

Fidelity VIP Investment Grade Bond - SC

Investment Strategy from investment's prospectus

The investment seeks a high level of current income consistent with the preservation of capital.

The fund normally invests at least 80% of assets in investment-grade debt securities of all types and repurchase agreements for those securities. It allocates assets across different market sectors and maturities. The fund may invest in domestic and foreign issuers. It potentially invests in lower-quality debt securities. The fund invests in Fidelity's central funds.

Category Description: Intermediate-Term Bond

Intermediate-term bond funds have average durations that are greater than 3.5 years and less than six years. Most of the funds rotate among a variety of sectors in the bond market, based upon which appear to offer better values. Whatever types of bonds they hold, these funds are less sensitive to interest rates, and therefore less volatile, than funds that have longer durations.

Broad Asset Class: Bonds

IOUs issued by governments or corporations.

Notes

This material is authorized for client use only when preceded or accompanied by a Disclosure Statement, a product prospectus (variable annuity and variable life insurance only), a fund prospectus and/or informational brochure containing more complete information. These can be obtained from your investment professional and should be read carefully before investing or sending money.

NOT A DEPOSIT – NOT FDIC INSURED – NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY – NOT GUARANTEED BY THE INSTITUTION – MAY GO DOWN IN VALUE

The Broad Asset Class identifies a fund's investment style. The Broad Asset Class was developed by Nationwide in conjunction with Ibbotson Associates for asset allocation. Asset Allocation does not assure a profit or guarantee against a loss in a declining market.

Portfolio Analysis as of 02-29-08

| Composition as of 02-29-08 | Net% |
|----------------------------|--------------|
| U.S. Stocks | 0.0 |
| Non U.S. Stocks | 0.0 |
| Bonds | 92.1 |
| Cash | 6.1 |
| Other | 1.8 |
| Total | 100.0 |

Top 20 Holdings as of 02-29-08

| | % Assets |
|---------------------------------------|----------------|
| FNMA | 23.75 |
| US Treasury Note 2% 01-15-14 | 4.33 |
| US Treasury Note 4.875% | 3.64 |
| FHLB | 3.26 |
| US Treasury Note 4.25% 08-15-14 | 2.17 |
| US Treasury Note 2.875% | 2.09 |
| US Treasury Note 4.75% | 1.65 |
| US Treasury Note 4.25% 08-15-13 | 1.35 |
| Fidelity Cent Invnt Portfolios | 1.25 |
| US Treasury Note 3.625% | 1.19 |
| US Treasury Note 3.375% | 1.04 |
| Interest Rate Swaps | 0.77 |
| US Treasury Bond 6.25% 05-15-30 | 0.59 |
| US Treasury Note 2.375% 04-15-11 | 0.53 |
| FHLMC CMO 5% 06-15-31 | 0.51 |
| FHLMC 4% 06-12-13 | 0.45 |
| US Treasury Note 2.625% | 0.43 |
| US Treasury Note 2.75% | 0.42 |
| GNMA 6.5% 05-15-26 | 0.35 |
| GNMA 6% | 0.34 |
| Total Number of Stock Holdings | 0 |
| Total Number of Bond Holdings | 1374 |
| Annual Turnover Ratio % | 2 |
| Total Fund Assets (\$mil) | 2,716.0 |

Risk Classification as of 03-31-08

An investment's risk classification corresponds with the following ranges of standard deviation.

| I | II | III | IV | V | VI |
|------|---|-----|----|---|----|
| I | Lowest: Money Market and Stable Value Funds | | | | |
| ▶ II | Very Low: 0.00-3.46 | | | | |
| III | Low: 3.47-5.21 | | | | |
| IV | Moderate: 5.22-9.95 | | | | |
| V | High: 9.96-13.50 | | | | |
| VI | Very High: 13.51 and above | | | | |

Standard Deviation is a statistical measurement of dispersion about an average, which depicts how widely the returns varied over a certain period of time. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

Morningstar provides standard deviation and Nationwide provides the ranges.

Morningstar Style Box™

| | | |
|----------------------|--------------------|--------|
| Not Available | Avg Eff Duration | — |
| | Avg Eff Maturity | — |
| | Avg Credit Quality | — |
| | Avg Wtd Coupon | 4.67 |
| | Avg Wtd Price | 102.04 |

| Risk Measures as of 03-31-08 | Port Avg | Rel LB Aggr | Rel Cat |
|------------------------------|----------|-------------|---------|
| 3 Yr Std Dev | 2.64 | 0.33 | 0.89 |
| 3 Yr Beta | 0.91 | — | 1.06 |
| 3 Yr Sharpe Ratio | -0.10 | 0.37 | 1.00 |
| 3 Yr Alpha | -1.27 | — | 0.91 |
| 3 Yr R-squared | 93.09 | — | 1.19 |

| Morningstar Sectors as of 02-29-08 | Fund% | Category% |
|------------------------------------|-------|-----------|
| U.S. Credit | 27.10 | 26.69 |
| Non-U.S. Credit | 0.63 | 1.89 |
| Mortgage | 41.91 | 31.07 |
| U.S. Government | 24.11 | 12.85 |
| Cash | 6.26 | 18.64 |

| Credit Analysis | % Bonds |
|-----------------|---------|
| Not Available | |

Operations

| | |
|---------------------|---|
| Expense Ratio | 0.53% of fund assets |
| Fund Inception Date | 07-07-00 |
| Initial Share Class | 12-05-88 |
| Inception Date | |
| Advisor | Fidelity Mgmt & Research (FMR) |
| Subadvisor | Fidelity Intl Investment Adv, Inc Fidelity Intl Invest Advisors (uk) Ltd Fidelity Investments Money Mgt Inc Fidelity Mgmt & Rsrch Far East Inc |

Portfolio Manager(s)

Ford G. O'Neil, BA, Harvard U., 1985. MBA, U. of Pennsylvania, 1990. MA, The Wharton School at the U. of Pennsylvania, 1990. Since 2001.