

Moody's downgrade of Nationwide Financial Services' ratings

Consumer and Advisor Talking Points

3-11-09

What has happened?

As you may know, Moody's Investor Service placed the financial strength ratings of Nationwide Financial Services (NFS) under review as a result of the continuing deterioration of financial markets on December 19, 2008. On March 10, Moody's announced that it has completed that review and downgraded NFS' financial strength rating one notch, to A1 from Aa3.

What are the reasons for the downgrade?

- Although Moody's noted the strength of our capital position, the rating action reflected Moody's view that declining equity markets and related asset impairments will continue to pressure our profitability and capital generation

How does Nationwide compare to its competitors?

- Our ratings remain in the upper portion of all major ratings agencies' scales and most of our peer companies either share our current rating or are one notch higher or lower
- Many of our peers have experienced significant rating actions with an acceleration in downgrades and outlook changes over the last 30 days
- In fact, 15 of the 19 companies in the life insurance sector have experienced a downgrade in the last 30 days alone and more than 80% of these companies currently have a negative outlook with at least one rating agency; this is not an issue specific to Nationwide

Were you surprised by these results?

- No. Given the current amount and frequency of ratings changes occurring in the financial services industry due to the ongoing financial crisis, this action is not unexpected

What are some reasons I can continue to have confidence in Nationwide?

- Despite these actions, Nationwide Financial remains a financially strong and stable company that is well-positioned to navigate this downturn, even if it should continue to get worse
- A key measure of our strength and stability is Nationwide Financial's consolidated risk-based capital (or RBC) ratio, which exceeded 500% at year-end 2008 and continues to compare favorably to peers¹
- This number indicates our relative strength within the industry to withstand further erosion in our capital base in the event conditions continue to deteriorate
- We continue to operate a diverse set of businesses and our breadth of distribution will help us to naturally diversify, providing many sources of revenue, earnings and cash flows, without being overly exposed to any single business or risk
- Nationwide Financial Services continues to be well regarded by the rating agencies and we have a strong balance sheet²

- Our risk management capabilities have been rated as “Strong” by third-party rating agency Standard and Poor’s, placing us in the top 14% of insurers.³
- Nationwide is one of the largest providers of financial services in the United States, ranking No. 108 on the *Fortune 500* based on 2007 revenue
- We’ve been in business for over 80 years, helping customers prepare for and enjoy retirement through many ups and downs of the market

¹ The consolidated RBC ratio includes capital at the NFS holding company and all life companies.

² These ratings and rankings reflect Rating Agency assessment of the financial strength and claims-paying ability of Nationwide Life Insurance Company and are not intended to reflect the investment experience or financial strength of any variable account, which is subject to market risk.

³ RatingsDirect report, “Nationwide Mutual Insurance Co. Intercompany Pool,” Standard & Poor’s, March 4, 2008 (affirmed August 8, 2008).

Nationwide Investment Services Corporation, member FINRA. In MI Only: Nationwide Investment Svcs. Corporation.

Nationwide, Nationwide Financial, the Nationwide framemark and On Your Side are service marks of Nationwide Mutual Insurance Company, Columbus, Ohio.