

Fidelity VIP Overseas - Initial Class R

Investment Strategy from investment's prospectus

The investment seeks long-term growth of capital.

The fund normally invests at least 80% of assets in non-U.S. securities. It allocates investments across countries and regions considering the size of the market in each country and region relative to the size of the international market as a whole. The fund primarily invests in common stocks.

Category Description: Foreign Large Blend

Foreign large-blend funds invest in a variety of big, international stocks. Most of these funds divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. They tend to invest the rest in emerging markets such as Hong Kong, Brazil, Mexico and Thailand. These funds typically will have less than 20% of assets invested in U.S. stocks.

Broad Asset Class: International Stocks

Shares of ownership in corporations headquartered outside of the U.S.

Notes

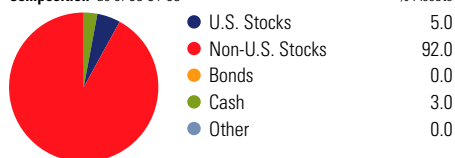
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NOT A DEPOSIT – NOT FDIC INSURED – NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY – NOT GUARANTEED BY THE INSTITUTION – MAY GO DOWN IN VALUE

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 08-31-08

Composition as of 08-31-08



Top 20 Holdings as of 08-31-08

| Company | % Assets |
|--------------------------------|----------|
| Alstom | 3.78 |
| Fidelity Revere Str Tr | 2.95 |
| CSL Ltd | 2.41 |
| Man Grp | 2.40 |
| Nestle | 2.09 |
| E.ON | 1.58 |
| Vodafone Grp | 1.56 |
| Sumitomo Mitsui Financial Grp | 1.40 |
| Telefonica | 1.37 |
| BG Group PLC | 1.32 |
| BHP Billiton Ltd | 1.24 |
| GlaxoSmithKline PLC | 1.22 |
| Estee Lauder Companies A | 1.17 |
| Calgon Carbon Corporation | 1.13 |
| Royal Dutch Shell PLC ADR | 1.04 |
| Roche Holding Ltd | 1.01 |
| Diageo PLC | 1.00 |
| Reed Elsevier | 1.00 |
| BHP Billiton PLC | 0.98 |
| BP PLC | 0.95 |
| Total Number of Stock Holdings | 239 |
| Total Number of Bond Holdings | 0 |
| Annual Turnover Ratio % | 62 |
| Total Fund Assets (\$mil) | 2,182.43 |

Risk Classification as of 09-30-08

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™ as of 08-31-08

| Style | % Mkt Cap |
|--------|-----------|
| Giant | 49.41 |
| Large | 34.50 |
| Medium | 12.65 |
| Small | 3.20 |
| Micro | 0.24 |

Value Blend Growth

Statistics as of 08-31-08

| Statistic | Port Avg | Rel S&P 500 | Rel Cat |
|-------------------|-----------|-------------|---------|
| P/E Ratio | 12.52 | 1.01 | 1.12 |
| P/B Ratio | 1.83 | 0.94 | 1.08 |
| P/C Ratio | 7.62 | 1.04 | 1.10 |
| GeoAvgCap (\$mil) | 26,959.03 | 0.60 | 0.89 |

Risk Measures as of 09-30-08

| Metric | Port Avg | Rel S&P 500 | Rel Cat |
|-------------------|----------|-------------|---------|
| 3 Yr Std Dev | 15.82 | 1.39 | 1.01 |
| 3 Yr Beta | 1.01 | — | 1.01 |
| 3 Yr Sharpe Ratio | -0.04 | 0.14 | 0.40 |
| 3 Yr Alpha | 1.17 | — | 4.50 |
| 3 Yr R-squared | 94.87 | — | 1.00 |

Top 10 Countries as of 08-31-08

| Country | % Assets |
|----------------|----------|
| United Kingdom | 27.90 |
| Japan | 13.57 |
| France | 12.39 |
| Germany | 7.94 |
| Switzerland | 6.36 |
| Australia | 5.94 |
| United States | 5.20 |
| Italy | 3.62 |
| Denmark | 2.25 |
| Netherlands | 2.10 |

Operations

| | |
|---------------------|---|
| Expense Ratio | 0.82% of fund assets |
| Fund Inception Date | 04-24-02 |
| Initial Share Class | 01-28-87 |
| Inception Date | |
| Advisor | Fidelity Mgmt & Research Company (FMR) |
| Subadvisor | FMR Co., Inc. (FMRC) Fidelity Management & Research (UK) Inc. Fidelity Intl Investment Adv, Inc Fidelity Intl Invest Advisors (uk) Ltd Fidelity Investment Japan Ltd. Fidelity Mgmt & Rsrch Far East Inc |

Portfolio Manager(s)

Graeme Rockett. Since 2006.