

NATIONWIDE FINANCIAL SERVICES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Income (in millions of dollars, except per share amounts)

Years Ended December 31,	2001	2000	1999
Revenues			
Policy charges	\$ 1,019.1	\$ 1,092.2	\$ 895.6
Life insurance premiums	251.1	240.0	220.8
Net investment income	1,739.2	1,668.4	1,530.5
Net realized (losses) gains on investments, hedging instruments and hedged items:			
Unrelated parties	(70.3)	(24.9)	(11.0)
Related party	44.4	-	-
Other	195.5	194.6	167.4
	3,179.0	3,170.3	2,803.3
Benefits and expenses			
Interest credited to policyholder account balances	1,248.8	1,183.9	1,096.4
Other benefits and claims	279.8	241.6	210.4
Policyholder dividends on participating policies	41.7	44.5	42.4
Amortization of deferred policy acquisition costs	348.1	351.6	272.7
Interest expense on debt and capital and preferred securities of subsidiary trusts	54.9	48.5	47.2
Other operating expenses	643.0	676.3	561.4
	2,616.3	2,546.4	2,230.5
Income before federal income tax expense and cumulative effect of adoption of accounting principles	562.7	623.9	572.8
Federal income tax expense	142.8	189.0	191.5
Income before cumulative effect of adoption of accounting principles	419.9	434.9	381.3
Cumulative effect of adoption of accounting principles, net of tax	(7.1)	-	-
Net income	\$ 412.8	\$ 434.9	\$ 381.3
Net income per common share			
Basic	\$ 3.20	\$ 3.38	\$ 2.96
Diluted	\$ 3.20	\$ 3.38	\$ 2.96
Weighted average common shares outstanding	128.9	128.7	128.5
Weighted average diluted common shares outstanding	129.2	128.9	128.6

The consolidated financial statements, including the footnotes thereto, which are contained in the Form 10-K furnished with the Company's Proxy Statement for the 2002 Annual Meeting of Shareholders should be read in conjunction with these condensed consolidated financial statements.

NATIONWIDE FINANCIAL SERVICES, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (in millions of dollars, except per share amounts)

As of December 31,	2001	2000
Assets		
Investments:		
Securities available-for-sale, at fair value:		
Fixed maturity securities	\$ 18,548.3	\$ 15,497.2
Equity securities	150.5	150.2
Mortgage loans on real estate, net	7,113.1	6,168.3
Real estate, net	172.0	310.7
Policy loans	592.7	562.6
Other long-term investments	125.0	111.8
Short-term investments, including amounts managed by a related party	1,112.8	558.4
	27,814.4	23,359.2
Cash	65.0	62.7
Accrued investment income	309.7	252.5
Deferred policy acquisition costs	3,213.7	2,872.7
Other assets	911.4	662.7
Assets held in separate accounts	59,646.7	65,968.8
	\$ 91,960.9	\$ 93,178.6
Liabilities and Shareholders' Equity		
Future policy benefits and claims	\$ 25,491.6	\$ 22,243.3
Short-term debt	100.0	118.7
Long-term debt	597.0	298.4
Other liabilities	2,382.3	1,251.9
Liabilities related to separate accounts	59,646.7	65,968.8
	88,217.6	89,881.1
NFS-obligated mandatorily redeemable capital and preferred securities of subsidiary trusts holding solely junior subordinated debentures of NFS	300.0	300.0
Shareholders' equity:		
Preferred stock, \$0.01 par value. Authorized 50.0 million shares; no shares issued and outstanding	-	-
Class A common stock, \$0.01 par value. Authorized 750.0 million shares; 24.1 million and 24.0 million shares issued and outstanding, respectively	0.2	0.2
Class B common stock, \$0.01 par value. Authorized 750.0 million shares; 104.7 million shares issued and outstanding	1.0	1.0
Additional paid-in capital	646.5	640.8
Retained earnings	2,598.8	2,245.5
Accumulated other comprehensive income	202.5	114.5
Other	(5.7)	(4.5)
	3,443.3	2,997.5
	\$ 91,960.9	\$ 93,178.6

The consolidated financial statements, including the footnotes thereto, which are contained in the Form 10-K furnished with the Company's Proxy Statement for the 2002 Annual Meeting of Shareholders should be read in conjunction with these condensed consolidated financial statements.

NATIONWIDE FINANCIAL SERVICES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (in millions of dollars)

Years Ended December 31,	2001	2000	1999
Cash flows from operating activities			
Net income	\$ 412.8	\$ 434.9	\$ 381.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Interest credited to policyholder account balances	1,248.8	1,183.9	1,096.4
Capitalization of deferred policy acquisition costs	(762.6)	(784.9)	(638.7)
Amortization of deferred policy acquisition costs	348.1	351.6	272.7
Amortization and depreciation	(16.9)	(0.4)	8.9
Realized losses (gains) on investments, hedging instruments and hedged items:			
Unrelated parties	70.3	24.9	11.0
Related party	(44.4)	-	-
Cumulative effect of adoption of accounting principles	10.9	-	-
Increase in accrued investment income	(57.2)	(13.8)	(8.0)
(Increase) decrease in other assets	(286.4)	(105.3)	64.7
Increase (decrease) in policy liabilities	33.0	(0.3)	(20.9)
Increase in other liabilities	291.5	234.3	174.4
Other, net	8.3	22.1	(3.2)
Net cash provided by operating activities	1,256.2	1,347.0	1,338.6
Cash flows from investing activities			
Proceeds from maturity of securities available-for-sale	3,933.9	2,988.7	2,307.9
Proceeds from sale of securities available-for-sale	498.8	624.3	513.1
Proceeds from repayments of mortgage loans on real estate	1,204.4	911.7	696.7
Proceeds from sale of real estate	29.1	18.7	5.7
Proceeds from sale of limited partnership to related party	158.9	-	-
Proceeds from repayments of policy loans and sale of other invested assets	68.9	79.3	40.9
Cost of securities available-for-sale acquired	(7,246.7)	(3,589.9)	(3,720.6)
Cost of mortgage loans on real estate acquired	(2,123.1)	(1,318.0)	(971.4)
Cost of real estate acquired	(0.4)	(7.1)	(14.2)
Short-term investments, net	(554.4)	2.1	17.2
Net cash paid for purchase of subsidiaries	-	-	(125.2)
Collateral received – securities lending, net	791.6	-	-
Other, net	(203.2)	(272.3)	(133.3)
Net cash used in investing activities	(3,442.2)	(562.5)	(1,383.2)
Cash flows from financing activities			
Net proceeds from issuance of long-term debt	298.6	-	-
Net change in short-term debt	(18.7)	118.7	-
Cash dividends paid	(61.9)	(56.7)	(46.4)
Increase in investment and universal life insurance product account balances	6,186.6	4,517.0	3,799.4
Decrease in investment and universal life insurance product account balances	(4,220.1)	(5,325.6)	(3,709.6)
Other, net	3.8	2.3	(0.8)
Net cash provided by (used in) financing activities	2,188.3	(744.3)	42.6
Net increase (decrease) in cash	2.3	40.2	(2.0)
Cash, beginning of year	62.7	22.5	24.5
Cash, end of year	\$ 65.0	\$ 62.7	\$ 22.5

The consolidated financial statements, including the footnotes thereto, which are contained in the Form 10-K furnished with the Company's Proxy Statement for the 2002 Annual Meeting of Shareholders should be read in conjunction with these condensed consolidated financial statements.

Independent Auditors' Report

The Board of Directors

Nationwide Financial Services, Inc:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Nationwide Financial Services, Inc. and subsidiaries (collectively the "Company") as of December 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2001 (not presented herein); and in our report dated January 29, 2002, we expressed an unqualified opinion on those consolidated financial statements, with an explanatory paragraph as the Company changed its methods of accounting for derivative instruments and hedging activities, and for purchased or retained interests in securitized financial assets in 2001.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP

Columbus, Ohio

January 29, 2002

Report of Management

The management of Nationwide Financial Services, Inc. and its subsidiaries is responsible for the preparation and integrity of the condensed consolidated financial information included in this Summary Annual Report. The condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, and therefore include amounts that are based on the best estimates and judgement of management where necessary. The consolidated financial statements, including the footnotes thereto, which are contained in the Form 10-K furnished with the Company's Proxy Statement for the 2002 Annual Meeting of Shareholders should be read in conjunction with these condensed consolidated financial statements.

Mark R. Thresher

Mark R. Thresher

Senior Vice President – Finance

January 29, 2002

FIVE-YEAR SUMMARY

Results of Operations¹ (in millions of dollars, except per share amounts)

Years Ended December 31,	2001	2000	1999	1998	1997
Policy charges	\$ 1,019.1	\$ 1,092.2	\$ 895.6	\$ 698.9	\$ 545.2
Life insurance premiums	251.1	240.0	220.8	200.0	205.4
Net investment income	1,739.2	1,668.4	1,530.5	1,486.8	1,413.9
Net realized (losses) gains on investments, hedging instruments and hedged items:					
Unrelated parties	(70.3)	(24.9)	(11.0)	17.9	11.1
Related party	44.4	-	-	-	-
Other	195.5	194.6	167.4	108.1	62.8
Total revenues	3,179.0	3,170.3	2,803.3	2,511.7	2,238.4
Interest credited and other benefits	1,570.3	1,470.0	1,349.2	1,284.4	1,235.4
Interest expense on debt and trust securities	54.9	48.5	47.2	35.1	26.1
Other operating expenses	991.1	1,027.9	834.1	686.7	569.9
Total benefits and expenses	2,616.3	2,546.4	2,230.5	2,006.2	1,831.4
Income from continuing operations before federal income tax expense and cumulative effect of adoption of accounting principles	562.7	623.9	572.8	505.5	407.0
Federal income tax expense	142.8	189.0	191.5	173.1	141.8
Income from continuing operations before cumulative effect of adoption of accounting principles	419.9	434.9	381.3	332.4	265.2
Cumulative effect of adoption of accounting principles, net of tax	(7.1)	-	-	-	-
Net income	\$ 412.8	\$ 434.9	\$ 381.3	\$ 332.4	\$ 265.2
Basic and diluted net income per common share	\$ 3.20	\$ 3.38	\$ 2.96	\$ 2.58	\$ 2.14
Cash dividends declared	\$ 0.48	\$ 0.46	\$ 0.38	\$ 0.30	\$ 0.18
Weighted average common shares outstanding					
Basic	128.9	128.7	128.5	128.5	124.0
Diluted	129.2	128.9	128.6	128.6	124.1
OTHER DATA					
Reconciliation of net income to net operating income¹					
Net income	\$ 412.8	\$ 434.9	\$ 381.3	\$ 332.4	\$ 265.2
Realized losses (gains) on investments, hedging instruments and hedged items, excluding securitizations, net of tax	18.0	16.1	7.0	(11.7)	(7.9)
Cumulative effect of adoption of accounting principles, net of tax	7.1	-	-	-	-
Net operating income	437.9	451.0	388.3	320.7	257.3
Pro forma adjustments	-	-	-	-	(2.9)
Pro forma net operating income	\$ 437.9	\$ 451.0	\$ 388.3	\$ 320.7	\$ 254.4
Net operating return on average equity ²	14.2%	16.7%	16.6%	15.8%	14.5%

¹ Comparisons between 2001, 2000, 1999 and 1998 results of operations and those of 1997 are affected by the Company's initial public offering in March 1997 and companion offerings of senior notes and capital securities as well as the \$900.0 million of dividends paid prior to the initial public offering. Pro forma amounts adjust for these transactions.

² Based on net operating income and excluding accumulated other comprehensive income.

Summary of Financial Position¹ (in millions of dollars, except per share amounts)

As of December 31,	2001	2000	1999	1998	1997
Total invested assets	\$ 27,814.4	\$ 23,359.2	\$ 22,587.9	\$ 20,940.5	\$ 19,673.2
Deferred policy acquisition costs	3,213.7	2,872.7	2,555.8	2,022.3	1,665.4
Other assets	1,286.1	977.9	755.0	772.6	829.9
Separate account assets	59,646.7	65,968.8	67,155.3	50,935.8	37,724.4
Total assets	\$ 91,960.9	\$ 93,178.6	\$ 93,054.0	\$ 74,671.2	\$ 59,892.9
Policy reserves	\$ 25,491.6	\$ 22,243.3	\$ 21,868.3	\$ 19,772.2	\$ 18,702.8
Other liabilities	2,482.3	1,370.6	944.9	917.3	943.1
Long-term debt	597.0	298.4	298.4	298.4	298.4
Separate account liabilities	59,646.7	65,968.8	67,155.3	50,935.8	37,724.4
Total liabilities	88,217.6	89,881.1	90,266.9	71,923.7	57,668.7
NFS-obligated mandatorily redeemable capital and preferred securities of subsidiary trusts	300.0	300.0	300.0	300.0	100.0
Shareholders' equity	3,443.3	2,997.5	2,487.1	2,447.5	2,124.2
Total liabilities and shareholders' equity	\$ 91,960.9	\$ 93,178.6	\$ 93,054.0	\$ 74,671.2	\$ 59,892.9
Book value per common share	\$ 26.71	\$ 23.29	\$ 19.35	\$ 19.04	\$ 16.53
Customer funds managed and administered					
Individual annuity	\$ 42,186.7	\$ 43,694.9	\$ 44,023.7	\$ 35,315.2	\$ 28,156.4
Institutional products	50,417.3	47,154.0	48,321.7	38,582.0	25,812.4
Life insurance	8,099.2	7,225.5	5,913.8	4,613.4	3,487.0
Asset management:					
Gross	24,347.5	22,953.4	22,866.7	19,825.5	7,840.0
Intercompany eliminations	(11,911.8)	(10,031.7)	(9,978.5)	(8,154.7)	(5,285.0)
Asset management, net	12,435.7	12,921.7	12,888.2	11,670.8	2,555.0
	\$113,138.9	\$110,996.1	\$111,147.4	\$90,181.4	\$60,010.8

(in millions of dollars) Years Ended December 31,	2001	2000	1999	1998	1997
Operating income before federal income tax expense by business segment¹					
Individual annuity	\$ 227.2	\$ 276.3	\$ 254.4	\$ 230.2	\$ 186.9
Institutional products	205.7	224.6	201.5	164.8	126.2
Life insurance	189.7	161.1	122.7	88.8	66.7
Asset management	12.7	4.5	22.9	14.0	11.7
Corporate	(44.8)	(17.7)	(17.7)	(10.2)	4.4
	\$ 590.5	\$ 648.8	\$ 583.8	\$ 487.6	\$ 395.9
Sales by business segment					
Individual annuity	\$ 7,625.6	\$ 7,338.7	\$ 6,392.3	\$ 6,140.2	\$ 5,636.1
Institutional products	6,985.7	7,392.2	6,645.6	5,461.8	3,981.9
Life insurance	1,540.6	1,530.2	1,095.9	653.2	468.7