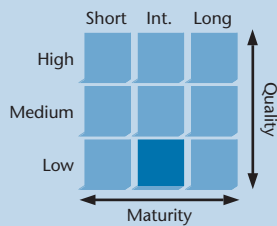


## Portfolio Overview

### Investment Management Style



### Portfolio Information

Inception date:	<b>11/02/87</b>
Total Net Assets:	<b>\$734.9 million</b>
Benchmark:	<b>Lehman Brothers High Yield Bond Index</b>
Gross Expense Ratio:	<b>0.45</b>
Net Expense Ratio:	<b>0.45</b>

### Investment Objective

Seeks high current income and, secondarily, growth of capital.

### Investment Strategy

- Invests in high-yield, high-risk bonds and other debt obligations or preferred securities, with a focus on "junk bonds" rated within or below the "Ba" category as defined by Moody's.
- Emphasizes middle-tier high-yield bonds while minimizing exposure to more speculative high-yield bonds.
- Uses smaller allocations to convertible and preferred securities to reduce volatility and enhance total return potential.

### Subaccount Investment Performance\*

	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Inception
If contract IS NOT surrendered**	(7.27)%	(8.52)%	(9.49)%	0.67%	3.57%	0.78%	N/A
If contract IS surrendered***	(12.28)%	(13.46)%	(14.38)%	(0.55)%	3.20%	0.78%	N/A
Lipper High Current Yield Median	(7.57)%	(9.05)%	(9.86)%	1.34%	4.17%	3.94%	—
Lehman Brothers High Yield Bond Index	(8.89)%	(10.08)%	(11.24)%	1.04%	4.38%	4.42%	—

\*All data represents past performance and should not be viewed as an indication of future results. Total investment returns and principal value of an investment will fluctuate and your units, when redeemed, may be worth more or less than your original cost. Current performance may be lower or higher than the performance data quoted. Market volatility can significantly affect short-term performance, and more recent returns may be different from those shown. Call 800-THRIVENT or visit [www.thrivent.com](http://www.thrivent.com) for most recent month end performance results. Maximum surrender charge is 7.0%. Other expenses included are the current mortality and expense risk charge of 1.10% and applicable annual portfolio operating expenses ranging from .36% to 1.50%. Annual expenses are subject to change. See the prospectus for detailed information on fees related specifically to this subaccount.

Periods less than one year are not annualized. Subaccount total return calculations assume an initial investment of \$10,000. At various times, the adviser may have contractually or voluntarily reimbursed Portfolio expenses. Had the adviser not done so, the total returns would have been lower. This reimbursement of expenses may be discontinued at any time.

\*\*Non-standardized. Annualized total returns are based on the performance of the Thrivent Financial Flexible Premium Deferred Variable Annuity's underlying portfolio, which was in existence prior to the subaccount's inception on 4/29/05. The date of inception of the portfolio is 11/02/87. Adjustments for possible annual administrative charges or surrender charges have not been included.

\*\*\*Standardized. The standardized average total returns are calculated from the inception date of the portfolio on 11/02/87. "If the contract is surrendered" values reflect surrender charges applied during the first seven years. These charges are 7 percent in the first contract year, and decrease by 1 percent each subsequent year until they are zero.

Lipper figures do not include charges or fees. If included, returns would have been lower.

The Lehman Brothers U.S. Corporate High Yield Bond Index is an index which measures the performance of fixed-rate non-investment grade bonds. An index is unmanaged, and investments cannot be made directly into an index.

## Portfolio Management

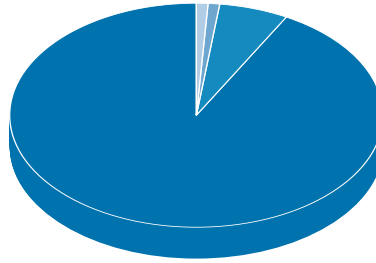


**Paul J. Ocenasek, CFA**  
 Began managing this fund: 2001  
 Investment experience: 21 years

*Risks: The Portfolio typically invests a majority of its assets in high yield bonds (commonly referred to as junk bonds). Although high yield bonds typically have a higher current yield than investment-grade bonds, high yield bonds are also subject to greater price fluctuations and increased risk of loss of principal than investment-grade bonds.*

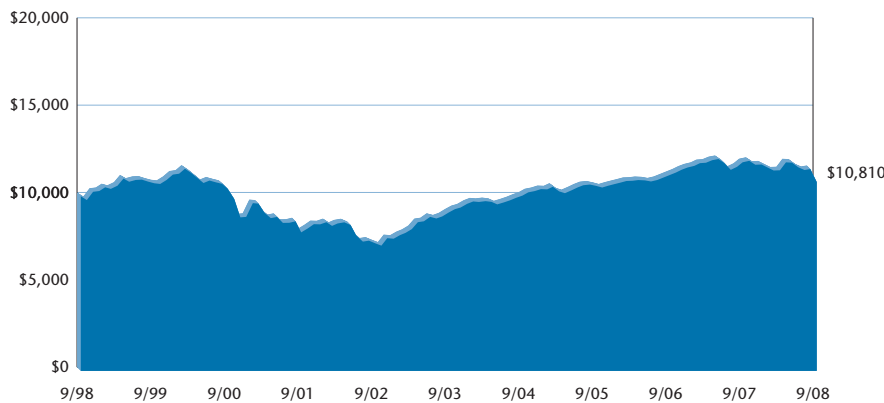
### Portfolio Diversification<sup>1</sup>

Corporate Bonds	92%
Cash & Cash Equivalent	6%
Preferred Stock	1%
Agency Short Term	1%



### Growth of a \$10,000 Investment

Value if Contract is Not Surrendered



Performance of other contracts will be greater or less than the line shown based on the differences in contract charges and expenses paid by contractholders.

### Calendar Year Total Returns (%)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
(2.72)	9.14	(21.55)	(4.84)	(9.79)	26.41	8.77	2.73	8.93	1.46

Assumes the maximum Mortality and Expense charge of 1.25%

<sup>1</sup>This is subject to change.

<sup>2</sup>Average Life: Average length of time before the bond issuer pays the bond holder.

<sup>3</sup>12-month rolling as of August 2008.

<sup>4</sup>Beta: A measure of the 3-year volatility of an investment compared to the S&P 500 Index.

<sup>5</sup>Standard Deviation: A statistical measure of volatility. The higher the standard deviation, the riskier an investment is considered to be.

**Investing in a variable annuity contract involves risk, including the possible loss of principal. More complete information on the investment objectives, risks, charges and expenses of the variable annuity contract and underlying investment options is included in the prospectuses, which investors should read and consider carefully before investing. Prospectuses are available from a Thrivent Financial representative or at [www.thrivent.com](http://www.thrivent.com).**

Variable insurance products, where available, are offered and underwritten by Thrivent Financial for Lutherans, Appleton, WI 54919-0001 and distributed by Thrivent Investment Management Inc., 625 Fourth Ave. S., Minneapolis, MN 55415-1665, (800-THRIVENT; 800-847-4836), a wholly owned subsidiary of Thrivent Financial for Lutherans. Member FINRA. Member SIPC.

### Portfolio Statistics<sup>1</sup>

Number of holdings:	248		
Average Life (years) <sup>2</sup> :	6.3		
Average Quality:	B		
Standard Deviation <sup>5</sup> :			
	3-year	5-year	10-year
	6.22%	5.74%	9.19%

### Top Ten Holdings

Texas Competitive Electric Holdings Company, LLC	1.16%
HCA, Inc.	1.08%
Intelsat Subsidiary Holding Company, Ltd.	1.05%
Centennial Communication Corporation	0.94%
TransDigm, Inc.	0.92%
Leucadia National Corporation	0.89%
Tunica Biloxi Gaming Authority	0.89%
Energy Future Holdings, Term Loan	0.87%
Vanguard Health Holding Company II, LLC	0.86%
Charter Communications Holdings II, LLC	0.85%

### Moody's Bond Quality Rating Distribution<sup>1</sup>

