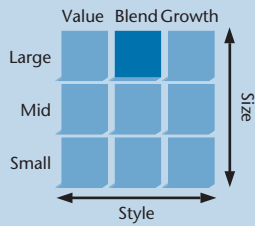


**Portfolio Overview**

**Investment Management Style**



**Portfolio Information**

Inception date: **01/18/96**  
 Total Net Assets: **\$999.8 million**  
 Benchmark: **MSCI EAFE Index**  
 Gross Expense Ratio: **0.88**  
 Net Expense Ratio<sup>1</sup>: **0.82**

<sup>1</sup>Voluntary waiver designed to maintain a 0.50% maximum spread between the Portfolio's advisory fees and the subadvisor fees paid to Mercator and Principal. This cap is consistent with the advisers' previously communicated pricing policy on subadvised funds.

**Investment Objective**

To achieve long-term growth of capital by investing primarily in a professionally managed diversified portfolio of common stocks of established, non-U.S. companies.

**Investment Strategy**

- Invests primarily in a broad array of stocks of large, non-U.S. companies within both developed and emerging markets throughout the world.
- Principal's portfolio investment philosophy is based on the belief that superior stock selection and disciplined risk management provide consistent outperformance. They focus on companies with improving and sustainable business fundamentals, rising investor expectations and attractive relative valuations.
- Mercator combines a relative value style with bottom-up stock analysis, seeking attractive, undervalued securities with solid earnings prospects.

**Subaccount Investment Performance\***

	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Inception
<b>If contract IS NOT surrendered**</b>	(20.12)%	(27.80)%	(30.06)%	(0.18)%	6.84%	2.58%	N/A
<b>If contract IS surrendered***</b>	(24.44)%	(31.70)%	(33.84)%	(1.39)%	6.45%	2.58%	N/A
<b>Lipper International Median</b>	(20.09)%	(28.73)%	(29.09)%	1.70%	9.31%	5.01%	—
<b>MSCI EAFE Index</b>	(20.50)%	(28.91)%	(30.13)%	1.58%	10.16%	5.42%	—

\*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 01/18/96. 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 01/18/96. "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 MSCI EAFE Index is a stock index that measures the equity performance of developed countries outside of North America. An index is unmanaged, and investments cannot be made directly into an index.

**Portfolio Management**

Equities  
Fixed Income  
Real Estate



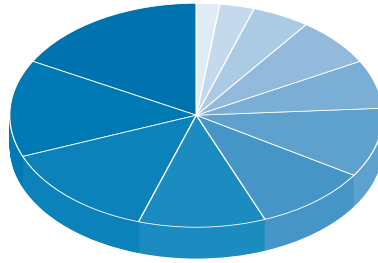
*Risks: Foreign investments involve additional risks, including currency fluctuations and greater political, economic and market instability and different accounting standards, as compared with domestic investments. These risks are magnified when the fund invests in emerging markets which may be of relatively small size and less liquid than domestic markets. These and other risks are described in the prospectus.*



MERCATOR ASSET MANAGEMENT®

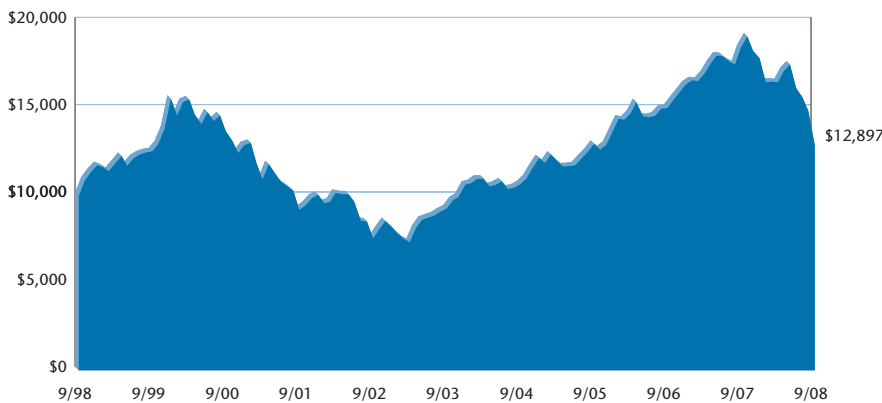
### Portfolio Diversification<sup>1</sup>

Financials	17%
Industrials	14%
Cons Discretionary	14%
Consumer Staples	11%
Materials	10%
Health Care	10%
Inform Technology	7%
Comm Services	7%
Energy	5%
Utilities	3%
Cash & Cash Equivalent	2%



### 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
15.30	32.46	(17.16)	(22.02)	(18.46)	29.64	14.21	12.30	20.00	9.19

Assumes the maximum Mortality and Expense charge of 1.25%

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

Number of holdings:	222
Weighted Average Market Cap:	\$43.2 billion
Median Market Cap:	\$29.8 billion
Turnover ratio <sup>2</sup> :	77%
Beta <sup>3</sup> :	1.07
Standard Deviation <sup>4</sup> :	
3-year	14.61%
5-year	14.15%
10-year	16.77%

#### Top Ten Holdings

Nestle SA	3.48%
Telefonica SA	3.10%
Novartis	2.92%
Unilever plc	1.94%
Mitsubishi UFJ Financial Group, Inc.	1.88%
Glaxo Smith Kline plc	1.80%
Vivendi SA	1.62%
Siemens AG	1.59%
Statoil ASA	1.55%
Sumitomo Trust and Banking Company, Ltd.	1.39%

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

<sup>2</sup>12-month rolling as of August 2008.

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

<sup>4</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.