

issued unless the Commission orders a hearing. Interested persons may request a hearing by writing the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing request should be received by the Commission by 5:30 p.m. on February 14, 2003, and should be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESS: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants, c/o Nationwide Life Insurance Company, One Nationwide Plaza 01-09-V3, Columbia, Ohio 43215, Attn: Jamie Casto, Esq.

FOR FURTHER INFORMATION CONTACT: Rebecca A. Marquigny, Senior Counsel, or Zandra Bailes, Branch Chief, at (202) 942-0670, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application is available for a fee from the Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (telephone (202) 942-8090).

Applicants' Representations

1. Nationwide is a stock life insurance company organized under the laws of the State of Ohio. Nationwide offers traditional group and individual life insurance products as well as group and individual variable and fixed annuity contracts. Nationwide is wholly owned by Nationwide Financial Services, Inc. ("NFS"). NFS, a Delaware Corporation, is a publicly traded holding company with two classes of common stock outstanding, each with different voting rights. This enables Nationwide Corporation (the holder of all the outstanding Class B Common Stock) to control NFS. Nationwide Corporation stock is held by Nationwide Mutual Insurance Company (95.24%) and Nationwide Mutual Fire Insurance Company (4.76%), the ultimate controllers of Nationwide.

2. On October 7, 1981, the Nationwide Spectrum Variable Account was established under Ohio law by Nationwide for the purpose of funding variable annuity contracts. On April 1, 1987, the Board of Directors for Nationwide changed the name of the Nationwide Spectrum Variable Account to Nationwide Variable Account-II. VA-

II is registered as a unit investment trust (1940 Act No. 811-3330) and supports several different variable annuity contracts that are (or will be) registered separately on Form N-4.

3. On January 19, 2000, the Commission issued the Original Order pursuant to Section 6(c) of the 1940 Act granting exemptions from Section 2(a)(32), 22(c) and 27(i)(2)(A) of the 1940 Act and Rule 22c-1 thereunder to permit the recapture of credits applied to purchase payments made under certain variable annuity contracts (the "Original Contracts").

4. Recapture of Credits under the Original Order. Nationwide currently offers an optional benefit (for a charge equal to an annualized rate of 0.45% of the daily net assets of the variable account for the first 7 contract years) that allows for the investment of 103% of all purchase payments made during the first twelve months of the contract. The investment in excess of the remitted purchase payment (3% in connection with the Original Contracts) is referred to as the "Credit."

During the first 7 contract years, the Credit is fully vested except during the contractual free-look period and when certain withdrawals are taken from the contract.

If the contract owner cancels the contract pursuant to the contractual free-look privilege, Nationwide recaptures the Credit. For those jurisdictions that allow a return of contract value upon exercise of the free-look provision, the contract owner will also forfeit any amounts deducted from the contract as an Extra Value Option charge.

If, after the free-look period and before the end of the 7th contract year, the contract owner withdraws value from the contract that is subject to a Contingent Deferred Sales Charge ("CDSC"), Nationwide recaptures a portion of the Credit. The CDSC schedule is as follows:

Number of completed years from date of purchase payment	CDSC percentage
0	7
1	7
2	6
3	5
4	4
5	3
6	2
7	0

Nationwide does not recapture any Credit if the withdrawal is a free withdrawal (a withdrawal not subject to the CDSC) as described in the contract.

Thus, the percentage of the Credit that Nationwide recaptures is determined by the percentage of withdrawn purchase payments that are subject to CDSC. The recaptured amount is taken proportionately from each investment option as allocated at the time of the withdrawal.

No recapture takes place after the end of the 7th contract year; if the contract is annuitized; if a death benefit becomes payable; if distributions are required in order to meet minimum distribution requirements under the Internal Revenue Code of 1986, as amended (the "Code"); if free withdrawals are being taken pursuant to an aged-based systematic withdrawal program; or in connection with any other type of withdrawal not otherwise subject to a CDSC.

5. The Original Order does not contemplate the following recapture procedures, which Nationwide intends to include in 4 new annuity contracts that will be registered with the Commission (the "New Contracts"):

a. Recapture of larger Credits over a longer period of time. In one of the New Contracts, Nationwide intends to offer a 3% Credit option and a 4% Credit option while imposing an 8 year CDSC schedule with a maximum CDSC of 8%. In another one of the New Contracts, Nationwide intends to offer a 3% Credit option and a 4% Credit option while imposing a 7 year CDSC schedule with a maximum CDSC of 7%. In the other 2 New Contracts, Nationwide intends to offer only the 3% Credit option while imposing a 7 year CDSC schedule with a maximum CDSC of 7%. Each of the 7 year CDSC schedules described above is the same schedule that was contemplated in the Original Order.

b. Recapture of Credits for 7 contract years for all of the New Contracts. Three of the 4 New Contracts have CDSC-reducing options that the contract owner can purchase: one option reduces the standard CDSC schedule to 4 years and the other option eliminates CDSC completely. For all of the New Contracts, Nationwide intends to recapture Credits for 7 contract years, even if the contract owner elected a CDSC-reducing option.

c. Recapture of Purchase Payment Credits. Purchase Payment Credits are credits that Nationwide applies to contracts when purchase payments reach certain aggregate amounts. Nationwide applies Purchase Payment Credits to every contract that meets the purchase payment thresholds (except for those contracts where the contract owner elected the No CDSC Option). Nationwide intends to recapture Purchase Payment Credits only upon a