

PORTFOLIO UPDATE

Oppenheimer Global Securities Fund/VA

AS OF SEPTEMBER 30, 2002 (shown in percentages)

Fund Facts

Market Benchmark ¹	MSCI World Index
Total Net Assets	\$1.5 billion
Beta*	0.96

Top Ten Holdings

RECKITT & COLMAN	4.2
SANOBI-SYNTHELABO SA	4.1
REPO (BROKER: PAINE WEBBER, INC.)	3.4
CADENCE DESIGN SYSTEMS	2.9
ELECTRONIC ARTS	2.6
REED INTERNATIONAL PLC	2.3
BANK ONE CORP	2.3
QUALCOMM INC.	2.2
AUST & NZ BANKING GRP LTD	2.0
RAYTHEON CO	1.9

Country Allocation

UNITED STATES	41.0
GREAT BRITAIN	17.8
JAPAN	9.0
FRANCE	7.3
GERMANY	4.5
INDIA	2.8
NETHERLANDS	2.8
CANADA	2.6
AUSTRALIA	2.0
MEXICO	1.9

Asset Allocation

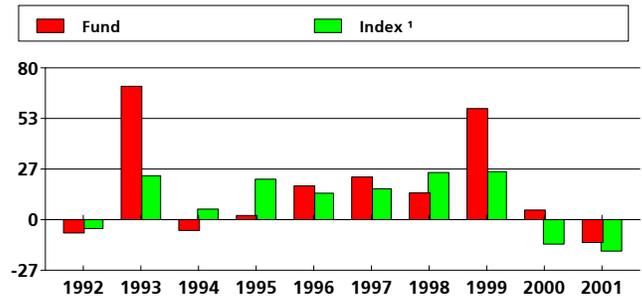
Equities	96.6
Cash & Equivalents	3.4

Average annual total returns

	Qtr [†]	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Fund	-18.34	-11.40	-1.37	4.35	11.45	N/A
Index ¹	-18.30	-18.87	-14.06	-3.68	5.89	N/A

[†] Return Not Annualized

Calendar year returns for periods ended 12/31



Fund	-7.11	70.32	-5.72	2.24	17.80	22.42	14.10	58.48	5.09	-12.04
Index ¹	-4.66	23.13	5.58	21.32	14.00	16.23	24.80	25.34	-12.92	-16.52

¹The MSCI World Index (an equity index calculated by Morgan Stanley Capital International) is a market value-weighted average of the performance of more than 1,460 securities listed on the stock exchanges of the developed nations of the world. The MSCI World Index returns assume reinvestment of all dividends. Please note that indexes are unmanaged and their returns do not take into account any of the fees and expenses of the mutual funds to which they are compared. Individuals cannot invest directly in any index.

*Beta is a means of measuring the volatility of a security or portfolio of securities in comparison with the market as a whole. A beta of 1 indicates that the security's price will move with the market. A beta higher than 1 indicates that the price will be more volatile than the market and a beta of less than 1 means that it will be less volatile.

Results are historical and are not intended to portray future performance. Investment return and the principal value of an investment will fluctuate so that, when sold, an investment may be worth more or less than the original cost.

Important Information

Average annual total returns and calendar year returns are net of all fund expenses, but do not include retirement plan charges which, if included, would reduce the total return. Performance results assume reinvestment of all earnings and do not include the deduction of any fund sales charges, which are waived under the terms of this retirement program.

FTVIP Franklin Small Cap Value Securities Fund - Class 2

AGGRESSIVE
GROWTH



Franklin Templeton Investments, with assets under management totaling \$270.4 billion as of June 30, 2002, is one of the largest investment management organizations in the United States, and offers shareholders money management expertise spanning a variety of investment categories. Having managed funds for over 50 years, Franklin Templeton Investments has become an industry leader through dedication to proven investment techniques and by considering shareholders' needs first.

Investment Adviser

Franklin Advisory Services, LLC
(Advisory Services)

Portfolio Manager

The fund is managed by a team which includes William J. Lippman, President, Advisory Services; Donald G. Taylor, Senior Vice President, Advisory Services; Bruce C. Baughman, Senior Vice President, Advisory Services; and Margaret McGee, Vice President, Advisory Services. Mr. Lippman has been a manager of the fund since its inception in 1998. He has more than 30 years' experience in the securities industry and joined Franklin Templeton Investments in 1988. Mr. Baughman, Mr. Taylor and Ms. McGee have been managers of the fund since its inception in 1998, and each joined Franklin Templeton Investments in 1998, 1996 and 1998 respectively.

Investment Objective

Seeks long-term total return.

Strategy

The fund will normally invest at least

80 percent of net assets in investments of small capitalization companies that have market capitalization values not exceeding \$2.5 billion, at the time of purchase. The fund will invest in equity securities of companies that the fund's manager believes are selling substantially below the underlying value of their assets or their private market value (what a sophisticated investor would pay for the entire company).

Principal Risks

While stocks have historically outperformed other asset classes over the long term, their value tends to go up and down more dramatically over the short term. The manager may invest in value securities if it believes the market may have overreacted to adverse developments or failed to appreciate positive changes. However, value securities may not increase in value as anticipated by the manager and may even decline further. Historically, smaller company securities have been more volatile in price and have fluctuated independently from larger

FUND FACTS¹

Inception date: **May 1, 1998**

Investment advisory fee for period ended December 31, 2001: **0.60%**

12b-1 fee: **0.25%**

Other Expenses: **0.20%**

Total fund annual expenses for period ended December 31, 2001: **1.05%**

company securities, especially over the short term. By having significant investments in particular sectors from time to time, the fund could carry greater risk of adverse developments in a sector than a fund that always invests in a wider variety of sectors. Because the fund is nondiversified, it may invest a greater portion of its assets in one issuer and have a smaller number of issuers than a diversified fund. Therefore, the fund may be more sensitive to economic, business, political or other changes affecting similar issuers or securities.

Important Information

*Determined using Fund Company and/or Morningstar Category information. (1) The Company may receive compensation from each of the funds or the funds' affiliates based on an annual percentage of the average net assets held in that fund by the Company. The percentage paid may vary from one fund company to another. For certain funds, some of this compensation may be paid out of 12b-1 fees or service fees that are deducted from fund assets. Any such fees deducted from fund assets are disclosed in this Fund Expense Table and the fund prospectuses. The Company may also receive additional compensation from certain funds for administrative, recordkeeping or other services provided by the Company to the funds or the funds' affiliates. These additional payments are made by the funds or the funds' affiliates to the Company and do not increase, directly or indirectly, the fees and expenses shown above. See 'Fees - Fund Expenses' for additional information.

The Fund's Class 2 distribution plan or 'Rule 12b-1 plan' is described in the Fund's prospectus. The Fund's manager had agreed in advance to make a reduction of 0.03% to its fee to reflect reduced services resulting from the Fund's investment in a Franklin Templeton money fund. This reduction is required by the Fund's Board of Trustees and an order of the Securities and Exchange Commission. The amounts shown under 'Management (Advisory) Fees' and 'Total Net Fund Annual Expenses' do not reflect this

voluntary reduction of fees. If this reduction was reflected, the amounts shown under 'Management (Advisory) Fees' and 'Total Net Fund Annual Expenses' would be 0.57% and 1.02%, respectively.

If you participate in a retirement plan under Internal Revenue Code Sections 403(b) or 457 that is not subject to ERISA and is funded by an annuity contract through ILIAC's Variable Annuity Accounts B and C, this material must be accompanied by the current Portfolio Update, Performance Update, and a Prospectus Summary for the contract. You can obtain a free copy of the prospectus for the fund and/or the separate account prior to making an investment decision or at any time by calling your local representative or 1-800-262-3862. If a different toll-free number is shown on the first page of the Prospectus Summary, please call that number. Read carefully before investing.

Securities are offered through ING Financial Advisers, LLC (member SIPC) or other broker-dealers with which it has a selling agreement.

