

Franklin VIPT Founding Funds Allocation - Class 2

Investment Strategy from investment's prospectus

The investment seeks capital appreciation; income is a secondary objective.

The fund invests in Class 1 shares of three other series of the Trust: Franklin Income Securities Fund, Mutual Shares Securities Fund and Templeton Growth Securities Fund. These underlying funds, in turn, invest in a variety of U.S. and foreign equity securities and fixed income and money market securities.

Category Description: Moderate Allocation

Moderate-allocation funds seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These funds tend to hold larger positions in stocks than conservative-allocation funds. These funds typically have 50% to 70% of assets in equities and the remainder in fixed income and cash.

Broad Asset Class: Asset Allocation

Asset Allocation is the apportioning of investment funds among categories of assets such as Domestic Equity, International Equity, Fixed Income and Cash Equivalents.

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 12-31-07

Composition as of 12-31-07	Net%
U.S. Stocks	29.7
Non U.S. Stocks	30.8
Bonds	1.8
Cash	3.5
Other	34.2
Total	100.0

Top 20 Holdings as of 12-31-07	% Assets
Franklin Templeton Var	33.42
Templeton Growth Securities CI1	33.32
Franklin Mutual Shares Securities CI1	33.26
Total Number of Holdings	3
Annual Turnover Ratio %	—
Total Fund Assets (\$mil)	230.9

Risk Classification as of 03-31-08

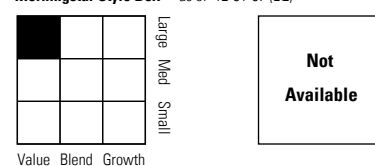
An investment's risk classification corresponds with the following ranges of standard deviation.

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™ as of 12-31-07 (EQ)



Statistics as of 12-31-07	Port Avg	Rel S&P 500	Rel Cat
P/E Ratio	14.84	1.11	1.05
P/B Ratio	2.01	0.87	0.87
P/C Ratio	8.95	1.00	1.00
GeoAvgCap (\$mil)	39,193.55	0.79	1.23

Risk Measures as of 03-31-08	Port Avg	Rel S&P 500	Rel Cat
3 Yr Std Dev	—	—	—
3 Yr Beta	—	—	—
3 Yr Sharpe Ratio	—	—	—
3 Yr Alpha	—	—	—
3 Yr R-squared	—	—	—

Morningstar Sectors as of 12-31-07	Fund%	S&P 500%
Information	26.60	20.22
Software	4.62	3.87
Hardware	6.72	9.78
Media	8.90	3.09
Telecommunication	6.36	3.48
Service	39.75	40.24
Healthcare Service	9.46	11.82
Consumer Service	4.93	7.26
Business Service	3.01	4.40
Financial Service	22.35	16.76
Manufacturing	33.66	39.53
Consumer Goods	15.26	8.83
Industrial Materials	9.98	13.67
Energy	5.56	13.47
Utilities	2.86	3.56

Operations

Expense Ratio	—
Fund Inception Date	07-02-07
Initial Share Class	07-02-07
Inception Date	
Advisor	Franklin Templeton Services, LLC
Subadvisor	—

Portfolio Manager(s)

T. Anthony Coffey, CFA. BA, Harvard U., 1984. MBA, U. of California-Los Angeles, 1989. Since 2007.