511)	\$ 3,164,039	\$ 281,840	\$ -	\$ -	\$ -	\$ 15,866,804
Assets at fair value:										
Common stocks	\$ 31,883,585	\$ -	\$ (25,163,300)	\$ -	\$ 1,424,050	\$ -	\$ -	\$ -	\$ -	\$ 8,144,335
Derivative assets	871,438,695	-	-	(63,035,714)	-	15,738,404	-	(2,243,937)	-	821,897,448
Separate account assets ¹	2,035,933,845	-	(4,997,874)	-	(610,238)	-	-	(2,000,000)	-	2,028,325,733
Total assets at fair value	\$ 2,953,449,629	\$ 3,001,932	\$ (34,481,174)	\$ (63,490,225)	\$ 3,977,851	\$ 16,020,244	\$ -	\$ (4,243,937)	\$ -	\$ 2,874,234,320

¹The value of separate account liabilities is set to equal the fair value of separate account assets.

Transfers into and/or out of Level 3 during the periods ending December 31, 2012 are due to either changes resulting from application of the lower of amortized cost or fair value rules based on the security's NAIC rating or changes in sources used to price certain securities.

The following table summarizes aggregate carrying value and fair value, by level, for all financial assets and liabilities, excluding assets and liabilities reported at fair value, as of December 31, 2012:

	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Assets:						
Bonds	\$ 25,899,606,669	\$ 23,406,875,919	\$ 1,041,276,156	\$ 23,776,073,785	\$ 1,082,256,728	\$ -
Common stocks	337,833,867	337,833,867	-	25,500,000	312,333,867	-
Mortgage loans	5,398,928,699	5,244,324,908	-	-	5,398,928,699	-
Short-term investments	765,728,243	765,728,243	-	765,728,243	-	-
Derivative assets	3,637,460	4,149,601	-	3,637,460	-	-
Policy loans	949,625,786	949,625,786	-	-	949,625,786	-
Securities lending collateral assets	127,405,102	127,405,102	-	127,405,102	-	-
Total assets	\$ 33,482,765,827	\$ 30,835,943,427	\$ 1,041,276,156	\$ 24,698,344,590	\$ 7,743,145,080	\$ -
Liabilities:						
Investment contracts	\$ 16,454,314,099	\$ 17,005,224,387	\$ -	\$ -	\$ 17,005,224,387	\$ -
Derivative liabilities	18,411,971	14,409,816	-	18,411,971	-	-
Total Liabilities	\$ 16,472,726,070	\$ 17,019,634,203	\$ -	\$ 18,411,971	\$ 17,005,224,387	\$ -

Not Practicable to Estimate Fair Value – Not applicable

(21) Other Items

- A. Extraordinary Items – None.
- B. Troubled Debt Restructuring: Debtors – None.
- C. Other Disclosures – At December 31, 2012, the Company has commitments for unsettled purchases of private placement securities, including bank loans, of \$38,500,000. At December 31, 2012, the Company has commitments for commercial mortgage loans of \$23,300,000.
- D. Uncollectible Assets - Not Applicable.
- E. Business Interruption Insurance Recoveries - Not Applicable.
- F. State Transferable and Non-transferable Tax Credits

(1)

Description of State Transferable and Non-Transferable Tax Credits	State	Carrying Value	Unused Amount
Dunn Solar LLC	NY	\$ 488,174	\$ 155,404
Nationwide Affordable Housing Fund VII	DE	571,050	21,120
Nationwide Affordable Housing Fund XXIII	OH	534,875	500,848
NHT XII NW Tax Credit Fund, LLC	OH	773,117	417,968
Argenta L.P. II	AR	-	120,000
Fifth Ward Elderly East/West Apartments	MO	-	366,638
Lakewood Christian Manor, L.P.	GA	-	150,000
Lost Tree South	MO	-	1,180,511
Pennywise Path L.P.	MA	-	892,578
Total		\$ 2,367,216	\$ 3,805,067

(2) The Company estimates the utilization of remaining transferable and non-transferable state tax credits by projecting future premium and taking into account policy growth, while also projecting future tax liability in the relevant jurisdiction.

(3) The Company did not recognize any impairment on state tax credits in 2012.

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(4) State Tax Credits Admitted and Nonadmitted

	Total Admitted		Total Nonadmitted	
a. Transferable	\$	5,076,943	\$	-
b. Non-transferable	\$	-	\$	-

G. Subprime Mortgage Related Risk Exposure

- (1) The Company evaluates many characteristics when classifying collateral as subprime, including the credit quality of the borrower as defined by Fair Isaac Credit Organization (FICO) scores, as well as other factors, such as loan-to-value ratios and type of real estate.
- (2) The Company has no direct exposure through investments in subprime mortgage loans.
- (3) Direct exposure through other investments:

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ 427,059,161	\$ 369,312,541	\$ 352,469,494	\$ 73,178,187
b. Commercial mortgage-backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	4,657,835	4,650,004	3,520,810	-
e. Equity investment in SCAs *	82,056,909	78,172,299	75,325,341	5,463,112
f. Other assets	10,935,209	7,168,215	7,168,215	-
d. Total	<u>\$ 524,709,114</u>	<u>\$ 459,303,059</u>	<u>\$ 438,483,860</u>	<u>\$ 78,641,299</u>

*NLIC's subsidiary NLAIC has investments in subprime residential mortgage backed securities. These investments comprise 1.6% of the subsidiary company's invested assets.

- (4) The company has no exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

H. Retained Assets

The Company does not retain beneficiary assets. During a death benefit claim, the beneficiary has the option to receive an interest bearing deposit account with an affiliated banking institution, Nationwide Bank. In the case that the interest-bearing deposit account is selected by the beneficiary, the deposits are FDIC (Federal Deposit Insurance Corporation) insured and the Company has disposed of its policyholder liabilities and related assets. Interest earned by the beneficiary is consistent with interest earned on all other Nationwide Bank interest-bearing checking account deposits. While receipt of a deposit account with Nationwide Bank is an option available to the beneficiary during settlement of a death claim, the default death benefit settlement method is payment to the beneficiary in the form of a check.

- (22) Subsequent events have been considered through February 22, 2013 for the statutory statement issued on March 1, 2013.

The Company paid a capital contribution to NLAIC of \$31,000,000 on February 6, 2013. Effective February 15, 2013, the Department granted the Company approval to record the \$31,000,000 contribution as a Type I Subsequent Event in its 2012 statutory financial statements.

- (23) Reinsurance

A. Ceded Reinsurance Report

Section 1 - General Interrogatories

1. Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes () No (X)

If yes, give full details.

2. Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (X)

If yes, give full details.

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Section 2 - Ceded reinsurance Report-Part A

1. Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment or premium or other similar credits?

Yes () No (X)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the Company to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

N/A

- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in the income statement?

N/A

2. Does the Company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

If yes, give full details.

Section 3 - Ceded Reinsurance Report-Part B

1. What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2, above) of termination of ALL reinsurance agreements, by either party as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

\$0

2. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes () No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments?

B. Uncollectible Reinsurance – None.

C. Commutation of Ceded Reinsurance - Not Applicable.

(24) Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Not Applicable.

B. Not Applicable.

C. Not Applicable.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act – None.

(25) Change in Incurred Losses and Loss Adjustment Expenses - Not Applicable.

(26) Intercompany Pooling Arrangements - Not Applicable.

(27) Structured Settlements - Not Applicable.

(28) Health Care Receivables - Not Applicable.

(29) Participating Policies

For the year ended 2012, the relative percentage of individual and group participating life insurance policies was 7.0% of the total individual and group life insurance in-force. The Company accounts for its policyholder dividends based upon guidance from SSAP No. 51, Life Contracts. Dividends left on deposit are recorded as the amount of the deposit and accrued interest thereon. The Company's incurred dividend expense of \$58,906,265 in 2012.

(30) Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves \$ 915,000

2. Date of the most recent evaluation of this liability 12/31/2012

3. Was anticipated investment income utilized in the calculation? Yes No

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE NATIONWIDE LIFE INSURANCE COMPANY

(31) Reserves for Life Contracts and Annuity Contracts

- (1) The Company waives deduction of deferred fractional premiums upon death of the insured. The Company returns any portion of final premium paid beyond the month of death for all policies.
- (2) The same percentage that is applied to the gross premiums for determining the rate charged the substandard risk, is also applied to the rates in the statutory mortality table at all durations. For example, a life issued at table B, which would normally use 80CSO, would actually use 80CSO with all rates grossed up 50%.
- (3) As of December 31, 2012, the Company had \$532,320,797 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Ohio. Reserves to cover the above insurance totaled the gross amount of \$3,035,964 at year-end and are reported in Exhibit 5, Miscellaneous Reserves.
- (4) The Tabular Interest (Page 7, Part A, Line 4), The Tabular Less Actual Reserve Released (Page 7, Part A, Line 5), and the Tabular Cost (Page 7, Part A, Line 9) have been determined by formulas described in the instructions for Page 7.
- (5) The Tabular Interest on Funds not involving life contingencies is calculated using the actual accrued interest on such funds.
- (6) The details for deposit-type contract "Other Increases" (net) are:

Item	Total	Industrial Life	Ordinary Life Insurance	Ordinary Individual Annuities	Supplementary Contracts	Credit Life Group and Individual	Group Life Insurance	Annuities
Premium Deposits and Nationwide Secure Account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medium Term Note Program Reserve Growth and Other	\$ (9,952,429)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,952,429)

(32) Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics

	(1) General Account	(2a) Separate Account with Guarantees	(2b) Separate Account Non-guaranteed	(3) Total	(4) % of Total
A. Subject to discretionary withdrawal:					
(1) With fair value adjustment	\$ 10,953,977,625	\$ 2,495,075,543	\$ -	\$ 13,449,053,168	49.86%
(2) At book value less current surrender charge of 5% or more	1,257,345,491	-	6,328,879	1,263,674,370	5.72%
(3) At fair value	16,326,511	-	54,647,058,817	54,663,385,328	0.07%
(4) Total with adjustment or at fair value (Total of 1 through 3)	12,227,649,627	2,495,075,543	54,653,387,696	69,376,112,866	55.65%
(5) At book value without adjustment (Minimal or no charge or adjustment)	6,366,630,458	-	47,499,605	6,414,130,063	28.98%
B. Not subject to discretionary withdrawal	3,375,954,934	2,783,199	50,376,408	3,429,114,541	15.37%
C. Total (gross)	21,970,235,019	2,497,858,742	54,751,263,709	79,219,357,470	100%
D. Reinsurance ceded	187,700,684	-	-	187,700,684	
E. Total (net)* (C-D)	\$ 21,782,534,335	\$ 2,497,858,742	\$ 54,751,263,709	\$ 79,031,656,786	

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities

F. Life & Accident & Health Annual Statement	2012
(1) Exhibit 5, Annuities Section, Total (net)	\$ 20,595,788,530
(2) Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	24,390,565
(3) Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	1,162,355,240
(4) Subtotal	<u>21,782,534,335</u>
Separate Accounts Annual Statement	
(5) Exhibit 3, Line 0299999, Column 2	57,230,614,299
(6) Exhibit 3, Line 0399999, Column 2	-
(7) Policyholder dividend and coupon accumulations	-
(8) Policyholder premiums	-
(9) Guaranteed interest contracts	-
(10) Other contract deposit funds	18,508,152
(11) Subtotal	<u>57,249,122,451</u>
(12) Total annuity actuarial reserves and deposit fund liabilities	<u>\$ 79,031,656,786</u>

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE NATIONWIDE LIFE INSURANCE COMPANY

G. Federal Home Loan Bank (FHLB) Agreements

(1) The Company is a member of the FHLB of Cincinnati. Through its membership, the Company has issued funding agreements to the FHLB of Cincinnati in exchange for cash advances in the amount of \$25,000,000. The Company uses these funds in an investment spread strategy, consistent with its other investment spread operations. As such, the Company applies SSAP No. 52 accounting treatment to these funds, consistent with its other deposit-type contracts. It is not part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB of Cincinnati for use in general operations would be accounted for consistent with SSAP No. 15 as borrowed money. The table below indicates the amount of FHLB of Cincinnati stock purchased, collateral pledged, assets and liabilities related to the agreement with FHLB of Cincinnati.

	12/31/2012	12/31/2011
(2) FHLB stock purchased/owned as part of the agreement	\$ 500,000	\$ -
(3) Collateral pledged to the FHLB	33,135,000	-
(4) Funding capacity currently available	1,975,000,000	-
(5) Total reserves related to funding agreement	25,004,658	-
(6) Agreement assets and liabilities		
General Account:		
a. Assets	25,004,658	-
b. Liabilities	25,004,658	-
Separate Account:		
c. Assets	-	-
d. Liabilities	-	-

(33) Premium and Annuity Considerations Deferred and Uncollected

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2012 were as follows:

Type	Gross	Net of Loading
(1) Industrial	\$ -	\$ -
(2) Ordinary New Business	444,621	81,868
(3) Ordinary Renewal	45,495,109	36,230,705
(4) Credit Life	-	-
(5) Group Life	(250,681)	(687,831)
(6) Group Annuity	-	-
(7) Total	\$ 45,689,049	\$ 35,624,742

(34) Separate Accounts

A. Separate Account Activity

- (1) The Company utilized separate accounts to record and account for assets and liabilities in its variable individual and group annuities and variable life insurance product lines.
- (2) As of December 31, 2012 and 2011 the Company's separate account statement included legally insulated assets of \$71,264,422,303 and \$65,169,334,698, respectively. The assets legally insulated from the general account as of December 31, 2012, attributed to the following product lines:

Product/Transaction	Legally Insulated Assets	Separate Account Assets (Not Legally Insulated)
Individual Annuities	\$ 45,410,617,894	\$ -
Group Annuities	13,061,327,225	-
Life Insurance	12,792,477,184	-
Total	\$ 71,264,422,303	\$ -

(3) In accordance with the products/transactions recorded within the separate account, some separate account liabilities are guaranteed by the general account. (In accordance with the guarantees provided, if the investment proceeds are insufficient to cover the rate of return guaranteed for the product, the policyholder proceeds will be remitted by the general account.) As of December 31, 2012, the Company's general account had a maximum guarantee for separate account liabilities of \$1,370,314,595 (\$3,106,670,766 as of December 31, 2011). To compensate the general account for the risk taken during 2012, the separate account paid risk charges of \$294,336,637 (\$207,806,682 during 2011). During 2012, the general account of the Company had paid \$36,671,913 (\$55,707,931 during 2011) toward separate account guarantees. To compensate the general account for the risk taken, the separate account has paid risk charges as follows for the past five (5) years:

a.	2012 \$	\$ 294,336,638 ;
b.	2011 \$	\$ 207,806,682 ;
c.	2010 \$	\$ 151,361,450 ;
d.	2009 \$	\$ - ;
e.	2008 \$	\$ - ;

(4) The Company does not engage in securities lending transactions within its separate accounts.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE NATIONWIDE LIFE INSURANCE COMPANY

B. General Nature and Characteristics of Separate Accounts Business

Most separate accounts held by the Company relate to individual and group variable annuity and variable universal life insurance contracts of a non-guaranteed return nature. The net investment experience of the separate accounts is credited directly to the contract holder and can be positive or negative. The individual variable annuity contracts generally provide an incidental death benefit of the greater of account value or premium paid (net of prior withdrawals). However, many individual variable annuity contracts also provide death benefits equal to (i) the most recent fifth-year anniversary account value, (ii) the highest account value on any previous anniversary, (iii) premiums paid increased 5% or certain combinations of these, all adjusted for prior withdrawals. The death benefit and cash value under the variable universal life policies may vary with the investment performance of the underlying investments in the separate accounts. The assets and liabilities of these separate accounts are carried at fair value. This business has been included in Column 4.

Certain other separate accounts relate to a guaranteed term option (GTO), which provides a guaranteed interest rate that is paid over certain maturity durations ranging from three to ten years, so long as certain conditions are met. If amounts allocated to the GTO are distributed prior to the maturity period, a market value adjustment (MVA) can be assessed. The assets and liabilities of these separate accounts are carried at fair value. This business has been included in Columns 2 and 3.

Information regarding the Separate Accounts of the Company is as follows:

	(1) Indexed	(2) Nonindexed guarantee less than or equal to 4%	(3) Nonindexed guarantee more than 4%	(4) Non- guaranteed Separate Accounts	Total
(1) Premiums, considerations or deposits for year ended December 31, 2012	\$ -	\$ 150,183,309	\$ 114,311,109	\$ 5,792,225,624	\$ 6,056,720,042
Reserves as of December 31, 2012					
(2) For accounts with assets at:					
a. Fair value	\$ -	\$ 2,214,486,939	\$ 280,588,604	\$ 66,730,495,338	\$ 69,225,570,881
b. Amortized cost	-	250,346,230	-	-	250,346,230
c. Total reserves	\$ -	\$ 2,464,833,169	\$ 280,588,604	\$ 66,730,495,338	\$ 69,475,917,111
(3) By withdrawal characteristics:					
a. Subject to discretionary withdrawal	\$ -	\$ -	\$ -	\$ -	\$ -
b. With FV adjustment	-	2,214,486,939	280,588,604	-	2,495,075,543
c. At book value without FV adjustment and with current surrender charge less than 5%	-	-	-	6,328,879	6,328,879
d. At fair value	-	-	-	66,640,605,083	66,640,605,083
e. At book value without FV adjustment and with current surrender charge less than 5%	-	250,346,230	-	30,401,769	280,747,999
f. Subtotal	\$ -	\$ 2,464,833,169	\$ 280,588,604	\$ 66,677,335,731	\$ 69,422,757,504
g. Not subject to discretionary withdrawal	-	-	-	53,159,607	53,159,607
h. Total reserves	\$ -	\$ 2,464,833,169	\$ 280,588,604	\$ 66,730,495,338	\$ 69,475,917,111

(4) Not Applicable.

C. Reconciliation of Net Transfers To or From Separate Accounts

(1) Transfers as reported in the Summary of Operations of the Separate Accounts Statement

a. Transfers to Separate Accounts (Page 4, Line 1.4)	\$ 6,138,140,887
b. Transfers from Separate Accounts (Page 4, Line 10)	6,476,009,922
c. Net transfers to (from) Separate Accounts (a-b)	(337,869,035)

(2) Reconciling Adjustment

a. Exchange accounts offsetting in the general account	54,572,836
b. Fees eliminated from the general account due to Nationwide Large Cap Growth	(136,404,065)
c. Ceded transfers- Separate Accounts modified coinsurance	36,751,200
d. Gain(loss) in Separate Accounts	99,920

(3) Transfers as reported in the Summary of Operations of the Life,

Accident & Health Annual Statement (1c) + (2) = (Page 4, Line 26)	\$ (382,849,144)
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(35) Loss/Claim Adjustment Expenses

The balance in the liability for unpaid accident and health claim adjustment expenses as of December 31, 2012 and 2011 was \$449,062 and \$350,900, respectively.

The Company incurred \$3,236,262 and paid \$3,138,100 of claim adjustment expenses in the current year, of which \$625,400 of the paid amount was attributable to insured or covered events of prior years. The Company did not increase or decrease the provision for insured events of prior years.

The Company took into account estimated anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses and reduced such liability by \$0.