

## **EXHIBIT B**

### **CONTRACT, LEASE, AGREEMENT CONTROL FORM**

**Date: 3/20/2006**

**Contract/Lease Control #: C06-1344-PCI-35**

**Bid #: N/A Contract/Lease Type: AGREEMENT**

**Award To/Lessee: NATIONWIDE RETIREMENT SOLUTIONS**

**Lessor:**

**Effective Date: 2/21/2006 \$100,000.**

**Term: INDEFINITE**

**Description of Contract/Lease: DEFERRED COMPENSATION PLAN 457(B) LOANS**

**Department Manager: HUMAN RESOURCES**

**Department Monitor: KAY GODWIN**

**Monitor's Telephone #: 689-5870**

**Monitor's FAX #: 689-5889**

**Date Closed:**

**PROCUREMENT/CONTRACT/LEASE  
INTERNAL COORDINATION SHEET**

Procurement/Contract/Lease Number: CO6-1344-HR Tracking Number: 323079  
Procurement/Contractor/Lessee Name: Nationwide Grant Funded: YES \_\_\_ NO X  
Purpose: amendment to contract  
Date/Term: indefinite 1.  GREATER THAN \$100,000  
Amount: 0 2.  GREATER THAN \$50,000  
Department: HR 3.  \$50,000 OR LESS  
Dept. Monitor Name: McVay

**Purchasing Review**

Procurement or Contract/Lease requirements are met:  
DeRita Mason Date: 1-3-19  
Purchasing Manager or designee Jeff Hyde, DeRita Mason, Victoria Taravella

**2CFR Compliance Review (if required)**

Approved as written: no federal fine Grant Name: \_\_\_\_\_  
\_\_\_\_\_ Date: \_\_\_\_\_  
Grants Coordinator Danielle Garcia

**Risk Management Review**

Approved as written: see email attach Date: 1-3-19  
\_\_\_\_\_ Date: \_\_\_\_\_  
Risk Manager or designee Laura Porter or Krystal King

**County Attorney Review**

Approved as written: see email attach Date: 1-3-19  
\_\_\_\_\_ Date: \_\_\_\_\_  
County Attorney Gregory T. Stewart, Lynn Hoshihara, Kerry Parsons or Designee

Following Okaloosa County approval:

**Clerk Finance**

Document has been received:  
\_\_\_\_\_ Date: \_\_\_\_\_  
Finance Manager or designee

## DeRita Mason

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**From:** Parsons, Kerry <KParsons@ngn-tally.com>  
**Sent:** Thursday, January 03, 2019 3:31 PM  
**To:** DeRita Mason  
**Cc:** Lynn Hoshihara; GinNeal McVay  
**Subject:** RE: Nationwide Deferred Compensation Plan Change

This is approved for legal purposes. Please go ahead and fill in option 1.

**Kerry A. Parsons, Esq.**

**Nabors  
Giblin &  
Nickerson**  
ATTORNEYS AT LAW

1500 Mahan Dr. Ste. 200  
Tallahassee, FL 32308  
T. (850) 224-4070  
[kparsons@ngn-tally.com](mailto:kparsons@ngn-tally.com)

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**From:** DeRita Mason <dmason@myokaloosa.com>  
**Sent:** Thursday, January 3, 2019 2:08 PM  
**To:** Parsons, Kerry <KParsons@ngn-tally.com>  
**Cc:** Lynn Hoshihara <lhoshihara@myokaloosa.com>  
**Subject:** FW: Nationwide Deferred Compensation Plan Change

Can I get a status update on the review of this?

Thank you,

DeRita

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**From:** GinNeal McVay  
**Sent:** Thursday, January 03, 2019 9:12 AM  
**To:** DeRita Mason <dmason@myokaloosa.com>  
**Subject:** Nationwide Deferred Compensation Plan Change

Do you have an update on this? Kay suggested I take it to the Board for approval. Therefore, it will need to be on the 15<sup>th</sup> agenda.

Thanks.

*GinNeal M. McVay, PHR, SHRM-CP*  
Human Resources Director



**Nationwide®**  
is on your side

**CONTRACT#: C06-1344-HR  
NATIONWIDE RETIREMENT SOL  
DEFERRED COMPENSATION PLAN  
EXPIRES: INDEFINITE**

**Guaranteed Minimum Interest Rate Change: Options Form**

Plan Name: OKALOOSA COUNTY BOARD OF COMMISSIONERS

Entity Number: 0035380001

Please select only one of the options below, sign the bottom of this page, and return both this Options Form and any required documents by 2/1/2019.

**Option One: Crediting Rate**

- Return Signed Options Form
- Return Signed Amendment

**Option Two: Increased Participant Level Exchange and Transfer Limit**

- Return Signed Options Form
- Return Signed Amendment

*Please Note: if you do not take action, you are electing to place those participant allocations in the most conservative investment option in the plan's core fund line up. The participants will be notified of the change so that they may have the opportunity to change their allocation.*

The signed documents can be returned to Nationwide in one of three ways:

- Return in the provided envelope
- Scan and email to NRSFORU@nationwide.com
- Fax directly to 1-877-677-4329

For information about each option, please refer to the *Guaranteed Minimum Interest Rate Change: Explanation of Options*.

*Charles K. Windes, Jr.* 1/15/19

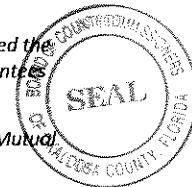
**Plan Sponsor Signature** Charles K. Windes, Jr., Chairman **Date**

*By signing above, I certify that I have the authority to act on behalf of the Plan and that I have fully reviewed the information provided to me. The unregistered group variable and fixed annuity is issued by, and any guarantees are subject to the claims-paying ability of, Nationwide Life Insurance Company, Columbus, OH.*

*Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company. © 2018 Nationwide.*

PNM-17094AO (05/18)

**OPTION 1**  
  
**Or**  
  
**OPTION 2**  
  
**REQUIRED DOCUMENTS**



**NATIONWIDE LIFE INSURANCE COMPANY  
ONE NATIONWIDE PLAZA  
COLUMBUS, OHIO 43215**

If you have any questions or complaints pertaining to your rights and benefits under this Contract please contact Nationwide at [1-800-848-6331] or you may provide written comments at 5900 Parkwood Road, Dublin, Ohio 43016.

**Amendment  
to  
Group Flexible Purchase Payment Deferred Fixed Annuity Contract**

**General Information Regarding this Amendment**

This amendment is made a part of the Group Flexible Purchase Payment Deferred Fixed Annuity Contract ("the Contract") to which it is attached. Non-defined terms shall have the meaning given to them in the Contract.

WHEREAS, the above-referenced group annuity contract was issued to the Contract Owner for the benefit of the Participants and their Beneficiaries in the Contract Owner's Plan by Nationwide Life Insurance Company ("Nationwide"); and

WHEREAS, Nationwide and the Contract Owner wish to modify this Contract pursuant to the Alteration or Modification section of the Contract,

NOW, THEREFORE, pursuant to the agreement of Nationwide and the Contract Owner, the Contract is hereby modified as follows:

**1. DEFINITIONS**

The following definitions are hereby deleted from the contract in their entirety and replaced with the following:

**Annual Guaranteed Interest Rate** - The minimum guaranteed interest rate applied to the Fixed Account for a calendar year. Nationwide determines this rate at its sole discretion.

**Quarterly Guaranteed Interest Rate** - The minimum guaranteed interest rate applied to the Fixed Account for a calendar quarter. This rate may be equal to or greater than the applicable Annual Guaranteed Interest Rate. Nationwide determines this rate at its sole discretion.

**Guaranteed Minimum Interest Rate** - A minimum interest rate established under the Contract. All rates under the Contract are guaranteed to be at least as great as the Guaranteed Minimum Interest Rate. Interest credited to the Contract will not be less than 1.00%.

**2. CONTRACT EXPENSES**

The "CONTRACT EXPENSES" section of the Contract is hereby deleted in its entirety and replaced with the following:

**CONTRACT EXPENSES**

Nationwide is authorized to deduct the applicable charges described herein. The contract charges described herein are deducted from Participant Accounts.

Exchanges to the Contract.

Contract guarantees are supported by the general account of Nationwide and are not insured by the FDIC, NCUSIF or any other agency of the Federal government. The Contract is non-participating and will not share in any surplus of Nationwide.

### **Guaranteed Interest Rates**

No later than the last Business Day of a calendar year, Nationwide declares the Annual Guaranteed Interest Rate for the Contract for the next calendar year. In addition, no later than the last Business Day of a calendar quarter, Nationwide will declare the Quarterly Guaranteed Interest Rate, that is calculated on an annualized basis, to be credited for the next calendar quarter. Notwithstanding the preceding, the Withdrawal Value will be subject to a market value adjustment described herein Exhibit A due to termination.

### **Crediting Interest to the Contract**

Nationwide interest rates are all declared as annual effective yields. An effective yield takes into account the effect of interest compounding. Nationwide credits interest to the Contract Value on each Business Day. Annual effective yields are converted by Nationwide into a daily interest rate factor. The current Contract Value is calculated by taking the daily interest rate factor and multiplying it by the previous Business Day's Contract Value. Because interest is credited only on Business Days, interest from multiple non-Business Days (e.g., days falling on a weekend or holidays) accumulate and are credited on the next available Business Day.

### **Calculating the Contract Value**

The Contract Value on any given Business Day is equal to:

- (1) total Purchase Payments allocated to the Contract; plus
- (2) the daily interest earned; plus
- (3) Exchanges or Transfers to the Contract; minus
- (4) Exchanges or Transfers out of the Contract; minus
- (5) Withdrawals from the Contract; minus
- (6) Participant Benefit Payments; minus
- (7) any applicable Contract Maintenance Charge, the aggregate Participant Account Charge, charges associated with plan expenses or additional services, additional expense charges, and premium taxes that are applied to Participant Accounts.

### **Calculating a Participant Account Value under the Contract**

A Participant Account Value on any given Business Day is equal to:

- (1) total Participant Contributions allocated to the Contract; plus
- (2) the daily interest earned on the Participant's Account; plus
- (3) Exchanges or Transfers to the Contract; minus
- (4) Exchanges or Transfers out of the Contract; minus
- (5) Withdrawals from the Contract; minus
- (6) Participant Benefit Payments; minus
- (7) any applicable Contract Maintenance Charge, the aggregate Participant Account Charge, charges associated with plan expenses or additional services, additional expense charges, and premium taxes that are applied to Participant Accounts.

5. **EXCHANGES AND TRANSFERS**

The EXCHANGES AND TRANSFERS section of the Contract is hereby deleted in its entirety and replaced with the following:

**Exchanges and Transfers to and from the Fixed Account**

Nationwide will generally accept Exchanges and Transfers to the Contract.

Exchanges and Transfers out of the Fixed Account are subject to certain limitations. The Contract Owner elects at the time of application to accept a Participant level Exchange and Transfer limitation or an aggregate Contract level Exchange and Transfer limitation. Liquidations of Contract Value via Exchange and Transfer are combined into a single percentage limitation. The type of limitation and percentage limitation are listed on the Contract Specifications Page.

Upon mutual agreement of the Contract Owner and Nationwide, Nationwide will not impose any Exchange or Transfer restrictions. If no such Exchange or Transfer restrictions will be imposed, this will be reflected on the Contract Specifications Page. In the event that Exchange or Transfer restrictions are imposed under the Contract, Nationwide may agree to waive any Exchange and/or Transfer restrictions listed on the Contract Specification Page on Exchanges and Transfers involving Participants actively utilizing asset allocation models or asset allocation services available under the Plan.

All Exchange and Transfer limitations are set, or reset, on a calendar year basis. The permissible Exchange and Transfer amount cannot be rolled from year to year or otherwise "banked" for utilization in subsequent calendar years.

The Contract Owner may request to change the type of Exchange and Transfer limitation for the next calendar year if Nationwide receives, in a form acceptable to Nationwide, the request by at least ninety (90) days prior to the end of the preceding calendar year.

All Exchanges to and from the Fixed Account are done in conjunction with a Companion Investment Option. In order for Nationwide to accept Exchanges to or from a Companion Investment Option, the Contract Owner must identify the Companion Investment Option to Nationwide in writing and Nationwide must agree to accept Exchanges to or from the identified Companion Investment Option. Nationwide may discontinue accepting Exchanges to or from a Companion Investment Option by giving the Contract Owner at least thirty (30) days advance written notice.

In the event the Contract Owner elects to add a Companion Investment Option to the Plan with characteristics in structure, investment time horizon, rate setting, or any other characteristics that could compel on-going Exchanges between the Fixed Account and such Companion Investment Option, the Contract Owner shall provide Nationwide with notice of the addition of such a Companion Investment Option to the Plan at least ninety (90) days prior to the addition of such Companion Investment Option. If such a Companion Investment Option is added to the Plan, then Nationwide may impose an equity wash that prohibits direct Exchanges between the Fixed Account and such Companion Investment Option. Nationwide will notify the Contract Owner in the event an equity wash will be imposed with regard to Exchanges with a Companion Investment Option and the Fixed Account.

### **Termination by Nationwide**

Nationwide may terminate the Contract at any time by notifying the Contract Owner in writing. Once the Contract Owner receives the notice to terminate, the Contract will be terminated in one-hundred and twenty (120) days ("effective date of termination"). Thirty (30) days following the Contract Owner's receipt of the written notification to terminate, Nationwide will no longer accept any additional Purchase Payments to the Contract, except by mutual agreement with the Contract Owner. Upon payment of the Withdrawal Value, Nationwide and the Contract Owner will be relieved of any additional responsibilities under the Contract.

### **Payment of the Withdrawal Value**

At least thirty (30) days prior to the effective date of termination, the Contract Owner must elect one of the two Withdrawal methods listed below for amounts attributable to the Contract.

- 1) Lump-sum Payment - If the Contract Owner elects to have funds Withdrawn from the Contract in one-lump sum payment, Nationwide will pay to the Contract Owner the Withdrawal Value of amounts attributable to the Contract plus or minus a market value adjustment. The current market value adjustment formula is specified in Exhibit A. Nationwide may prospectively change the market value adjustment formula. Prior to any change being effective, Nationwide will provide the Contract Owner a new Contract with the new market value adjustment formula.
- 2) Sixty (60) Monthly Installments. If the Contract Owner elects to have funds Withdrawn from the Contract in sixty (60) monthly installments, Nationwide will begin installment Withdrawals no later than ninety (90) days following the effective date of termination of the Contract, unless otherwise mutually agreed by the Contract Owner and Nationwide. The amount of each installment is determined by the following:
  - a) The Contract Value on the date before the installment is Withdrawn; divided by
  - b) the number of remaining installments.

Contract Withdrawals in addition to installment Withdrawals will not be permitted, nor will any Exchanges or Transfers be permitted.

### **Recapture of Acquisition Expenses**

If Nationwide has provided any additional credits to the initial Purchase Payment that have not been recouped upon termination, Nationwide will deduct any unrecouped expenses associated with such credits from the Withdrawal Value.



## Exhibit A

### Market Value Adjustment Assumptions & Formula

Nationwide's market value adjustment formula assumes that the net cash flow received each calendar quarter had been invested in a 10-year semi-annual coupon bond purchased at par. The rate on that bond is assumed to be the actual rate earned on investments acquired in that calendar quarter with an average quality of Baa. Therefore, the result is a set of hypothetical assets that reasonably represent the actual portfolio.

The current market rate, against which each hypothetical asset is compared, assumes that any asset that might be sold would have a rating of Baa. The current market rate is assumed to be the Barclays Capital Baa component of the U.S. Credit index rate.

To calculate the market value adjustment:

1. The book value of each hypothetical asset is determined by allocating the Contract Value over all quarters since purchase payments began per the following process. The book value is the:
  - Contract Value increase (or zero if the Contract Value decreased), plus
  - the amount reinvested during the quarter from a prior quarter's maturing hypothetical asset, less
  - any hypothetical asset sales resulting from Contract Value decreases (i.e. net cash outflow) in later quarters. In other words, if a calendar quarter's Contract Value decreases more than rollovers from prior quarter's maturing hypothetical assets, the hypothetical assets from prior quarters are liquidated pro-rata until Contract Value decrease is satisfied.

The sum of the book values for all calendar quarters will equal Contract Value on the cash out date.

2. The market value is calculated for each hypothetical asset. This is the present value of the hypothetical asset discounted at the current market rate (i.e. Barclays Capital Baa). If the present value were calculated at the hypothetical bond's original rate, the present value would equal the book or par value. However, since discounting is done at the current market rate, the current market value results.
3. The total market value is the sum of the market values for each hypothetical asset. The market value adjustment is the amount by which the total book value differs from the total market value.

CONTRACT: DEFERRED COMPENSATION  
PLAN 457(B) LOANS  
CONTRACT NO.: C06-1344-PCI-35  
NATIONWIDE RETIREMENT SOLUTIONS  
EXPIRES: INDEFINITE

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DEFERRED COMPENSATION PROGRAM**

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**PARTICIPANT LOAN ADMINISTRATIVE PROCEDURES**

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Nationwide Retirement Solutions, Inc. ("NRS"), as Third Party Administrator of the National Association of Counties Deferred Compensation Program, administers your Deferred Compensation Plan for Public Employees ("Plan"). Recently issued proposed regulations under Internal Revenue Code Section 457 provide that eligible governmental 457(b) plans may permit loans to Participants. NRS recommends that you, as Plan Sponsor and/or Employer (hereinafter collectively referred to as "Plan Sponsor"), consult with your own legal advisor in determining whether you wish to add this optional feature to your Plan.

In the event that you decide to offer loans from your Plan to Participants, you will need to return to NRS at **Nationwide Retirement Solutions, PO Box 182797, Columbus OH 43272-8450, Attn: Loans Administrator** a fully executed original of this document and a fully executed original of the enclosed Plan Document Amendment. NRS cannot begin processing Participant loans from your Plan until it receives fully executed originals of both of these documents.

NRS may need from time-to-time to make changes to the administrative procedures set forth herein and in the Plan Document Amendment. In such a case, NRS will provide you with timely notice of such changes as they become necessary.

The following administrative procedures shall govern the making of loans from your Plan:

- 1. Loan Administration.** Plan Sponsor delegates to NRS certain administrative duties regarding the administration of loans from the Plan, which are set forth herein and which may be modified by NRS upon timely notice to Plan Sponsor.
- 2. Loan Eligibility.** Any Plan Participant is eligible for a loan from the Plan. Each Participant is entitled to one (1) loan at any time. In addition, a Participant who has defaulted on a previous loan shall not be eligible for another loan from the Plan until all defaulted loans are repaid in full, including accrued interest and fees.
- 3. Loan Application and Loan Agreement.** In order to receive a loan from the Plan, an eligible Participant must complete a loan application and return it to NRS. A loan application fee of \$50.00\* will be deducted from the Participant's account(s). Before a loan is issued, the Participant must enter into a legally enforceable loan agreement as provided by NRS. If the Plan Sponsor permits loans for the purchase of the Participant's principal residence, the Participant will be required to sign a Primary Residence Certificate form and provide NRS with a copy of the contract or other documents relating to the acquisition of the dwelling unit. If the source for a single loan includes both the Participant's Deferred Compensation and Eligible Rollover Accounts, the Participant will be required to complete a loan application and loan agreement for each account which will be treated as separate and distinct for all purposes herein except that they will be considered a single loan for purposes of Sections 2, 6, and 10 herein.
- 4. Loan Repayment/Maximum Loan Term.** Repayment of any loan made to a Participant shall be made in a manner and pursuant to the terms set forth in loan agreement. The Participant receiving a loan shall be required to furnish the information and authorization necessary to effectuate the foregoing payments prior to the commencement of a loan. The maximum term over which a loan may be repaid is five (5) years (fifteen (15) years if the Plan Sponsor permits loans for the purchase of the Participant's principal residence).

\* These fees, rates, and minimums are subject to change by NRS upon reasonable notice to the Plan Sponsor. Loan fees will appear as administrative charges on Participant Statements.

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In the event that a Participant elects to receive a distribution from the Plan (other than a distribution due to an unforeseeable emergency or other in-service withdrawal) at a time when such person has a Plan loan outstanding, the principal and any accrued interest with respect to such loan shall be taxable.

5. **Loan Amortization.** Each loan shall be amortized in substantially equal payments consisting of principal and interest during the term of the loan. Payments of principal and interest shall be made in a manner and pursuant to the terms set forth in the loan agreement on a monthly basis in equal amounts, except that the amount of the final payment may be higher or lower. Before the loan is made, the Participant will be notified of the date on which the first payment will be deducted and the dates on which subsequent payments are due.
6. **Loan Frequency/Renegotiations.** Each Participant may have only one (1) Plan loan outstanding at any given time. A Plan loan which is in default, even if the defaulted loan was treated as a "deemed distribution" under federal regulations, shall be treated as an outstanding loan until such Participant's account balance is offset by the amount of principal and accrued interest under the loan. NRS shall offset a defaulted loan at any time that is administratively practicable, including but not limited to severance from employment by the Participant or upon a request for a distribution from the Plan. A Participant will be granted a loan no more frequently than two (2) times in any twelve (12) month period. Under no circumstances may loan terms be renegotiated. A new loan shall not be granted prior to the repayment of an outstanding loan.
7. **Default.** The Participant must pay the full amount of each payment (principal and interest) on the date that it is due by having sufficient funds in the account designated for loan payments through the ACH process. If NRS is unable to process a payment on the date due because the Participant fails to have sufficient funds in the account on that date, NRS will assess a fee of \$25.00 that will be deducted from Participant's account(s) and will send written notification to the Participant. The Participant shall be in default for the entire amount of the loan UNLESS the Participant does each of the following: 1) contacts NRS at the Deferred Compensation Service Center, 2) mutually agrees with NRS on a date, which is within 30 days of the missed payment on which funds sufficient to cover the missed payment will be in the account and; 3) actually pays the missed payment. Failure to make such a payment through mutually agreeable terms shall cause the Participant to be in default for the entire amount of the loan. The loan also shall be defaulted upon the death of the Participant or if the Participant commences or has commenced against Participant a bankruptcy case. No additional loans shall be made to a Participant who has defaulted on a Plan loan and who has not repaid all defaulted loans in full, including accrued interest and fees.
8. **Loan Prepayment.** The entire amount of a loan, including outstanding principal and any accrued interest, may be paid without penalty prior to the end of the term of the loan in the manner prescribed by NRS. However, payments made that are less than the remaining principal amount of the loan and any accrued interest with respect to the loan, or which are not paid in the form prescribed by NRS, are not permitted.
9. **Loan Security.** By accepting a loan, the Participant is giving a security interest in his or her vested Plan balance as of the date of the Loan Process Date, together with all additions thereof, to the Plan that shall at all times be equal to 100% of the unpaid principal balance of the loan together with accrued interest.
10. **Maximum/Minimum Loan Amount.** The maximum amount of any loan permitted under the Plan is the lesser of (i) 50% of the Participant's vested account balance (not including any value attributable to applicable life insurance or deemed IRA account) less any outstanding loan balances under the Plan or (ii) \$50,000 less the highest outstanding loan balance during the preceding one-year period. The minimum loan amount permitted is \$1,000.00\*. Loans shall be made in accordance with these limits and those limits imposed under federal regulations without regard to any other loans received by the Participant from any other investment provider under the Plan or any other plan of the employer. The Participant and not NRS shall at all times remain responsible for ensuring that any loan received under the Plan is in accordance with regard to any other loans received by the Participant under any other plans of the Participant's employer. Any tax reporting required as a

\* These fees, rates, and minimums are subject to change by NRS upon reasonable notice to the Plan Sponsor. Loan fees will appear as administrative charges on Participant Statements.

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result of the receipt by a Participant of a loan that exceeds the limits imposed by federal regulations shall not be the responsibility of NRS, unless it is determined that such limits were exceeded solely as a result of a loan made through NRS as service provider. Consequently, NRS shall not be required to account for loans made pursuant to a plan other than this Plan or loans made under this Plan that are made by an investment provider other than Nationwide Life Insurance Company.

11. **Suspension of Loan Payments.** NRS may suspend a Participant's obligation to repay any loan under the Plan during the period in which the Participant is performing service in the uniformed services as may be required by law. At the expiration of any suspension of loan payments period, the outstanding loan balance, including any accrued interest and fees, will be re-amortized and the Participant will be required to execute an amended Loan Agreement.

12. **Loan Interest Rate.** The interest rate for any loan shall be established by NRS. These interest rates shall commensurate with interest rates being charged by entities in the business of lending money under similar circumstances. Generally, the rate assumed will be Prime Rate + 1.00%\*. The Prime Rate shall be the prime rate published by the Wall Street Journal two weeks prior to the end of the most recent calendar-year quarter. NRS may adjust the loan interest rate for Participants entering active duty in the military services as may be required by law.

13. **Annual Loan Maintenance and Asset Fees.** An annual loan maintenance fee of \$50.00\* will also be deducted from the Participant's account until the loan is repaid in full. The amount of the outstanding loan balance will be subject to the Asset Fee equal to the maximum Variable Account Annual Expense Fee applicable under the Plan at the time the loan is issued.

14. **Loan Default Fee.** At the time when a default occurs, a \$50.00\* loan default fee will be deducted from the Participant's account. This charge will only affect Participants who fail to make a required loan payment.

15. **Loans for the Purchase of a Principal Residence.** All loans issued by the Plan will be general loans to be repaid in five (5) years unless the Plan Sponsor affirmatively elects to offer loans for the purchase of the Participant's principal residence, which may be repaid in fifteen (15) years. Such loans shall be solely secured by the Participant's vested account balance. All administrative procedures set forth herein shall apply to such loans.

If the Plan Sponsor elects to permit loans for the purchase of the Participant's principal residence, please check this box.

The undersigned Plan Sponsor hereby adopts these Participant Loan Administrative Procedures, effective for loans issued on or after the effective date set forth in the Loans to Participants Amendment to Plan Document, and instructs NRS to administer loans made to Plan Participants in accordance with these terms.

The Plan Sponsor acknowledges the following: (i) that the Plan Sponsor has decided to offer loans under the Plan and is instructing NRS to administer loans under the Plan; (ii) that it understands that, as a result of offering loans under the Plan, the Plan Sponsor, its Participants, and/or the Plan could be subject to adverse tax consequences; (iii) that the Plan Sponsor has independently weighed this risk and has determined that offering loans under the Plan is in the best interest of the Plan Sponsor, its Participants, and the Plan; and (iv) NRS shall not be liable for any adverse tax consequences described in (ii), except as specifically stated under paragraph 10 herein, resulting from the Plan Sponsor's decision to offer loans under the Plan.

\* These fees, rates, and minimums are subject to change by NRS upon reasonable notice to the Plan Sponsor. Loan fees will appear as administrative charges on Participant Statements.

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Plan Sponsor  
or Employer: Okaloosa Board of County Commissioners

Street Address: 601B North Pearl Street

City, State, Zip Code: Crestview, Florida 32536

Plan Name: 457(b) Deferred Compensation Plan

Entity No.: 609061

Plan Entity: Okaloosa Board of County Commissioners

By: Sherry S. Campbell



Its: Chairman, Okaloosa County BOCC

E-mail Address: kgodwin@co.okaloosa.fl.us (Kay Godwin - Human Resources Director)

Date: Feb. 21, 2006

\* These fees, rates, and minimums are subject to change by NRS upon reasonable notice to the Plan Sponsor. Loan fees will appear as administrative charges on Participant Statements.

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NATIONAL ASSOCIATION OF COUNTIES  
DEFERRED COMPENSATION PROGRAM

THE DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES

LOANS TO PARTICIPANTS AMENDMENT TO PLAN DOCUMENT

WHEREAS, PLAN SPONSOR executed the above referenced Plan Document, as amended: and

WHEREAS, effective 12/30/2005, PLAN SPONSOR now desires to further amend the plan document.

The following Section 8.06 is hereby added:

**8.06 Loans to PARTICIPANTS**

- (a) PLAN SPONSOR has elected to make loans available to PARTICIPANTS and has delegated certain administrative duties regarding loans from the PLAN to the ADMINISTRATOR.
- (b) Any loan by the PLAN to a PARTICIPANT under this Section shall be subject to the loan administrative procedures established by the ADMINISTRATOR as well as the following requirements:
  - (i) Loan Eligibility. Any PARTICIPANT may apply for loan under the PLAN. A PARTICIPANT who has defaulted on a previous loan from the PLAN shall not be eligible for another loan from the PLAN until all defaulted loans are repaid in full, including accrued interest and fees.
  - (ii) Loan Application and Loan Agreement. A PARTICIPANT must complete and return to ADMINISTRATOR a loan application. A non-refundable application fee established by ADMINISTRATOR will be deducted from the PARTICIPANT'S ACCOUNT(s) at the time of loan origination. Before a loan is issued, the PARTICIPANT must enter into a legally enforceable loan agreement as provided for by the ADMINISTRATOR.
  - (iii) Loan Repayment. The PARTICIPANT receiving a loan shall be required to furnish to ADMINISTRATOR any information and authorization necessary to effectuate repayment of the loan prior to the commencement of a loan. In the event that a payment cannot be processed because of lack of sufficient funds, the ADMINISTRATOR shall assess an insufficient funds charge, which will be deducted from the PARTICIPANT'S ACCOUNT(s).

- (iv) **Loan Term and Interest Rate.** The maximum term over which a loan may be repaid is five (5) years (fifteen (15) years if the PLAN SPONSOR permits loans for the purchase of a PARTICIPANT'S principal residence). Each loan shall be amortized in substantially equal payments consisting of principal and interest during the term of the loan, except that the amount of the final payment may be higher or lower. The ADMINISTRATOR shall establish the interest rate for any loan.
- (v) **Loan Frequency.** Each Participant may have only one (1) PLAN loan outstanding at any given time. A PLAN loan which is in default, even if the defaulted loan was treated as a "deemed distribution" under federal regulations, shall be treated as an outstanding loan until such PARTICIPANT'S account balance is offset by the amount of principal and accrued interest under the loan. A PARTICIPANT will be granted a loan no more frequently than two (2) times in any twelve (12) month period.
- (vi) **Default.** The PARTICIPANT must pay the full amount of each loan payment (principal and interest) on the date that it is due. Failure to make such a payment by the due date, or within any cure period established by the ADMINISTRATOR, shall cause the PARTICIPANT to be in default for the entire amount of the loan, including any accrued interest. A loan will also be in default if the PARTICIPANT either refuses to execute, revoke, or rescind any agreement necessary to comply with the provisions of this Section or the loan administrative procedures established by the ADMINISTRATOR, commences or has commenced against PARTICIPANT a bankruptcy case, or upon the death of the PARTICIPANT.
- (vii) **Loan Security.** By accepting a loan, the PARTICIPANT is giving a security interest in their vested PLAN balance as of the loan process date, together with all additions thereof, to the PLAN that shall at all times be equal to 100% of the unpaid principal balance of the loan together with accrued interest.
- (viii) **Loan Amount.** The maximum amount of any loan permitted under the PLAN is the lesser of (i) 50% of the PARTICIPANT'S vested account balance less any outstanding loan balances under the PLAN or (ii) \$50,000 less the highest outstanding loan balance during the preceding one-year period. The ADMINISTRATOR shall establish the minimum loan amount. The PARTICIPANT and not the ADMINISTRATOR shall at all times remain responsible for ensuring that any loan received under the PLAN is in accordance with these limits with regard to any other loans received by the PARTICIPANT under any other plans of the PARTICIPANT's employer.

- (ix) Loan Maintenance Fee. Until a loan is repaid in full, an annual loan maintenance fee as established by ADMINISTRATOR will be deducted from the PARTICIPANT'S ACCOUNT(s).
- (x) Loan Default Fee. At the time when a default occurs, a loan default fee established by ADMINISTRATOR will be deducted from the PARTICIPANT'S ACCOUNT(s).
- (c) The ADMINISTRATOR shall fix such other terms and conditions necessary to the administrative maintenance of the provisions of this Section and as necessary to comply with the IRC and regulations there under.

IN WITNESS WHEREOF, the undersigned has executed this Amendment this 23<sup>rd</sup> day of February, 2006.

Okaloosa Board of County Commissioners  
(Name of PLAN SPONSOR)

By: *Sherry S. Campbell*



**RECEIVED**  
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**Nationwide®**  
Retirement Solutions

On Your Side™

**Annuity Products underwritten by  
Nationwide Life Insurance Company**

dm  
1/6/07

CONTRACT # C06-1344-PCI-35 ADDENDUM #1

## Here is your new Annuity Contract

As your partner in the Deferred Compensation Program, Nationwide Retirement Solutions on behalf of Nationwide Life Insurance Company, is pleased to present you with an **Amended and Restated Annuity Contract**. We are amending and restating your contracts under the provisions of your existing annuity contract(s).

We ask that you:

1. Review the enclosed Annuity Contract and contact us if you have questions. There is no signature required for this restated contract.
2. Retain this document with your other important Plan-related papers.

### Why the change?

In order to streamline them and add greater flexibility to offer future product features for your Plan, we have consolidated your Annuity Contracts into a single easier-to-read document. We have simplified the contracts and consolidated all existing amendments and endorsements that have been added over the years.

### What's changed?

The biggest change to your Annuity Contract is the format. We have also made changes to the market value adjustment per the Florida Department of Insurance, potentially more favorable due to upward/downward adjustment; however, we are not altering any other existing charges we assess and other substantive provisions remain largely unchanged. We have also added expanded definitions to provide additional flexibility with regard to underlying investment options. This was done so that we may offer additional investment options aside from traditional registered mutual funds.

You will notice that there is a Specifications Page giving an overview of your particular Plan details and charge structure. Also, we created a single base variable annuity contract with a fixed account endorsement, rather than two contracts (one fixed and one variable). We made this modification to streamline your contract documents.

### What do I need to do?

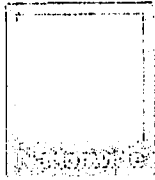
Review your new Annuity Contract and call us if you have any questions.

We appreciate the opportunity to offer this new contract, as it will allow us to offer you additional benefits and services in the future.

If you have questions about the new Annuity Contract or any aspect of your deferred compensation program, please contact your Nationwide representative or call 1-877-NRS-FORU (877-677-3678), option 2.

#### Annuity Contract Checklist

- Read your *Amended and Restated Annuity Contract*.
- Contact Nationwide if you have questions about the new Annuity Contract.
- Retain the new Annuity Contract.



NATIONWIDE LIFE INSURANCE COMPANY  
 ONE NATIONWIDE PLAZA  
 COLUMBUS, OHIO 43215

Nationwide Life Insurance Company is a Stock Life Insurance Company organized under the laws of the State of Ohio.

NATIONWIDE LIFE INSURANCE COMPANY ("Nationwide") will provide the benefits described in the Contract. The Contract is issued by Nationwide in consideration of the application and Purchase Payment(s) made by:

OKALOOSA COUNTY BOARD OF COMMISSIONERS, for the exclusive benefit of its Participants and their beneficiaries, (the "Contract Owner").

Effective Date of Contract:	December 31, 2006
Issue Date of Contract:	October 4, 2006
Jurisdiction:	Florida

The Contract Owner accepts the Contract, subject to all its terms and conditions as set forth in this document as well as any endorsements or amendments.

Executed for Nationwide on the "Effective Date of Contract" by:

Secretary

President

**GROUP FLEXIBLE PURCHASE PAYMENT  
 DEFERRED VARIABLE ANNUITY CONTRACT**  
 Non-Participating

ALL VALUES UNDER THE CONTRACT ARE BASED ON THE INVESTMENT EXPERIENCE OF A VARIABLE ACCOUNT, MAY INCREASE OR DECREASE IN VALUE BASED ON CHANGES TO THE NET INVESTMENT FACTOR, AND ARE NOT GUARANTEED AS TO FIXED DOLLAR AMOUNT UNLESS OTHERWISE SPECIFIED.

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**CONTRACT SPECIFICATIONS PAGES**

**Contract Owner:** OKALOOSA COUNTY BOARD OF COMMISSIONERS, for the exclusive benefit of its Participants and their beneficiaries.

**Contract Owner's Address:** 601B N PEARL ST  
CRESTVIEW FL 32536-2749  
  
Attention: BRENDA HOOKS

**Nationwide's Address:** Nationwide Life Insurance Company  
5900 Parkwood Road, PW-01-10  
Dublin, Ohio 43016  
Attn: VP - Public Sector Finance and Actuarial

**Plan:** OKALOOSA COUNTY BOARD OF COMMISSIONERS Section 457 Deferred Compensation Plan

**Record-Keeper:** N/A

**Variable Account(s):** National Assoc. of Counties Variable Annuity

**Processing of Purchase Payments:** Purchase Payments will be applied to the Contract by Nationwide within one (1) business day of receipt in good order.

**Contract Expenses**

Variable Account Charge: Maximum Charge 0.95%

For Sub-Accounts Identified as Investor Destinations on the Application 0.70%

For Sub-Accounts Identified as Select Spectrum on the Application 0.80%

For Sub-Accounts Identified as Passage on the Application 0.95%

Minimum Charge Reduction For Plans with Assets Between \$10,000,001 and \$25,000,000\* 0.10%

Minimum Charge Reduction For Plans with Assets Between \$25,000,001 and \$50,000,000\* 0.15%

Minimum Charge Reduction For Plans with Assets Between \$50,000,001 and \$100,000,000\* 0.15%

Minimum Charge Reduction For Plans with Assets Between \$100,000,000 and greater\* 0.15%

\*For purposes of calculating the maximum charge, Plan assets are evaluated at least annually and no later than December 31st of each calendar year. The reductions are non-cumulative, that is each break-point is a total break-point, so the charge reduction is not added in addition to any lower level break-point reductions. If a break-point threshold is

reached, Nationwide will apply the charge reduction within a reasonable period of time, but not later than six (6) months after the date assets are evaluated.

Fixed Account Charge: N/A

Contract Maintenance Charge: N/A

Participant Account Charge: N/A

**Fixed Account:** Available

Exchange/Transfer Limitation Elected: Combined per Participant Exchange and Transfer limitation of 20% of the Participant's Account value allocated to the Fixed Account with a combined maximum number of outgoing Exchanges and Transfers per Participant of 2 per year. A Participant is required to wait a minimum of 60 days between each Exchange and/or Transfer.

Guaranteed Minimum Fixed Account Interest Rate: 3.5%

## DEFINITIONS

**Business Day** - Each day the New York Stock Exchange and Nationwide's home office are open for business or any other day during which there is a sufficient degree of trading of the Sub-Accounts of the Variable Account that the current net asset value of its Units might be materially affected.

**Companion Investment Option(s)** - Another investment option under the Plan. This may include other investment contracts and options offered by Nationwide or by another provider.

**Contract** - The terms, conditions, benefits and rights of the group variable annuity described in this document, as well as any endorsements, amendments and the application form.

**Contract Anniversary** - Beginning with the "Effective Date of Contract," each recurring one-year anniversary of the "Effective Date of Contract" during which the Contract remains in force.

**Contract Owner** - The entity identified on the face page of the Contract and the "Contract Specifications Pages" as the Contract Owner.

**Contract Value** - The combined value of the Sub-Accounts of the Variable Account.

**Exchange** - The movement of amounts attributable to Participant Accounts to a Companion Investment Option under the Plan or from one or more Sub-Accounts of the Variable Account to one or more Sub-Accounts of the Variable Account.

**Nationwide** - Nationwide Life Insurance Company.

**Participant** - An employee or independent contractor who is eligible to be a part of the Plan and is entitled to benefits under the Plan. The Contract Owner, or its designated representative, determines eligibility to participate in the Plan.

**Participant Account** - An individual account established for a Participant under the Plan. A Participant Account will record all transactions attributable to the Plan on behalf of the Participant or the Participant directly, if permitted by the Plan. This includes, but is not limited to, Participant Contributions, Exchanges and Transfers and investment experience.

**Participant Account Value** - The present value of the Units attributable to a Participant's Account.

**Participant Benefit Payments** - All payments of benefits that result from a Participant's retirement, termination of employment, or any payment that a Participant is entitled to based on the terms of the Plan. Participant Benefit Payments specifically exclude all employer and/or Contract Owner initiated Withdrawals.

**Participant Contributions** - A portion of a Purchase Payment attributable to a Participant's election to contribute money to the Plan.

**Plan** - The employer sponsored retirement plan or tax deferred arrangement specified on the "Contract Specifications Pages."

**Purchase Payment(s)** - New money deposited into the Contract by the Contract Owner. Unless otherwise agreed to in writing, Nationwide only accepts Purchase Payments in the currency of the United States of America.

**Retired Participant** - A Participant that has severed his or her employment with the employer covered by the Plan and is eligible to receive distribution from his or her Participant Account.

**SEC** - The United States Securities and Exchange Commission or any successor federal authority charged with the regulation of securities.

**Sub-Account(s)** - Divisions of the Variable Account corresponding to Underlying Investment Options where Units are maintained separately.

**Transfer(s)** - The movement of amounts attributable to Participant Accounts to a non-Companion Investment Option.

**Underlying Investment Option(s)** - The investment corresponding to a Sub-Account of the Variable Account. These options, to the extent permitted by law, may include: (1) registered or unregistered mutual funds offered by Nationwide or a third-party; (2) managed separate account options offered by Nationwide or one of its affiliates; or (3) any other investment vehicle Nationwide chooses to offer.

**Unit** - An accounting unit of measure used to calculate the value of the Sub-Account of the Variable Account.

**Unit Value(s)** - The dollar value attributed to each Unit. This value increases or decreases based on the investment experience of the corresponding Sub-Account.

**Variable Account** - A separate investment account of Nationwide into which Purchase Payments are allocated.

**Withdrawal(s)** - A liquidation and payment of part or all of the Contract Value directed by the Contract Owner. References to "Withdraw" and "Withdrawn" shall also mean Withdrawal.

**Withdrawal Value** - The value of a partial or full liquidation of assets from the Contract. This represents the Contract Value on the date of Withdrawal minus any applicable charges stated on the "Contract Specifications Pages."

## **GENERAL PROVISIONS**

### **Entire Contract**

The Contract, and any endorsements or amendments, constitutes the entire agreement between Nationwide and the Contract Owner.

### **Non-Participating**

The Contract is non-participating. It does not share in the surplus of Nationwide.

### **Incontestability**

The Contract will not be contested by Nationwide.

### **Assignment**

The Contract may not be assigned by the Contract Owner without the prior written consent of Nationwide.

### **Communication**

All communications described in the Contract between the Contract Owner and Nationwide must be in writing and must be delivered to the respective parties' address listed on the "Contract Specifications Pages." Any change of address by any party to the Contract must be communicated in writing to the other party.

### **Alteration or Modification**

No agent or other person, except an authorized elected officer of Nationwide or specifically authorized designate, has the authority to change the terms and conditions of the Contract. Any changes to the Contract must be made in writing and signed by Nationwide's President or Secretary. A copy of any amendment or endorsement modifying the Contract will be furnished to the Contract Owner. Amendments and endorsements to the Contract may be subject to state regulatory approval before taking effect. In addition, the Contract may be modified or superseded by applicable law.

Nationwide may amend the Contract by providing the Contract Owner ninety (90) days advanced written notice. The Contract Owner will receive any amendment or endorsement to the Contract. In addition, Nationwide and the Contract Owner may mutually agree to amend the Contract.

In the event any modifications to the charge structures, contact information or elections stated on the "Contract Specifications Pages" are made, Nationwide will provide updated "Contract Specifications Pages" to the Contract Owner. The new "Contract Specifications Pages" will supersede the existing pages on the effective date of the change.

### **Plan Amendment**

Unless otherwise provided, the Contract Owner will notify Nationwide at least thirty (30) days prior to the effective date of any of the following events:

1. amendment or modification of the Plan that may materially affect Nationwide's obligations hereunder;
2. change in the administrative practices adhered to by the Plan that may materially affect Nationwide; and
3. change in the investment options offered by the Plan, including addition of investment options or alteration and/or modification of investment options.

The Plan is not a part of this Contract. Nationwide's rights and obligations are governed by the Contract.

Notwithstanding the foregoing, Nationwide may amend the Contract when, in the opinion of Nationwide, an amendment is necessary to comply with the action of any legislative, judicial, or regulatory body which impacts the Contract. In the event such amendments to the Contract cause an adverse financial impact to the Plan, the Contract may be terminated by the Contract Owner in accordance with the Termination provision of the Contract.

The Contract Owner may amend the Plan when, in the opinion of the Contract Owner, an amendment is necessary to comply with the action of any legislative, judicial or regulatory body which impacts the Plan. In the event such amendments to the Plan cause an adverse financial impact to Nationwide, the Contract may be terminated by Nationwide in accordance with the Termination provision of the Contract.

### **Number**

Unless otherwise provided, all references in this Contract in the singular form will include the plural; all references in the plural form will include the singular.

### **CONTRACT EXPENSES**

Nationwide will deduct the applicable charges described herein, as stated on the "Contract Specifications Pages."

Contract expenses are negotiated between Nationwide and the Contract Owner based on a multitude of factors, including, but not limited to, the number of Participants covered by the Contract, the size of Plan assets, the overall expense structure of the Plan, and how the Contract Owner wants expenses distributed. The expenses described herein are deducted from Participant Accounts.



### **Variable Account Charge**

The "Variable Account Charge" is assessed against the assets held in the Variable Account each Business Day and is listed on the "Contract Specifications Pages" on a nominal basis. To determine the daily "Variable Account Charge," the charge is divided by the number of days in the year. Because the charge is assessed each Business Day, charges from multiple non-Business Days (e.g., days falling on a weekend or holidays) are accumulated and deducted on the next available Business Day.

The "Variable Account Charge" compensates Nationwide for expenses associated with issuing and maintaining the Contract, including Participant Accounts, as well as any risks Nationwide assumes in issuing the Contract.

Nationwide may offer a lower "Variable Account Charge" to certain identified groups of Sub-Accounts and in instances where assets attributable to the Plan that are held under the Contract reach defined thresholds. These tiered "Variable Account Charges," if any, are listed on the "Contract Specifications Pages."

### **Contract Maintenance Charge**

Nationwide may assess a "Contract Maintenance Charge" against the assets of the Variable Account. The "Contract Maintenance Charge" is a flat-dollar fee assessed against the assets of the Variable Account. If this charge is assessed by Nationwide, the amount and frequency is stated on the "Contract Specifications Pages." Unless otherwise agreed to by Nationwide in writing, the Contract Owner will determine how this charge is to be allocated and deducted from Participant Accounts.

### **Participant Account Charge**

Nationwide may assess a "Participant Account Charge" against each Participant Account. The "Participant Account Charge" is a flat-dollar fee. If this charge is assessed by Nationwide, its amount and frequency are stated on the "Contract Specifications Pages."

The "Participant Account Charge" will be assessed proportionally from each Sub-Account in which a Participant is invested.

### **Plan Expenses and Additional Service Fees**

The Contract Owner may decide to deduct expenses associated with the Plan or fees associated with additional services provided to Participants from assets held under the Contract. Nationwide will deduct these expenses or fees by canceling the appropriate number of Units of each Sub-Account or by some other method mutually agreed to by the parties. The Contract Owner must notify Nationwide in writing of the amount to be deducted for Plan expenses and how these deductions will be apportioned among the Sub-Accounts of each Variable Account and/or Participant Accounts.

### **Additional Expense Charges**

If the Contract Owner requests Nationwide to perform additional services related to the Contract, but not specifically described herein, then Nationwide may assess charges for such services rendered against the assets held in the Variable Account. Nationwide will deduct these charges by canceling Units of each Sub-Account or by some other method mutually agreed to by the parties. Nationwide and the Contract Owner will agree in writing, and in advance, to the amount of charges associated with the additional services described herein and how these deductions will be apportioned among the Sub-Accounts of each Variable Account and/or Participant Accounts.

### **Premium Taxes**

Nationwide will deduct from the Contract the amount of any premium taxes levied by a state or any other government entity upon Purchase Payments received by Nationwide. The method used to recoup premium taxes will be determined by Nationwide at its sole discretion and in compliance with applicable state law.

## **THE VARIABLE ACCOUNT**

### **General Information Regarding the Variable Account**

Nationwide may make available one or more Variable Accounts to the Contract Owner. The Variable Account(s) are stated on the "Contract Specifications Pages."

Variable Account(s) are segregated investment accounts of Nationwide. All assets of the Variable Account(s) remain the property of Nationwide, but are not charged with the liabilities from any other of its businesses. Income, gains and losses of the Variable Account(s) reflect their own investment experience and not the investment experience of Nationwide.

Each Variable Account may offer various Underlying Investment Options, each being a Sub-Account of the Variable Account. The Contract Owner, or Participant if permitted by the Plan, may allocate Purchase Payments to any of the available Sub-Accounts of the Variable Account(s). Purchase Payments allocated to the Sub-Accounts are subject to any terms and/or conditions imposed by the corresponding Underlying Investment Options.

The initial Sub-Accounts to be made available under the Contract are specified on the application.

### **Determining the Variable Account Value or Participant Account Value**

The value of the Variable Account or an individual Participant Account on a given Business Day is determined by: (1) multiplying the Unit Value of the current Business Day of each Sub-Account of the Variable Account or Participant Account by the number of Units in that Sub-Account held by the Variable Account as of the current Business Day and (2) adding the values of all the Sub-Accounts of the Variable Account or an individual Participant Account.

Charges assessed by the Underlying Investment Options, as well as the "Variable Account Charge," are deducted each day when calculating the Unit Value. When a Sub-Account is established, the Unit Value is initially set at \$1 per unit. The Unit Value of the Sub-Account fluctuates based on the investment performance of the corresponding Underlying Investment Option. Investment experience is not tied to the number of Units, but rather, the value of the Units. Units of a Sub-Account are added by Purchase Payment and Exchange or Transfer allocations. Units of a Sub-Account are subtracted by any Withdrawals, Exchanges to other Sub-Accounts, outgoing Transfers, Participant Benefit Payments or charges described in the "Contract Expenses" section (except the "Variable Account Charge").

The investment performance of a Sub-Account is determined by the net investment factor. The net investment factor is determined by dividing (a) by (b) and subtracting (c) from the result where:

- (a) is the net asset value for the current Business Day of the Underlying Investment Option corresponding to the Sub-Account (plus any dividend or income distributions made by such Underlying Investment Option);
- (b) is the net asset value of the Underlying Investment Option determined as of the preceding Business Day;  
and
- (c) is a factor representing the daily "Variable Account Charge" (determined by taking the "Variable Account Charge" and dividing it by the number of days in the current calendar year).

If the net investment factor is multiplied by the preceding Valuation Period's Unit Value, the result will be the current Valuation Period's Unit Value. If the net investment factor is greater than one, the Unit Value increases. If the net investment factor is less than one, the Unit Value decreases.

### **Substitution of Securities**

If an Underlying Investment Option is no longer available for investment by a Variable Account or if, in the judgment of Nationwide's management, further investment in such Underlying Investment Option would be inappropriate in view of the purposes of the Contract, Nationwide may substitute another Underlying Investment Option for an Underlying Investment Option already purchased or to be purchased in the future by Purchase Payments under the Contract.

In the event of a substitution or change, and when required by law, Nationwide may make changes to the Contract and other contracts of this class by appropriate endorsement as may be necessary to reflect the substitution or change. Nothing contained in the Contract will prevent the Variable Accounts from purchasing other securities for other series or classes of contracts or from effecting a conversion between series or classes of contracts on the basis of requests made individually by owners of such contracts.

### **PURCHASE PAYMENTS**

#### **Acceptance of Purchase Payments**

Purchase Payments, representing Participant Contributions or other Plan contributions on behalf of Participants to Participant Accounts, are accepted by Nationwide at the address listed on the "Contract Specifications Page." Nationwide will only accept Purchase Payments denominated in the currency of the United States of America. Nationwide may accept Purchase Payments in another manner, such as securities in-kind, subject to the following.

- (1) The Contract Owner provides advance notice to Nationwide and any specific information requested by Nationwide regarding the nature of the Purchase Payment; and
- (2) Nationwide provides its written consent to accept the Purchase Payment.

#### **Processing of Purchase Payments**

Purchase Payments will be applied to the Contract as described on the "Contract Specifications Page." If the allocation of the Purchase Payment is not identified by the Contract Owner concurrent with Nationwide's receipt of the Purchase Payment or if the Purchase Payment is lacking any other supporting information reasonably necessary for Nationwide to process the Purchase Payment, Nationwide may return the Purchase Payment to the Contract Owner, without any further liability on the part of Nationwide.

#### **Crediting and Recapture**

To the extent permitted by law, Nationwide may credit additional amounts to the initial Purchase Payment by mutual agreement of Nationwide and the Contract Owner. Typically, these credits are done at the request of the Contract Owner and are designed to cover expenses incurred by the Contract Owner upon leaving a previous investment provider. Nationwide anticipates recouping these expenses over time through the "Variable Account Charge." In the event the Contract is terminated prior to recouping the costs associated with providing these credits, Nationwide will subtract the remaining unrecouped expenses associated with these credits from the Withdrawal Value.

### **PARTICIPANT ACCOUNTS**

Nationwide is responsible for maintaining Participant Accounts under the Contract but may delegate this duty to a third-party. Any third-party maintaining Participant Accounts will be identified on the "Contract Specifications Pages" as the "Record-Keeper."

### **General Information Regarding Participant Accounts**

Nationwide will establish a Participant Account for each Participant making Participant Contributions to the Contract. The Participant Account will record the financial transactions made by the Contract Owner, or Participant if permitted by the Plan. These financial transactions include, Exchanges, Transfers, Participant Contributions, and Participant Benefit Payments. Contract expenses are deducted from each Participant Account.

### **Exchanges Among the Sub-Accounts of a Participant Account**

The Contract Owner, or Participant if permitted by the Plan, may Exchange amounts attributable to a Participant Account among the Sub-Accounts of the Variable Account. Nationwide will process Exchange requests within one (1) Business Day of the date the request is received in good order and accepted by Nationwide from the Contract Owner, or Participant if permitted by the Plan, subject to the limitations described in the "Limitations on Exchanges and Transfers" section below.

Nationwide completes an Exchange request by canceling the number of Units of the Sub-Account from which the Exchange is requested and adding Units to the Sub-Account into which Exchanged amounts are requested to be allocated. The number of Units cancelled is equal to the dollar amount of the Exchange request divided by the Unit Value calculated as of the close of business on the Business Day that the Exchange is processed. The number of Units added is equal to the dollar amount of the Exchange request divided by the Unit Value calculated as of the close of business on the Business Day that the Exchange is processed. The close of business is considered to be the time that the New York Stock Exchange closes, normally 4:00 p.m. Eastern Time, or any other time required to comply with closure rules established by any applicable regulatory body, such as the SEC.

### **Exchanges with a Companion Investment Option**

In order for Nationwide to accept Exchanges to or from a Companion Investment Option, the Contract Owner must identify the Companion Investment Option to Nationwide in writing and Nationwide must agree to accept Exchanges to or from the identified Companion Investment Option. Nationwide may discontinue accepting Exchanges to or from a Companion Investment Option at any time by giving the Contract Owner at least thirty (30) days advance written notice.

If Exchanges to a Companion Investment Option are agreed to by the Contract Owner and Nationwide, then Nationwide will process an outgoing Exchange from the Sub-Account of the Variable Account within one (1) Business Day of the date the Exchange request is received in good order and accepted by Nationwide from the Contract Owner, or Participant if permitted by the Plan, subject to the limitations described in the "Limitations on Exchanges and Transfers" section below.

Nationwide completes an Exchange request by canceling the number of Units of the Sub-Account from which the Exchange is requested. The number of Units cancelled is equal to the dollar amount of the Exchange request divided by the Unit Value calculated as of the close of business on the Business Day that the Exchange is processed. The dollar amount of the Exchange is then transmitted by Nationwide to the Companion Investment Option. Nationwide is not responsible for the processing of the Exchange by the receiving Companion Investment Option (unless it is a Nationwide contract or other Nationwide offering). The close of business is considered to be the time that the New York Stock Exchange closes, normally 4:00 p.m., Eastern Time, or any other time required to comply with closure rules established by any applicable regulatory body, such as the SEC.

### **Transfers**

Nationwide will permit amounts attributable to Participant Accounts to be Transferred if the Transfer is initiated at the request of the Participant.

Nationwide processes Transfer requests within seven (7) Business Days of the date the request is received and accepted by Nationwide from the Contract Owner on behalf of the Participant, or directly from the Participant if permitted by the Plan, subject to the limitations described in the "Limitations on Exchanges and Transfers" section below. Nationwide may require Transfer requests to be on a form it provides.

Nationwide completes a Transfer request by canceling the number of Units of the Sub-Account from which the Transfer is requested. The number of Units cancelled is equal to the dollar amount of the Transfer request divided by the Unit Value calculated as of the close of business on the Business Day that the Transfer is processed. The close of business is considered to be the time that the New York Stock Exchange closes, normally 4:00 p.m. Eastern Time, or any other time required to comply with closure rules established by any applicable regulatory body, such as the SEC.

#### **Limitations on Exchanges and Transfers**

Exchanges and Transfers may be subject to any of the limitations and/or fees imposed on such transactions by the Underlying Investment Options. In addition, Exchanges and Transfers are subject to any rules and regulations imposed by the SEC or any other applicable laws, rules or regulations.

Nationwide may refuse, limit or otherwise restrict Exchange and Transfer requests, or take any other reasonable action it deems necessary to protect the Contract Owner, Participants and Retired Participants from short-term trading strategies or other harmful investment practices that negatively impact Underlying Investment Option performance.

Nationwide's failure to take action in any one or more instances with respect to the preceding restrictions is not, nor is it to be construed or deemed as, a further or continuing waiver of its right to enforce them.

#### **Emergencies and Market Closure**

Situations may arise where the New York Stock Exchange or other stock exchanges are closed for short or extended periods of time. As a result, transaction activity and requests impacting the Contract and Participant Accounts may be impossible to perform. In such situations, Nationwide will comply with any emergency rules or regulations enacted by the governing authority (normally the SEC).

### **PARTICIPANT BENEFIT PAYMENTS**

#### **Retirement Income Payment Options**

Nationwide agrees to make the following payment schedules and annuity options available to Retired Participants on a fixed and variable basis. Payment frequencies available under these income payment options are monthly, quarterly, semi-annual and annual. All variable annuity payments involving life contingencies will be calculated using an assumed investment return of 3.5% or 5.0% depending on the election of the Contract Owner, or Retired Participant if the Plan so provides. If no election is made, the default assumed investment return used will be 3.5%.

- (1) Payments of a Designated Amount - This payment schedule option represents a systematic liquidation of the Participant Account by taking a specified dollar amount at a determined frequency.
- (2) Payments of a Designated Period - This payment schedule option represents a systematic liquidation of the Participant Account by taking payments over a specific period of time at a determined frequency.
- (3) Life Income - This annuity payment provides the Retired Participant with payment contingent exclusively on his or her continuation of life. Payments are calculated using current annuity purchase rates and methods.
- (4) Life Income with Payment Certain (5, 10, 15, and 20 Years) - This annuity payment option provides the Retired Participant with payment contingent on his or her continuation of life, but with a guarantee that at least a minimum pre-determined duration of payments are received by the Retired Participant and any named beneficiaries of the Retired Participant, regardless of the mortality of the Retired Participant. Payments are calculated using current annuity purchase rates and methods.

- (5) Joint and Last Survivor Life Income - This annuity payment option allows the Retired Participant and another named individual to receive payments guaranteed throughout their lives. Payments cease upon the last "survivor's" death. Nationwide may also permit Joint and Last Survivor annuities with payment reductions after the first death. Payments are calculated using current annuity purchase rates and methods.
- (6) Any Other Option - Nationwide may make any other payment plans available upon agreement of the Contract Owner and Nationwide. Additional annuity payment options made available by Nationwide will be calculated using current annuity purchase rates and methods.

#### **Death of Participant**

If a Participant dies prior to severance of employment with the Contract Owner, the beneficiary(ies) of the Participant will receive a death benefit equal to the Participant's Account Value on the date Nationwide receives a written request (on a form provided by Nationwide) and proof of the Participant's death. Distribution of a death benefit representing the Participant Account proceeds will be done in a manner consistent with the requirements of the Plan.

#### **Death of Retired Participant**

If a Retired Participant dies prior to the beginning of payments, the beneficiary(ies) of the Retired Participant will receive a death benefit equal to the Participant's Account Value on the date Nationwide receives a written request (on a form provided by Nationwide) and proof of the Participant's death. Distribution of a death benefit representing the Participant Account proceeds will be done in a manner consistent with the requirements of the Plan.

If a Retired Participant dies after an income payment option has begun, the beneficiary(ies) of the Retired Participant will receive either: (1) the remaining scheduled payments under an annuity payment option or any commuted value assuming such commuted value is allowed under the annuity payment option; or (2) the remaining scheduled payments under a systematic liquidation or a lump-sum of the present Participant Account Value.

#### **Involuntary Cash-Outs of Participant Accounts**

Under circumstances permitted by the Plan (such as low Participant Account Value), Nationwide may pay to a Participant or Retired Participant the balance of his or her Participant Account in a lump-sum in-lieu of retaining such Participant Account or making available any payment schedules or annuity payment options. Any involuntary payment to the Participant described herein will be done in a manner consistent with applicable law.

#### **Misstatement of Age or Gender**

In the event the age or gender of any Participant or Retired Participant has been misstated, Nationwide may adjust the Participant or Retired Participant's age or gender of record to comport with the proper age or gender. Nationwide may also request proof of age in the form of a birth certificate prior to making any annuity payments.

#### **Other Participant Benefit Payments**

The Contract Owner, or Participant if permitted by the Plan, may request any other Participant Benefit Payment permitted under the Plan.

#### **TERMINATION AND WITHDRAWALS**

In the event Nationwide provides annuity payment options to Retired Participants, notwithstanding anything in the Contract to the contrary, including contract termination, Nationwide will retain the assets attributable to Retired Participants that are receiving annuity payments from Nationwide.

**Termination by the Contract Owner**

The Contract Owner may terminate the Contract at any time by notifying Nationwide in writing. Once Nationwide receives the notice to terminate, the full Withdrawal Value will be paid to the Contract Owner in one-hundred and twenty (120) days ("effective date of termination"). Thirty (30) days following Nationwide's receipt of the written notification to terminate, Nationwide will no longer accept any additional Purchase Payments to the Contract, except by mutual agreement with Contract Owner. The Contract Owner and Nationwide may agree to payment of the Withdrawal Value in any other mutually agreeable manner consistent with applicable law. The Withdrawal Value will be subject to any remaining charges specified on the "Contract Specifications Pages." Upon payment of the Withdrawal Value, Nationwide and the Contract Owner will be relieved of any additional responsibilities under the Contract. However, if an Underlying Investment Option cannot reasonably liquidate amounts on the effective date of termination, Nationwide may deliver in addition to cash any unliquidated securities held by the Underlying Investment Option that could not reasonably be liquidated.

**Termination by Nationwide**

Nationwide may terminate the Contract at any time by notifying the Contract Owner in writing. Once the Contract Owner receives the notice to terminate, the full Withdrawal Value will be paid to the Contract Owner in one-hundred and twenty (120) days ("effective date of termination"). Thirty (30) days following the Contract Owner's receipt of the written notification to terminate, Nationwide will no longer accept any additional Purchase Payments to the Contract, except by mutual agreement with the Contract Owner. The Contract Owner and Nationwide may agree to payment of the Withdrawal Value in any other mutually agreeable manner consistent with applicable law. The Withdrawal Value will be subject to any remaining charges specified on the "Contract Specifications Pages." Upon payment of the Withdrawal Value, Nationwide and the Contract Owner will be relieved of any additional responsibilities under the Contract. However, if an Underlying Investment Option cannot reasonably liquidate amounts on the effective date of termination, Nationwide may deliver, in addition to cash, any unliquidated securities held by the Underlying Investment Option that could not reasonably be liquidated.

**Recapture of Acquisition Expenses**

If Nationwide has provided any additional credits to the initial Purchase Payment that have not been recouped upon termination, Nationwide will deduct any unrecouped expenses associated with such credits from the Withdrawal Value.

NATIONWIDE LIFE INSURANCE COMPANY  
ONE NATIONWIDE PLAZA  
COLUMBUS, OHIO 43215

FIXED ACCOUNT ENDORSEMENT

Group Flexible Purchase Payment Deferred Variable Annuity Contract

**General Information Regarding this Endorsement**

This endorsement is made a part of the Contract to which it is attached. To the extent the terms of the Contract and this endorsement are inconsistent, the terms of this endorsement shall control the Contract accordingly. Non-defined terms shall have the meaning given to them in the Contract.

**DEFINITIONS**

The following definitions are modified in, or added to, the Contract:

**Annual Guaranteed Interest Rate** - The minimum guaranteed interest rate applied to the Fixed Account for a calendar year. Nationwide determines this rate at its sole discretion. This rate does not include the deduction of any applicable "Fixed Account Charge."

**Contract Value** - The combined value of the Variable Account(s) and the Fixed Account.

**Exchange** - The movement of amounts attributable to Participant Accounts to a Companion Investment Option under the Plan, or from one or more Sub-Accounts of the Variable Account to one or more Sub-Accounts of the Variable Account, or from one or more Sub-Accounts of the Variable Account to the Fixed Account, or from the Fixed Account to a Companion Investment Option under the Plan or to one or more Sub-Accounts of the Variable Account.

**Fixed Account** - An option funded by Nationwide's general account crediting specified interest rates.

**Guaranteed Minimum Fixed Account Interest Rate** - A floor rate established for the Fixed Account when the Contract is issued. All rates under the Contract are guaranteed to be at least as great as the Guaranteed Minimum Fixed Account Interest Rate for as long as the Contract remains in-force. Interest credited to the Fixed Account will not be less than 1.00%, subject to any applicable "Fixed Account Charge."

**Participant Account Value** - The present value of the Units and the Fixed Account attributable to a Participant's Account.

**Quarterly Guaranteed Interest Rate** - The minimum guaranteed interest rate applied to the Fixed Account for a calendar quarter. This rate may be equal to or greater than the applicable Annual Guaranteed Interest Rate. Nationwide determines this rate at its sole discretion. This rate does not include the deduction of any applicable "Fixed Account Charge."

**FIXED ACCOUNT**

The following is added to the Contract.

**General Information Regarding the Fixed Account**

The Fixed Account is an investment option under the Contract offering an Annual Guaranteed Interest Rate and a Quarterly Guaranteed Interest Rate. Nationwide credits interest to the Fixed Account at these rates that it prospectively declares. Interest rates are determined at the sole discretion of Nationwide, including any excess interest rates. Nationwide declares all of its rates as annual effective yields. Nationwide reserves the right to discontinue accepting additional Purchase Payment and Transfer and Exchange allocations to the Fixed Account at any time.



Fixed Account guarantees are supported by the general account of Nationwide and are not insured by the FDIC, NCUSIF or any other agency of the Federal government. The Fixed Account is a non-participating option. Allocations to the Fixed Account do not share in any surplus of Nationwide.

#### **Guaranteed Interest Rates**

The Guaranteed Minimum Fixed Account Interest Rate for the Contract is listed on the "Contract Specifications Pages."

No later than the last Business Day of a calendar year, Nationwide declares the Annual Guaranteed Interest Rate for the Fixed Account for the next calendar year. In addition, no later than the last Business Day of a calendar quarter, Nationwide will declare the Quarterly Guaranteed Interest Rate to be credited for the next calendar quarter. Notwithstanding the preceding, the Withdrawal Value will be subject to a market value adjustment due to termination described in Exhibit A.

#### **Crediting Interest to the Fixed Account**

Nationwide interest rates are all declared as annual effective yields. An effective yield takes into account the effect of interest compounding. Nationwide credits interest to the Fixed Account on each Business Day. Annual effective yields are converted by Nationwide into a daily interest rate factor. The current Fixed Account value is calculated by taking the daily interest rate factor and multiplying it by the previous Business Day's Fixed Account value. Because interest is credited only on Business Days, interest from multiple non-Business Days (e.g., days falling on a weekend or holidays) accumulate and are credited on the next available Business Day.

#### **Calculating the Fixed Account Value**

The Fixed Account value on any given Business Day is equal to:

- (1) total Purchase Payments allocated to the Fixed Account; plus
- (2) the daily interest earned (net of any applicable "Fixed Account Charge"); plus
- (3) Exchanges or Transfers to the Fixed Account; minus
- (4) Exchanges or Transfers out of the Fixed Account; minus
- (5) Withdrawals from the Fixed Account; minus
- (6) Participant Benefit Payments; minus
- (7) any applicable "Contract Maintenance Charge," the aggregate "Participant Account Charge," applied to Participant Accounts, plan expenses, and additional expense charges.

#### **Calculating a Participant Account Value in the Fixed Account**

A Participant Account Value in the Fixed Account on any given Business Day is equal to:

- (1) total Participant Contributions allocated to the Fixed Account; plus
- (2) the daily interest earned (net of any "Fixed Account Charge") on the Participant's Account; plus
- (3) Exchanges or Transfers to the Fixed Account; minus

- (4) Exchanges or Transfers out of the Fixed Account; minus
- (5) Withdrawals from the Fixed Account; minus
- (6) Participant Benefit Payments; minus
- (7) any applicable "Contract Maintenance Charge" applied to a Participant's Account, the "Participant Account Charge," plan expenses, and additional expense charges.

#### **CONTRACT EXPENSES**

The "Contract Expenses" provision of the Contract is amended with the addition of the following.

Unless otherwise mutually agreed to by the Contract Owner and Nationwide, all expenses and charges attributable to the Contract, except the "Variable Account Charge" and any applicable "Fixed Account Charge" will be deducted proportionally from the Variable Account(s) and the Fixed Account based on the value each account bears to the total Contract Value. Any applicable expenses or charges attributable to a Participant Account will be deducted proportionally and in the same manner.

#### **Premium Taxes**

Any applicable premium taxes will be deducted from the Fixed Account in the manner described in the Contract.

#### **Fixed Account Charge**

Nationwide may assess a "Fixed Account Charge." The "Fixed Account Charge" is deducted from the interest rate credited to the Fixed Account. If this charge is assessed by Nationwide, the amount of the charge is stated on the "Contract Specifications Pages" on an annual basis.

#### **EXCHANGES AND TRANSFERS**

The following is added to the Contract.

#### **Exchanges and Transfers to and from the Fixed Account**

Nationwide will generally accept Exchanges and Transfers to the Fixed Account.

Exchanges and Transfers out of the Fixed Account are subject to certain limitations. The Contract Owner elects at the time of application to accept a Participant level Exchange and Transfer limitation or an aggregate Contract level Exchange and Transfer limitation. Liquidations of Contract Value via Exchange and Transfer are combined into a single percentage limitation. The type of limitation and percentage limitation are listed on the "Contract Specifications Pages."

Nationwide may agree to not include in any Exchange and/or Transfer restrictions listed on the "Contract Specification Pages," Exchanges and Transfers involving Participants actively utilizing asset allocation models, or asset allocation services available under the Plan.

All Exchange and Transfer limitations are set, or reset, on a calendar year basis. The permissible Exchange and Transfer amount cannot be rolled from year to year or otherwise "banked" for utilization in subsequent calendar years.

The Contract Owner may request to change the type of Exchange and Transfer limitation for the next calendar year if Nationwide receives, in a form acceptable to Nationwide, the request by the last Business Day of the preceding calendar year.

In the event the Contract Owner elects to add a Companion Investment Option to the Plan with characteristics in structure, investment time horizon, rate setting, or any other characteristics that could compel on-going Exchanges between the Fixed Account and such Companion Investment Option, then Nationwide may impose an equity wash that prohibits direct Exchanges between the Fixed Account and such Companion Investment Option. Nationwide will notify the Contract Owner in the event an equity wash will be imposed with regard to Exchanges with a Companion Investment Option and the Fixed Account.

#### **Sixty Month Exchange or Transfer Program**

If the Contract Owner has elected a Participant level Exchange and Transfer limitation, Nationwide permits the Contract Owner, or Participant if permitted by the Plan, to direct the complete liquidation of amounts attributable to a Participant Account that are allocated to the Fixed Account via monthly Exchange or Transfer over a period of sixty (60) months subject to the following.

- (1) The amount to be Exchanged each month is equal to the value of the Fixed Account of the Participant Account divided by the number of remaining months until the 60 month Exchange or Transfer program is completed.
- (2) Any additional Participant Contribution, Exchange and/or Transfer to the Fixed Account of a Participant Account where the 60 month Exchange or Transfer program is in effect will result in immediate cancellation of any additional Exchanges or Transfers under this program.
- (3) If the Participant level Exchange limitation (whether the percentage limitation or number of transactions limit) has been met in the calendar year in which the request to initiate the 60 month Exchange or Transfer program is received, Nationwide will reject the request. The request may be made again beginning on the first day of the next calendar year.
- (4) The minimum allocation to the Fixed Account of the Participant Account under which the 60 month Exchange or Transfer program may be elected is \$1,000.

#### **TERMINATION AND WITHDRAWALS**

The following is added to the Contract.

##### **Termination**

In the event the Contract Owner or Nationwide terminate the Contract, the following will apply to the Fixed Account.

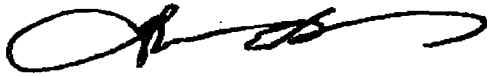
Prior to the effective date of termination, as specified in the Contract, and thirty (30) days following the date the non-terminating party receives the notice to terminate, the Contract Owner must elect one of the two Withdrawal methods listed below for amounts attributable to the Fixed Account.

- (1) **Lump-sum Payment.** If the Contract Owner elects to have funds Withdrawn from the Fixed Account in one lump-sum payment, Nationwide will pay to the Contract Owner the Withdrawal Value of amounts attributable to the Fixed Account plus or minus a market value adjustment. The current market value adjustment formula is specified in Exhibit A. Nationwide may prospectively change the market value adjustment formula. Prior to any change being effective, Nationwide will provide the Contract Owner a new endorsement with the new market value adjustment formula.
- (2) **Sixty (60) Monthly Installments.** If the Contract Owner elects to have funds Withdrawn from the Fixed Account in sixty (60) monthly installments, Nationwide will not begin installment Withdrawals until the first month of the calendar year following the effective date of termination of the Contract. The amount of each installment is determined by the following:

- (a) the Fixed Account value on the date before the installment is Withdrawn; divided by
- (b) the number of remaining installments.

Fixed Account Withdrawals in addition to installment Withdrawals will not be permitted, nor will any Exchanges or Transfers be permitted.

Executed for Nationwide by:



Secretary



President

EXHIBIT A  
MARKET VALUE ADJUSTMENT ASSUMPTIONS AND FORMULA

Nationwide's market value adjustment formula assumes that the net cash flow received each calendar quarter had been invested in a 10-year semi-annual coupon bond purchased at par. The rate on that bond is assumed to be the actual rate earned on investments acquired in that calendar quarter with an average Lehman's quality of Baa. Therefore, the result is a set of hypothetical assets that reasonably represent the actual portfolio.

The current market rate, against which each hypothetical asset is compared, assumes that any asset that might be sold would have a rating of Baa. The current market rate is assumed to be the Lehman Corporate Baa Credit Yield.

To calculate the market value adjustment:

1. The book value of each hypothetical asset is determined by allocating the Contract Value over all quarters since purchase payments began per the following process. The book value is the:
  - Contract Value increase (or zero if the Contract Value decreased), plus
  - the amount reinvested during the quarter from a prior quarter's maturing hypothetical asset, less
  - any hypothetical asset sales resulting from Contract Value decreases (i.e. net cash outflow) in later quarters. In other words, if a calendar quarter's Contract Value decreases more than rollovers from prior quarter's maturing hypothetical assets, the hypothetical assets from prior quarters are liquidated pro-rata until Contract Value decrease is satisfied.

The sum of the book values for all calendar quarters will equal Contract Value on the cash out date.

2. The market value is calculated for each hypothetical asset. This is the present value of the hypothetical asset discounted at the current market rate (i.e. Lehman Baa). If the present value were calculated at the hypothetical bond's original rate, the present value would equal the book or par value. However, since discounting is done at the current market rate, the current market value results.
3. The total market value is the sum of the market values for each hypothetical asset. The market value adjustment is the amount by which the total book value differs from the total market value.